

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

In the Matter of:)
) Docket No. R2001-1
POSTAL RATE AND FEE CHANGES)

VOLUME #9

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Date: January 11, 2002
Place: Washington, D.C.
Pages: 2097 through 2614

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POSTAL RATE COMMISSION

In the Matter of:)
) Docket No. R2001-1
POSTAL RATE AND FEE CHANGES)

Suite 300
U.S. Postal Rate Commission
1333 H Street, N.W.
Washington, D.C.

Volume 9
Friday, January 11, 2002

The above-entitled matter came on for hearing pursuant to notice, at 9:30 a.m.

BEFORE:

HON. GEORGE A. OMAS, CHAIRMAN
HON. RUTH Y. GOLDWAY, VICE-CHAIRMAN
HON. DANA B. "DANNY" COVINGTON, COMMISSIONER

APPEARANCES :

On behalf of the United States Postal Service:

JOSEPH K. MOORE, Esquire
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(202) 268-2998

Heritage Reporting Corporation
(202) 628-4888

APPEARANCES: (cont'd.)

On behalf of Amazon.com and Val-Pak Direct Marketing
Systems, Inc. and Val-Pak Dealers Association, Inc.:

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William J. Olson, P.C.
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(703) 356-5070

On behalf of Newspaper Association of America:

WILLIAM BAKER, Esquire
Wiley, Rein & Fielding, L.L.P.
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Washington, DC 20006
(202) 719-7255

C O N T E N T S

WITNESSES APPEARING:

LINDA A. KINGSLEY

JOSEPH D. MOELLER

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
Linda A. Kingsley					
by Mr. Moore	2101				
by Mr. Miles		2469			
Joseph D. Moeller					
by Mr. Tidwell	2497				

<u>DOCUMENTS TRANSCRIBED INTO THE RECORD</u>	<u>PAGE</u>
Packet of designated written cross-examination of Linda A. Kingsley, ABA-T-39-15, DMA-T-39-22E, Postcom T-39-3, ABA-T-39-1	2104
Corrected designated written cross-examination of Witness Moeller, USPS-T-28	2501

E X H I B I T S

<u>EXHIBITS AND/OR TESTIMONY</u>	<u>IDENTIFIED</u>	<u>RECEIVED</u>
Designation of corrected written direct examination of USPS witness Linda A. Kingsley, USPS-T-39	2101	2102
Packet of designated written cross-examination of Linda A. Kingsley, ABA-T-39-15, DMA-T-39-22E, Postcom T-39-3, ABA-T-39-1	2103	2103
Corrected direct testimony of Joseph D. Moeller on behalf of the USPS, USPS-T-28	2497	2499
Corrected designated written cross-examination of Witness Moeller, USPS-T-28	2500	2500

1 Whereupon,

2 LINDA A. KINGSLEY

3 having been duly sworn, was called as a witness
4 and was examined and testified as follows:

5 CHAIRMAN OMAS: Please be seated.

6 (The document referred to was
7 marked for identification as
8 Exhibit No. USPS-T-39.)

9 DIRECT EXAMINATION

10 BY MR. MOORE:

11 Q Ms. Kingsley, earlier I handed you two copies of a
12 document identified as T-39, entitled "Direct Testimony of
13 Linda Kingsley on behalf of the United States Postal
14 Service." I've handed those copies to the court reporter.
15 Did you have an opportunity to review them?

16 A Yes, I did.

17 Q Was that testimony prepared by you or under your
18 direct supervision?

19 A Yes, it was.

20 Q And if you were to give that testimony orally
21 today, would your testimony be the same?

22 A Yes, it would be.

23 Q And do you intend to respond to Category 2,
24 library reference, listed as USPS-LRJ-101?

25 A Yes.

1 MR. MOORE: Mr. Chairman, at this time I ask that
2 the direct testimony of Linda Kingsley on behalf of the
3 United States Postal Service, marked as USPS-T-39 and the
4 associated library reference be received into evidence.

5 CHAIRMAN OMAS: Are there any objections?

6 (No response.)

7 CHAIRMAN OMAS: Hearing none, I will direct
8 counsel to provide the reporter with two copies of the
9 corrected direct testimony of Linda A. Kingsley. That
10 testimony is received into evidence, and as is our practice,
11 it will not be transcribed.

12 (The document referred to,
13 previously identified as
14 Exhibit No. USPS-T-39, was
15 received in evidence.)

16 CHAIRMAN OMAS: Ms. Kingsley, have you had an
17 opportunity to examine the packet of designated written
18 cross-examination that was made available to you in the
19 hearing room this morning?

20 THE WITNESS: Yes, I have.

21 CHAIRMAN OMAS: If the questions contained in that
22 packet were posed to you orally today, would your answers be
23 the same as those previously in writing?

24 THE WITNESS: Yes, with the exception of there
25 were three interrogatories that were related to clerk levels

1 that may be impacted with the recent APWU arbitration award.
2 Those three interrogatories are ABA-T-39-15, DMA-T-39-22E,
3 and Postcom T-39-3. And I have also supplied a revision to
4 ABA-T-39-1 that was filed on the ninth of this month.

5 (The documents referred to
6 were marked for identification
7 as Exhibit Nos. ABA-T-39-15,
8 DMA-T-39-22E, Postcom T-39-3,
9 and ABA-T-39-1.)

10 CHAIRMAN OMAS: Thank you. Counsel, would you
11 please provide two copies of the corrected designated
12 written cross-examination of Witness Kingsley to the
13 reporter? That material is received into evidence and is to
14 be transcribed into the record.

15 (The documents referred to,
16 previously identified as
17 Exhibit Nos. ABA-T-39-15, DMA-
18 T-39-22E, Postcom T-39-3, and
19 ABA-T-39-1, were received in
20 evidence.)

21 //

22 //

23 //

24 //

25 //

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

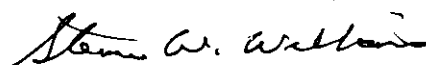
Docket No. R2001-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS LINDA A. KINGSLEY
(USPS-T-39)

<u>Party</u>	<u>Interrogatories</u>
American Bankers Association and National Association of Presort Mailers	ABA&NAPM/USPS-T39-1-2, 4, 7, 10, 13-16, 18
AOL Time Warner	AOL-TW/USPS-T39-1-4, 5a-g, 6-19
Association for Postal Commerce	PostCom/USPS-T39-1a, 3, 5, 7-9, 11-21
Direct Marketing Association, Inc.	ABA&NAPM/USPS-T39-1-2, 7 AOL-TW/USPS-T39-5, 7 DMA/USPS-T39-1-8, 10-16, 18-23, 25-39 GCA/USPS-T29-25b redirected to T39 KE/USPS-T39-6 UPS/USPS-T33-6 redirected to T39
KeySpan Energy	KE/USPS-T39-2-13, 15-21 KE/USPS-T14-1c-e, 2b-d, 3b-d, 4b-d, 5, 9a-b redirected to T39
Magazine Publishers of America	MPA/USPS-T39-1 PostCom/USPS-T39-3
Major Mailers Association	MMA/USPS-T39-4, 6-8 MMA/USPS-T29-7 redirected to T39

Newspaper Association of America	MMA/USPS-T39-8 PostCom/USPS-T39-16 VP/USPS-T39-31, 38, 46-47, 50-51
Office of the Consumer Advocate	ABA&NAPM/USPS-T39-4, 4a, 9-18 AMZ/USPS-T39-1-12 AMZ/USPS-T36-4a, e-f, h, 6b, 8b-d, 21 redirected to T39 AOL-TW/USPS-T39-1-8, 15-16, 19 DMA/USPS-T39-9, 17, 24 MMA/USPS-T39-1-2, 9a OCA/USPS-T39-1-4, 8-15, 16b-e, 18-23 OCA/USPS-T36-12-13, 15a, 16, 17h redirected to T39 PostCom/USPS-T39-1a, 3, 5, 7-9, 11, 13-21 RIAA/USPS-T43-5b-d, f redirected to T39 UPS/USPS-T39-69-80 UPS/USPS-T33-7-8 redirected to T39
United Parcel Service	ABA&NAPM/USPS-T39-15 AMZ/USPS-T39-1-5, 9-10 AMZ/USPS-T36-4a, e-f, h, 6b, 7, 8b-d redirected to T39 AOL-TW/USPS-T39-18 DMA/USPS-T39-1, 3-8, 10-11, 14, 16, 18, 20, 23, 27-30 PostCom/USPS-T39-9, 14 UPS/USPS-T39-1-41, 46-59, 69-80 UPS/USPS-T33-6-8 redirected to T39 POIR No. 4, Question 14 POIR No. 6, Question 13
Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association Inc.	VP/USPS-T39-1-3, 15, 18-22, 25, 31, 38, 46-47, 50-53

Respectfully submitted,



Steven W. Williams
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS LINDA A. KINGSLEY (T-39)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

Designating Parties

ABA&NAPM/USPS-T39-1	ABA&NAPM, DMA
ABA&NAPM/USPS-T39-2	ABA&NAPM, DMA
ABA&NAPM/USPS-T39-4	ABA&NAPM, OCA
ABA&NAPM/USPS-T39-4a	OCA
ABA&NAPM/USPS-T39-7	ABA&NAPM, DMA
ABA&NAPM/USPS-T39-9	OCA
ABA&NAPM/USPS-T39-10	ABA&NAPM, OCA
ABA&NAPM/USPS-T39-11	OCA
ABA&NAPM/USPS-T39-12	OCA
ABA&NAPM/USPS-T39-13	ABA&NAPM, OCA
ABA&NAPM/USPS-T39-14	ABA&NAPM, OCA
ABA&NAPM/USPS-T39-15	ABA&NAPM, OCA, UPS
ABA&NAPM/USPS-T39-16	ABA&NAPM, OCA
ABA&NAPM/USPS-T39-17	OCA
ABA&NAPM/USPS-T39-18	ABA&NAPM, OCA
AMZ/USPS-T39-1	OCA, UPS
AMZ/USPS-T39-2	OCA, UPS
AMZ/USPS-T39-3	OCA, UPS
AMZ/USPS-T39-4	OCA, UPS
AMZ/USPS-T39-5	OCA, UPS
AMZ/USPS-T39-6	OCA
AMZ/USPS-T39-7	OCA
AMZ/USPS-T39-8	OCA
AMZ/USPS-T39-9	OCA, UPS
AMZ/USPS-T39-10	OCA, UPS
AMZ/USPS-T39-11	OCA
AMZ/USPS-T39-12	OCA
AMZ/USPS-T36-4a redirected to T39	OCA, UPS
AMZ/USPS-T36-4e redirected to T39	OCA, UPS
AMZ/USPS-T36-4f redirected to T39	OCA, UPS
AMZ/USPS-T36-4h redirected to T39	OCA, UPS
AMZ/USPS-T36-6b redirected to T39	OCA, UPS
AMZ/USPS-T36-7 redirected to T39	UPS

AMZ/USPS-T36-8b redirected to T39	OCA, UPS
AMZ/USPS-T36-8c redirected to T39	OCA, UPS
AMZ/USPS-T36-8d redirected to T39	OCA, UPS
AMZ/USPS-T36-21 redirected to T39	OCA
AOL-TW/USPS-T39-1	AOL-TW, OCA
AOL-TW/USPS-T39-2	AOL-TW, OCA
AOL-TW/USPS-T39-3	AOL-TW, OCA
AOL-TW/USPS-T39-4	AOL-TW, OCA
AOL-TW/USPS-T39-5	DMA, OCA
AOL-TW/USPS-T39-5a	AOL-TW
AOL-TW/USPS-T39-5b	AOL-TW
AOL-TW/USPS-T39-5c	AOL-TW
AOL-TW/USPS-T39-5d	AOL-TW
AOL-TW/USPS-T39-5e	AOL-TW
AOL-TW/USPS-T39-5f	AOL-TW
AOL-TW/USPS-T39-5g	AOL-TW
AOL-TW/USPS-T39-6	AOL-TW, OCA
AOL-TW/USPS-T39-7	AOL-TW, DMA, OCA
AOL-TW/USPS-T39-8	AOL-TW, OCA
AOL-TW/USPS-T39-9	AOL-TW
AOL-TW/USPS-T39-10	AOL-TW
AOL-TW/USPS-T39-11	AOL-TW
AOL-TW/USPS-T39-12	AOL-TW
AOL-TW/USPS-T39-13	AOL-TW
AOL-TW/USPS-T39-14	AOL-TW
AOL-TW/USPS-T39-15	AOL-TW, OCA
AOL-TW/USPS-T39-16	AOL-TW, OCA
AOL-TW/USPS-T39-17	AOL-TW
AOL-TW/USPS-T39-18	AOL-TW, UPS
AOL-TW/USPS-T39-19	AOL-TW, OCA
DMA/USPS-T39-1	DMA, UPS
DMA/USPS-T39-2	DMA
DMA/USPS-T39-3	DMA, UPS
DMA/USPS-T39-4	DMA, UPS
DMA/USPS-T39-5	DMA, UPS
DMA/USPS-T39-6	DMA, UPS
DMA/USPS-T39-7	DMA, UPS
DMA/USPS-T39-8	DMA, UPS
DMA/USPS-T39-9	OCA

DMA/USPS-T39-10	-- DMA, UPS
DMA/USPS-T39-11	DMA, UPS
DMA/USPS-T39-12	DMA
DMA/USPS-T39-13	DMA
DMA/USPS-T39-14	DMA, UPS
DMA/USPS-T39-15	DMA
DMA/USPS-T39-16	DMA, UPS
DMA/USPS-T39-17	OCA
DMA/USPS-T39-18	DMA, UPS
DMA/USPS-T39-19	DMA
DMA/USPS-T39-20	DMA, UPS
DMA/USPS-T39-21	DMA
DMA/USPS-T39-22	DMA
DMA/USPS-T39-23	DMA, UPS
DMA/USPS-T39-24	OCA
DMA/USPS-T39-25	DMA
DMA/USPS-T39-26	DMA
DMA/USPS-T39-27	DMA, UPS
DMA/USPS-T39-28	DMA, UPS
DMA/USPS-T39-29	DMA, UPS
DMA/USPS-T39-30	DMA, UPS
DMA/USPS-T39-31	DMA
DMA/USPS-T39-32	DMA
DMA/USPS-T39-33	DMA
DMA/USPS-T39-34	DMA
DMA/USPS-T39-35	DMA
DMA/USPS-T39-36	DMA
DMA/USPS-T39-37	DMA
DMA/USPS-T39-38	DMA
DMA/USPS-T39-39	DMA
GCA/USPS-T29-25b redirected to T39	DMA
KE/USPS-T39-2	KeySpan
KE/USPS-T39-3	KeySpan
KE/USPS-T39-4	KeySpan
KE/USPS-T39-5	KeySpan
KE/USPS-T39-6	DMA, KeySpan
KE/USPS-T39-7	KeySpan
KE/USPS-T39-8	KeySpan
KE/USPS-T39-9	KeySpan

KE/USPS-T39-10	KeySpan
KE/USPS-T39-11	KeySpan
KE/USPS-T39-12	KeySpan
KE/USPS-T39-13	KeySpan
KE/USPS-T39-15	KeySpan
KE/USPS-T39-16	KeySpan
KE/USPS-T39-17	KeySpan
KE/USPS-T39-18	KeySpan
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KE/USPS-T14-2d redirected to T39	KeySpan
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KE/USPS-T14-3c redirected to T39	KeySpan
KE/USPS-T14-3d redirected to T39	KeySpan
KE/USPS-T14-4b redirected to T39	KeySpan
KE/USPS-T14-4c redirected to T39	KeySpan
KE/USPS-T14-4d redirected to T39	KeySpan
KE/USPS-T14-5 redirected to T39	KeySpan
KE/USPS-T14-9a redirected to T39	KeySpan
KE/USPS-T14-9b redirected to T39	KeySpan
MMA/USPS-T39-1	OCA
MMA/USPS-T39-2	OCA
MMA/USPS-T39-4	MMA
MMA/USPS-T39-6	MMA
MMA/USPS-T39-7	MMA
MMA/USPS-T39-8	MMA, NAA
MMA/USPS-T39-9a	OCA
MMA/USPS-T29-7 redirected to T39	MMA
MPA/USPS-T39-1	MPA
OCA/USPS-T39-1	OCA
OCA/USPS-T39-2	OCA
OCA/USPS-T39-3	OCA
OCA/USPS-T39-4	OCA

OCA/USPS-T39-8	OCA
OCA/USPS-T39-9	OCA
OCA/USPS-T39-10	OCA
OCA/USPS-T39-11	OCA
OCA/USPS-T39-12	OCA
OCA/USPS-T39-13	OCA
OCA/USPS-T39-14	OCA
OCA/USPS-T39-15	OCA
OCA/USPS-T39-16b	OCA
OCA/USPS-T39-16c	OCA
OCA/USPS-T39-16d	OCA
OCA/USPS-T39-16e	OCA
OCA/USPS-T39-18	OCA
OCA/USPS-T39-19	OCA
OCA/USPS-T39-20	OCA
OCA/USPS-T39-21	OCA
OCA/USPS-T39-22	OCA
OCA/USPS-T39-23	OCA
OCA/USPS-T36-12 redirected to T39	OCA
OCA/USPS-T36-13 redirected to T39	OCA
OCA/USPS-T36-15a redirected to T39	OCA
OCA/USPS-T36-16 redirected to T39	OCA
OCA/USPS-T36-17h redirected to T39	OCA
PostCom/USPS-T39-1a	OCA, PostCom
PostCom/USPS-T39-3	MPA, OCA, PostCom
PostCom/USPS-T39-5	OCA, PostCom
PostCom/USPS-T39-7	OCA, PostCom
PostCom/USPS-T39-8	OCA, PostCom
PostCom/USPS-T39-9	OCA, PostCom, UPS
PostCom/USPS-T39-11	OCA, PostCom
PostCom/USPS-T39-12	PostCom
PostCom/USPS-T39-13	OCA, PostCom
PostCom/USPS-T39-14	OCA, PostCom, UPS
PostCom/USPS-T39-15	OCA, PostCom
PostCom/USPS-T39-16	NAA, OCA, PostCom
PostCom/USPS-T39-17	OCA, PostCom
PostCom/USPS-T39-18	OCA, PostCom
PostCom/USPS-T39-19	OCA, PostCom
PostCom/USPS-T39-20	OCA, PostCom

PostCom/USPS-T39-21	OCA, PostCom
RIAA/USPS-T43-5b redirected to T39	OCA
RIAA/USPS-T43-5c redirected to T39	OCA
RIAA/USPS-T43-5d redirected to T39	OCA
RIAA/USPS-T43-5f redirected to T39	OCA
UPS/USPS-T39-1	UPS
UPS/USPS-T39-2	UPS
UPS/USPS-T39-3	UPS
UPS/USPS-T39-4	UPS
UPS/USPS-T39-5	UPS
UPS/USPS-T39-6	UPS
UPS/USPS-T39-7	UPS
UPS/USPS-T39-8	UPS
UPS/USPS-T39-9	UPS
UPS/USPS-T39-10	UPS
UPS/USPS-T39-11	UPS
UPS/USPS-T39-12	UPS
UPS/USPS-T39-13	UPS
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UPS/USPS-T39-27	UPS
UPS/USPS-T39-28	UPS
UPS/USPS-T39-29	UPS
UPS/USPS-T39-30	UPS
UPS/USPS-T39-31	UPS
UPS/USPS-T39-32	UPS
UPS/USPS-T39-33	UPS
UPS/USPS-T39-34	UPS

UPS/USPS-T39-35	UPS
UPS/USPS-T39-36	UPS
UPS/USPS-T39-37	UPS
UPS/USPS-T39-38	UPS
UPS/USPS-T39-39	UPS
UPS/USPS-T39-40	UPS
UPS/USPS-T39-41	UPS
UPS/USPS-T39-46	UPS
UPS/USPS-T39-47	UPS
UPS/USPS-T39-48	UPS
UPS/USPS-T39-49	UPS
UPS/USPS-T39-50	UPS
UPS/USPS-T39-51	UPS
UPS/USPS-T39-52	UPS
UPS/USPS-T39-53	UPS
UPS/USPS-T39-54	UPS
UPS/USPS-T39-55	UPS
UPS/USPS-T39-56	UPS
UPS/USPS-T39-57	UPS
UPS/USPS-T39-58	UPS
UPS/USPS-T39-59	UPS
UPS/USPS-T39-69	OCA, UPS
UPS/USPS-T39-70	OCA, UPS
UPS/USPS-T39-71	OCA, UPS
UPS/USPS-T39-72	OCA, UPS
UPS/USPS-T39-73	OCA, UPS
UPS/USPS-T39-74	OCA, UPS
UPS/USPS-T39-75	OCA, UPS
UPS/USPS-T39-76	OCA, UPS
UPS/USPS-T39-77	OCA, UPS
UPS/USPS-T39-78	OCA, UPS
UPS/USPS-T39-79	OCA, UPS
UPS/USPS-T39-80	OCA, UPS
UPS/USPS-T33-6 redirected to T39	DMA, UPS
UPS/USPS-T33-7 redirected to T39	OCA, UPS
UPS/USPS-T33-8 redirected to T39	OCA, UPS
VP/USPS-T39-1	Val-Pak
VP/USPS-T39-2	Val-Pak
VP/USPS-T39-3	Val-Pak

VP/USPS-T39-15	Val-Pak
VP/USPS-T39-18	Val-Pak
VP/USPS-T39-19	Val-Pak
VP/USPS-T39-20	Val-Pak
VP/USPS-T39-21	Val-Pak
VP/USPS-T39-22	Val-Pak
VP/USPS-T39-25	Val-Pak
VP/USPS-T39-31	NAA, Val-Pak
VP/USPS-T39-38	NAA, Val-Pak
VP/USPS-T39-46	NAA, Val-Pak
VP/USPS-T39-47	NAA, Val-Pak
VP/USPS-T39-50	NAA, Val-Pak
VP/USPS-T39-51	NAA, Val-Pak
VP/USPS-T39-52	Val-Pak
VP/USPS-T39-53	Val-Pak
POIR No. 4, Question 14	UPS
POIR No. 6, Question 13	UPS

Revised 1/9/02

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS**

ABA&NAPM/USPS-T-39-1 How many AFCSSs does the USPS currently have in operation?

Response:

As mentioned on page 4, line 6 of my testimony, 1086 AFCSSs are still operational as of October 5, 2001.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION AND NATIONAL
ASSOCIATION OF PRESORT MAILERS

ABA&NAPM/USPS-T-39-2 At several points in your testimony--e.g., page 4, lines 9-13, page 5, lines 8-10, page 9, lines 1-2, page 13, lines 14-26, you testify as to USPS "plans" or "current plans." In several instances it appears that these plans may not be implemented or may only begin to be implemented during or before the Test Year 2003. Please state the purpose for providing information about USPS plans that will not be implemented or will be only partially implemented before the end of the Test Year. What is the probability that the plans will in fact be implemented on the schedule you assume?

Response:

The purpose for providing information about USPS plans beyond the test year -- as I have done since Docket No. R90-1 -- is to inform customers and the Postal Rate Commission what the Postal Service envisions beyond the test year. This allows for consideration and estimated impacts of any proposed initiatives to be consistent with longer-term plans instead of possibly being obsolete by the next filing.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION AND NATIONAL
ASSOCIATION OF PRESORT MAILERS

ABA&NAPM/USPS-T-39-4 Identify the time and place of each MLOCR (including "low-cost" MLOCRs), DBCSs, DIOSSs, CSBCSs, MPBCSs, LMLMs which you personally observed being operated and which form the basis, in whole or in part, for your testimony regarding the staffing of such machines; and state the number of persons involved in the operation of the machine at the time of the observation along with a description of the machine being observed that includes the number of pockets into which mail was being sorted, and the number of pockets into which mail could have been sorted at the time of the observation.

Response:

In my testimony the basis, in whole, for the levels of machine staffing is from Engineering and Headquarters Processing Operations. These values are subsequently used by management and the unions for planning and for actually staffing and scheduling. My extensive personal observations support the staffing levels provided by these sources. Also see responses to DMA/USPS-T-39-5a and ABA&NAPM-T-39-7.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION AND NATIONAL
ASSOCIATION OF PRESORT MAILERS

ABA&NAPM/USPS-T-39-4a

If your testimony regarding the staffing of USPS MLOCRs (including "low-cost" MLOCRs), DBCSSs, DIOSSs, CSBCSSs, MPBCSSs, LMLMs, is based in whole or in part on anything other than personal observations, please identify and described each of the other things on which your testimeony (sic) regarding the staffing of of (sic) USPS MLOCRs (including "low-cost" MLOCRs), DBCSSs, DIOSSs, CSBCSSs, MPBCSSs, LMLMs, is based.

Response:

See response to ABA&NAPM/USPS-T-39-4.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION AND NATIONAL
ASSOCIATION OF PRESORT MAILERS

ABA&NAPM/USPS-T-39-7

Do any union contracts or work rules have provisions at the local (P&DC and/or District) Area or National level that relate to the number of USPS employees who will staff (i.e., stage [bring mail to], operate [feed and sweep], and remove mail from) USPS MLOCRs (including low cost MLOCRs) DBCSs, DIOSSs, CSBCSs, MPBCSs or LMLMs? If so, provide the specifics concerning the number of employees required by such provisions (*sic*) to staff such equipment.

Response:

The national agreements (see USPS-LR-J-47) do not specify the number of employees who will staff mail processing equipment. Staffing levels are generally prescribed in mail processing handbooks (see OCA/USPS-156 and the Library references specified therein), and were also described in my testimony. Article 19 in the national clerk and mail handler agreements requires consultation (but not negotiation) with the unions before implementing changes in the handbooks that relate to working conditions.

I am not aware of any local agreements that relate to the number of employees who will staff the cited operations, but recognize that there might be a local agreement somewhere that could be construed as relating to this issue.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2119

ABA&NAPM/USPS-T39-9 For the purposes of this question, please assume (along with many economic studies which have so concluded) that the universal delivery system of the Postal Service is the "bottleneck" service insofar as postal services for the delivery of letter mail is concerned.

- a. Of the mail processing equipment currently fully or very widely deployed, would you agree that the CSBCS machinery and Delivery Point Sequencing (DPS) feature of DBCS equipment comes closest to being the bottleneck operation? (I. E., no large volume mailer could sort to delivery point for a carrier's route without some further work using the DPS feature of DBCS equipment, because no single mailer submitting processed mail to the Service would be supplying all the letter mail for any USPS carrier.)
- b. Of the mail processing equipment currently deployed, would you agree that upstream operations from AFCS, MLOCs and RBCS come least close to being a bottleneck operation? (I.E., large volume mailers can (and do) perform all of the above functions with equipment identical to or nearly identical to USPS equipment.)
- c. By combining the DBCS/OCR/ISS/OSS operation in one technology, namely the DIOSS retrofit, is the Postal Service attempting to leverage its economic bottleneck in delivery further back into mail processing so that it can become more competitive with private sector mail processing capacity?
- d. Has the USPS done cost studies to justify DIOSS retrofits and the elimination of corresponding OCR/ISS/OSS capacity as DIOSS comes on board? If so, please provide a copy of all such studies.
- e. Please provide all documentation as to the source of the DIOSS concept, when it was first conceived, where and when it has been tested, and all cost-benefit analyses done other than those referenced in (d.) above.
- f. Is the USPS adding DIOSS in advance of the physical life of the older equipment embodying OCR/ISS/OSS capabilities? Or, is it adding DIOSS only after MLOCs etc. have been fully depreciated?
- g. In a DIOSS - based world of mail processing and near-delivery functions, how do you intend to define cost pools in a way that separates the CSBCS bottleneck operation from the cost pools for the mail processing operations that currently are the bread and butter of large volume private sector operations?
- h. In your view would the Postal Service's extension of its bottleneck operations downstream in mail processing into more upstream operations constitute an effort to leverage its monopoly power in the bottleneck delivery function into mail processing?

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2120

- i. Would you agree that one possible option for the private sector in response to DIOSS would be to perform the DIOSS functions and possibly the CSBCS sortations at "super" presort bureaus, for pick up by the Service's carriers?

Response:

- a. Yes.
- b. No, I am not aware of any large volume mailer that uses equipment identical to or nearly identical to an AFCS.
- c. I have never heard of this idea, nor does it make any sense to me. As I explained in my testimony (page 6), DIOSS is an enhancement of the DBCS constructed by adding OCR, ISS and OSS capabilities so the machine can run in DBCS/OSS mode or OCR/ISS mode. Savings from making a finer sort in OCR/ISS mode due to the additional stackers and thus reducing the volume needing a second handling on a BCS was the primary motive. Whether letters require a sequence of separate operations on distinct machines (e.g. MLOCR, DBCS, CSBCS), or an almost identical sequence of separate operations on DIOSS machines running in various modes, there is the same opportunity for mailers to perform work so that some operations can be bypassed and the savings shared. I do not see how the DIOSS would increase the "bottleneck" you refer to.
- d. Objection filed.
- e. Objection filed.
- f. I am not a costing witness and do not personally have any information responsive to this question.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2121

- g. I am not a costing witness and do not personally have any information responsive to this question. See my answer to subpart c above.
- h. – i. I am not an economic witness and do not personally have any information responsive to this question. See my answer to subpart c above.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2122

ABA&NAPM/USPS-T39-10 On page 7 of your testimony you discuss additional stackers for CSBCSs to "sort additional volume" (line 9) and "allow for the consolidation of additional routes within a sort plan" (line 10).

- a. Please confirm that the Postal service's volume fell in PFY2000
- b. Please confirm that FCM letters subclass volumes are forecasted to fall in the current decade according to the GAO study introduced in R2000-1 as LR- 179?
- c. In light of your answers to a. and b. above, why would the Postal Service be engaged in capital spending for more volume? Please supply all volume projections data you have for the 357 sites at which you plan to install these stackers.
- d. Would the extra stackers be cost justified if "additional volume" were factored out of the equation, and only "additional routes" were factored in? Please supply all costs studies that were done to justify the purchase and deployment, planned or actual, of the additional stackers.
- e. What will be the cost savings for additional routes/addresses once these stackers are installed, e.g. extra 100 routes cost before and after installation?
- f. Will these stackers reduce delivery costs or any other carrier costs compared to present that develop when an additional route/address is added to a carrier's work-load? Please cite any data the Postal Service has in support of your answer.

Response:

- a. Not confirmed.
- b. Confirmed in the sense that your question describes the scenarios presented in the GAO study. It is my understanding that according to the same GAO study, the scenario for Standard volumes are to increase in the next decade, and both must be sorted to delivery point.
- c. The sentence (page 7, line 9) cited in your question also notes that the additional CSBCS stackers will provide "capacity to sort to a greater number of delivery points." I am not aware of any change in the continuing growth in delivery points. (An annual

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2123

growth equivalent to another city of Chicago is the common illustration.) Equipment to accommodate this growth is required even if volume does not grow. I do not have volume projections by site.

- d. Objection filed December 20.
- e. I am not a cost witness and do not personally have information responsive to this question.
- f. I am not a cost witness and do not personally have information responsive to this question. It is my understanding that any cost savings in the test year would be reflected in the testimony of witness Patelunas (USPS-T-12).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2124

ABA&NAPM/USPS-T39-11 If, as you state on page 12, line 4, the Postal Service has been working to eliminate "the need for manual casing by a carrier" with its automation system, why are carriers earning higher step pay as a result of automation and spending less time on the street?

Response:

I am not a labor witness, economic witness, or cost witness and do not personally have information responsive to this question.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2125

ABA&NAPM/USPS-T39-12 What is the marginal cost for letter mail processing operations through to CSBCS from (a) an extra address; (b) an extra letter; (c) an extra route (for the same carrier)?

Response:

I am not a cost witness and do not personally have information responsive to this question.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2126

ABA&NAPM/USPS-T39-13 On page 13, lines 14-26, you again reference DIOSS deployment as a replacement for MLOCRs.

- a. How many MLOCRs do you intend to replace with DIOSS?
- b. In what time frame?
- c. What percentage of mail currently handled through manual processing do you expect to be handled by DIOSS? What are the unit cost savings and total cost savings expected?

Response:

- a. Plans for any reductions in MLOCRs have not yet been evaluated and determined.
- b. Not applicable.
- c. I would expect only a very limited volume of mail on the DIOSS to come from manual operations. It is my understanding that any cost savings in the test year would be reflected in the testimony of witness Patelunas (USPS-T-12).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2127

ABA&NAPM/USPS-T39-14 With respect to your discussion on page 25, under what cost pool(s) do robotic tray handling fall (each type), and tray management system (TMS) fall? Please provide the impact on these cost pools by unit cost from the deployment of each system in the plants in which each is currently used.

Response:

I am not a cost witness and do not have any personal knowledge of these issues.

However, I am told that the accrued costs for the cost pool "Opening Unit - Preferred Mail" listed in Table I-1 of USPS-LR-J-55 include those for the two Robotics operations associated with MODS numbers 358 and 359 shown in Table I-2B of LR-J-55. I am also told that TMS is treated as mail handling equipment that is used in various operations. It is not separately identified for costing any more than, say, a conveyor belt would be separately identified.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS**

2128

ABA&NAPM/USPS-T39-15 With respect to your discussion about the "Commission's insistence" about using its own mail processing volume variability methodology, please answer the following questions.

- a. If the Commission were to adopt the USPS methodology, would the Postal Service be willing to attribute all mail processing labor costs that were allocated to classes and subclasses other than the FCM letters subclass under the Commission's methodology to those same classes and subclasses even if it altered cost coverages, *ceteris paribus*?
- b. Would your position on volume variability be different if various labor union agreements did not preclude you from reducing the number of personnel in mail processing as volumes fall?

Response:

I referred only to "the Commission's insistence that mail processing workhours vary in exact proportion with volume". I am not an economic witness and cannot comment on the USPS or PRC "volume variability" methodologies. I would, however, note that labor agreements do NOT preclude the USPS from "reducing the number of personnel in mail processing as volumes fall."

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2129

ABA&NAPM/USPS-T39-16 Has the USPS stopped or curtailed expenditures for productivity enhancing and cost reducing mail processing equipment for the FCM letters subclass? Please cite any such slowdown or curtailment. Please compare it to what you have done in other subclasses, notably Standard A.

Response:

To my knowledge, the Postal Service has not stopped or curtailed expenditures for productivity enhancing and cost reducing mail processing equipment for letters, regardless of class or subclass.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2130

ABA&NAPM/USPS-T39-17 For any and all such curtailed expenditures noted in 16 above, including any decisions made since your rate filing, please provide the impact by mail processing cost pool for TY2003.

Response:

Not applicable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMERICAN BANKERS' ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS

2131

ABA&NAPM/USPS-T39-18 You state at page 4, line 22 of your testimony that MLOCs have a staffing index of two clerks to feed and sweep, "its 60 stackers." Please state how many MLOCs the Postal Service has in total, how many of these have more than 60 stackers, and how many of these have between 60-100 stackers, 101-150 stackers, 150-200 stackers, over 250 stackers. At what number of stackers being utilized will an MLOC require more than two clerks to staff it for feeding and sweeping?

Response:

See my testimony, page 4, line 18 for the number of MLOCs and page 5, line 7 for the number of low-cost MLOCs. None of the MLOCs have more than 60 stackers.

Therefore, a third clerk would never be required. Low-cost OCRs and DIOSS machines have more stackers since they are used primarily as DBCs. The numbers of DBCs and DIOSS may be found on page 6 of my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC.

2132

AMZ/USPS-T39-1

In your response to OCA/USPS-T36-15, you state that "the Delivery Confirmation mailpiece is processed to carrier route no differently than it would have been without Delivery Confirmation." In your response to OCA/USPS-T36-16, you state that "[o]nce the carrier is on the street, a Delivery Confirmation mailpiece is handled like any other piece except that the barcode on the Delivery Confirmation label is scanned upon delivery."

- a. For Delivery Confirmation mailpieces, are these statements true for each of the following mailpieces: (i) Priority Mail letters, (ii) Priority Mail flats, (iii) Priority Mail parcels, (iv) Standard Mail parcels (subject to Residual Shape Surcharge), (v) Package Services flats, and (vi) Package Services parcels? If the statements above are not true for any of the indicated mailpieces, please explain fully why not.
- b. Under your proposal to extend Delivery Confirmation service, would these statements be true for First-Class Mail Parcels?
- c. Please explain if the processing and delivery of unidentified Priority Mail flats with Delivery Confirmation varies from the handling of identified Priority Mail flats with Delivery Confirmation, and if so, how.
- d. Has the Postal Service considered the use of more distinctive Package Services labels to facilitate the identification of flats with Delivery Confirmation by carriers? Regardless of your answer, do you believe this could materially help to reduce any problem of non-scanning upon delivery?

Response:

- (a) Yes, with the exception of (v) Package Services flats, for which the carrier most likely would keep the flat with Delivery Confirmation separate from the rest of the sequenced flat volume in order to ensure a scan at delivery.
- (b) Yes.
- (c) No, the processing and delivery do not vary.
- (d) I am not aware of any such consideration, but I do not know if someone, somewhere within the Postal Service has considered the use of a more distinctive Delivery Confirmation label for Package Services flats. I do believe a more distinctive label

on flats and the appropriate technology that could identify and isolate these pieces could reduce problems of non-scanning upon delivery.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC.

2134

AMZ/USPS-T39-2

In your response to OCA/USPS-T36-16, you state that "a Delivery Confirmation mailpiece is not carried as a separate bundle unless it is a parcel."

- a. Does your response mean that, on foot and park and loop routes:
 - (i) Parcels with Delivery Confirmation are carried as a separate bundle?
 - (ii) If a Saturation mail third bundle is being handled on a given day, and parcels with Delivery Confirmation are present in the mail stream, the parcels would not be delivered, as they would constitute an impermissible "fourth" bundle?
- b. If either of your answers to (i) and (ii) above is negative, please explain why, and explain what you mean when you say that Delivery Confirmation parcels may be carried as a separate "bundle."

Response:

- a. (i) No.
 - (ii) No.
- b. Carriers handle parcels separately from letters and flats since parcels are not commingled with letters or flats. This is not a separate bundle but is a separate source for volume at a relatively limited number of applicable delivery points.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC.

2135

AMZ/USPS-T39-3

In your response to OCA/USPS-T36-16, you state that "parcels/Priority Mail are not sorted to DPS by equipment, no flags are necessary for the carrier."

- a. Are Priority Mail flats cased manually with other flats? If not, how are Priority Mail flats handled at the Destination Delivery Unit ("DDU")?
- b. Is this also true for nonidentified Priority Mail flats requesting Delivery Confirmation service?
- c. Are Priority Mail flats carried onto the street in a bundle with other flats, or along with parcels?
- d. What "flags" are currently necessary or provided for Package Services flats with Delivery Confirmation service?

Response:

- a. No. See response to AMZ/USPS-T36-8c on how Priority Mail flats are handled at the DDU.
- b. Yes.
- c. Priority Mail flats are carried to the street along with parcels. See my response to AMZ/USPS-T36-8c.
- d. It is my understanding that if Delivery Confirmation on a Package Services flat is identified during carrier sortation, then the carrier will most likely place the flat with the parcels as a reminder for scanning. Obviously, this is less efficient than if the flat continued to be handled as a flat all the way through to delivery.

AMZ/USPS-T39-4

In your response to AMZ/USPS-T36-4(f), you state that "[i]t is my understanding that scanning concerns have been raised by various customers. However, there has been no tracking of problems by shape."

- a. Please describe the concerns that have been raised by various customers.
- b. Are those concerns only related to pieces which have not been scanned?
- c. With respect to the concerns raised by various customers, has the Postal Service done any systematic compilation of those "complaints"? If so, please provide the complaint and any relevant report as a library reference. If not, what causes these concerns to rise above the level of anecdotal complaints?
- d. For each quarter of Base Year 2000, please provide data on the number of pieces not scanned for each subclass eligible for Delivery Confirmation.

Response:

- a. Low scan rates.
- b. Yes.
- c. Not to my knowledge. These complaints are consistent with the Postal Service's lack of intent to provide Delivery Confirmation for flats other than *Priority Mail*.
- d. It is my understanding that this information is not available.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC.

2137

AMZ/USPS-T39-5 In your response to AMZ/USPS-T36-6(b), you state that:

The original intent of Delivery Confirmation was to provide delivery status for expedited and package products. To ensure we provide the service, the definition is being refined to exclude those volumes that are inconsistent with the original intent.

- a. Please explain how Package Services flats do not constitute "package products."
- b. How do you define "package products"?
- c. Was the Postal Service's original intent not to allow Package Services flats to use Delivery Confirmation service? If so, how did it happen that Package Services flats were allowed to use it?
- d. Will refinement of the definition "to exclude those volumes that are inconsistent with the original intent" result in the elimination of Delivery Confirmation for all Standard Mail? Please explain why or why not.

Response:

- a. The first sentence of my response (preceding the sentences you wrote) refers to parcels and Priority Mail, which reflects my understanding of "package products". I consider a Bound Printed Matter catalog a flat and not a package or parcel.
- b. My definition of "package products" is "parcels" based on the original intent provided to me by the Expedited Package Services group.
- c. Yes. I believe the lack of a limitation to parcels within Package Services was a possible oversight.
- d. No. Standard Mail parcels that pay the residual shape surcharge are parcels and offering Delivery Confirmation for Standard Mail parcels is consistent with the original intent.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC.

2138

AMZ/USPS-T39-6 In your response to AMZ/USPS-T36-6(b), you state that:

It is my understanding that requiring special label taggants would discourage many of our existing customers from using our products, and would make us less competitive. The current requirements are less expensive and more flexible for our customers.

- a. Please explain all types of special label taggants to which you are referring.
- b. Why would the Postal Service even consider requiring such taggants to be placed on parcels, if the problem of non-identification is with Package Services flats?
- b. (*sic*) If requiring Package Services flat mailers to use special label taggants would discourage some mailers from using Delivery Confirmation service, is it the Postal Service position that it would rather prohibit completely Package Services flat mailers from using Delivery Confirmation? Please explain your answer.
- c. Please explain why prohibiting Package Services flat mailers from using Delivery Confirmation altogether will not "make us [even] less competitive."

Response:

- a. I am referring to fluorescent and brightly colored labels. However, I am not knowledgeable about all of the existing technological label or equipment options.
- b. Different Delivery Confirmation label requirements based on shape might not be practical for postal customers and employees. Technology is currently not available on the FSMs to segregate Delivery Confirmation pieces to ensure service. Package Services flats are also prepared in a printer's production environment that does not appear to me to be conducive with requiring special labels with taggants. Separate labels with taggants would require another label stock and possible applicator during production, while currently the inkjet printer can print directly on the piece.
- b. Yes, as explained in my responses to AMZ/USPS-T36-4, 6, and 8, Delivery Confirmation on non-Priority Mail flats is inconsistent with existing technology and carrier processes.

- c. I am not an economist nor an expert on policy or pricing. However, I believe that if we are not providing the service today for Package Services flats with any process to provide consistent scanning, we are also less competitive. The training provided to employees concerned scanning and recognition of Delivery Confirmation for parcels and Priority Mail, not flats. And since Delivery Confirmation on flats is inconsistent with current technology and the intended focus of the Delivery Confirmation product, then the appropriate correction should be made.

AMZ/USPS-T39-7 In your response to AMZ/USPS-T36-6(b), you state that: the Postal Service is looking in the longer term to Delivery Point Sequence (DPS) flats similar to letters. DC is inconsistent with DPS. If, like letters, the flats are sorted to DPS, then the carrier will not look at the mail until he/she is out on the street. Additional time on the street would be needed to check through each flat to ensure DC scanning occurred.

- a. When is the Postal Service expecting to accomplish the sortation of all flats to DPS? If the time frame is not before the likely Test Year of the next omnibus rate case, why seek to impose the proposed ban on Package Services flats using Delivery Confirmation in the current docket?
- b. Even when flats are DPS'd, will not some flats continue to be cased manually?

Response:

- a. See page 20, lines 2 and 3, of my testimony. The intent of Delivery Confirmation, as well as the training, carrier street impacts, and technology, has not been directed towards flats and to ensure service. The current availability of Delivery Confirmation for Package Services flats needs to be fixed regardless of when and if the Postal Service starts to DPS flats.
- b. Just as some letters continue to be cased manually, I would expect some flats to continue to be cased manually even in a flats DPS environment.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC.

2141

AMZ/USPS-T39-8

In your response to AMZ/USPS-T36-7, you state that:

It would be very inefficient for the Postal Service to allow mailers to prepare and label flat-sized pieces as parcels, and then to attempt to process flat-sized pieces in the less efficient parcel mailstream. The flats would very likely be damaged from being sorted on a BMC parcel sorter with much larger parcels. Also, it would be very difficult to ensure that flat-sized pieces labeled as parcels would remain in the parcel mailstream.

- a. Witness Mayo, in her response to AMZ/USPS-T36-2(a), observes that "a single compact disk ("CD") in a 6½ inches by 7 inches padded mailing envelope, which has a thickness of 0.70 inch with one CD enclosed" mailed as Standard Mail would qualify for use of Delivery Confirmation, Do you agree with witness Mayo?
- b. Witness Mayo, in her response to AMZ/USPS-T36-1(d), suggests that a Package Services mailpiece could qualify for Delivery Confirmation, even with a thickness of less than 3/4 inch, if it were packaged in a box.
 - (i) Do you agree with witness Mayo?
 - (ii) Would placing the contents of a mailpiece in a box rather than a padded envelope dramatically increase the contents' protection from the likely damage you mention? Please explain your answer.

Response:

- a. Yes. This piece will be sorted and handled as a Standard Mail parcel, not a flat.
- b. (i) Yes.
 - (ii) Not necessarily. The inefficiency of processing flats as parcels is the primary point, not just the potential damage.

AMZ/USPS-T39-9

Please refer to your response to AMZ/USPS-T36-8.

- a. Are you stating in part b of your response that small parcels and rolls ("SPRs") are never cased in vertical flats cases? If not, then please explain your observation that "only a minority of the routes use horizontal flats cases."
- b. Since SPRs are currently cased with flats, and are also qualified to receive Delivery Confirmation, how does the preparation of SPRs for delivery differ from how flats are prepared for delivery so as to explain why the former qualifies for Delivery Confirmation, but not the latter.
- c. (i) What is the basis for your assertion in part c of your response that Priority Mail flats are generally stiff and cannot fit into the vertical flats case"?

(ii) What prevents a "stiff" but thin flat (e.g., in a minimum weight envelope) from fitting into a vertical flat case?

(iii) Are you suggesting that Priority Mail flats not be offered Delivery Confirmation Service?

Response:

- a. Yes. The fact that only a minority of routes use horizontal flat cases is not just an observation but information provided by delivery operations.
- b. Your premise is incorrect. SPRs are *not* currently cased with flats. See response to AMZ/USPS-T36-8b.
- c. (i) See the Priority Mail Flat Rate Envelope provided by the Postal Service.

(ii) It is too tall for the vertical flats case in most cases and does not easily bend.

See response to AMZ/USPS-T36-8c.

(iii) Absolutely not.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC.

2143

AMZ/USPS-T39-10 Please refer to your responses to AMZ/USPS-T36-4(h) and AMZ/USPS-T36-6(b), redirected to you from witness Mayo, where you refer to the "significant" magnitude of additional training for carriers and "increased costs" due to the fact that retention of the current level of service "would greatly hinder carrier casing productivity if the carrier had to identify a DC flat and then 'isolate' it somehow to ensure it was scanned on the street (e.g., put it as the first piece for delivery)" (response to AMZ/USPS-T36-6(b)).

- a. Please confirm that carriers (and Post Office box clerks) currently handle and deliver all Delivery Confirmation mail, regardless of whether such items are received as a part of the Standard Mail, Package Services, or Priority Mail mail-streams. If you do not confirm, please explain all exceptions.
- b. Please confirm that all delivery employees are trained to recognize Delivery Confirmation mail pieces and are aware of the processes for handling and delivery of such mail pieces. If you do not confirm, please explain how delivery employees recognize, handle, and deliver such pieces.
- c. How are Package Services Delivery Confirmation mail pieces that are handled in the flats mail-stream currently treated? Please provide a description of the process that the delivering employee would follow to "isolate" a Delivery Confirmation mail piece during in-office handling to ensure that it was properly scanned at the time of delivery.
- d. If your response to preceding part b is affirmative, please explain why you believe that "significant" training would be required to educate delivery personnel regarding procedures with which they are already familiar and which they are already applying.

Response:

- a. As I stated in response to AMZ/USPS-T36-6b, Priority Mail and parcels in other subclasses are separate mailstreams. For Priority Mail and parcels, the Postal Service currently does not have equipment sorting to carrier route, unlike letters and flats. Therefore, it is both expected by clerks and carriers to find Delivery Confirmation on parcels and on Priority Mail, and labels are easy to identify without any extraordinary measures. Sure, carriers (and Post Office box clerks) currently handle and deliver all Delivery Confirmation mail, regardless of whether such items

are received as a part of the Standard Mail, Package Services, or Priority Mail mailstreams. That does not mean the level of scanning for Delivery Confirmation is consistent.

- b. Not confirmed. It is my understanding that Delivery Confirmation training for the carriers and clerks only covered Priority Mail and parcels. Therefore, employees are currently trained to recognize Delivery Confirmation on parcels and Priority Mail, not "mail" in general.
- c. See my response to AMZ/USPS-T39-3d.
- d. During my discussions with various Delivery managers and staff, virtually every one of them was surprised to find out that Delivery Confirmation was currently available for Package Services flats. Without prompting, they then proceeded to explain the problems of allowing Delivery Confirmation on flats:
 - Identification of the Delivery Confirmation label would be more difficult on flats than on parcels and Priority Mail due to increased graphics (noise) surrounding the address and lack of "recognizability" of the black barcodes that blend into the other information on the flat.
 - Carriers apparently already have a problem identifying Delivery Confirmation on unidentified Priority Mail flats since there is no sticker or Priority Mail packaging as an identifier.
 - Concerns with the increased costs of potentially multiple scans for more delivery points. For example, rural carriers get credit for 20 seconds per scan.
 - Training to-date has been for recognizing and scanning Delivery Confirmation on parcels and Priority Mail. Extensive training and stand up talks would have to be

done with carriers and clerks to ensure scans on other shapes would also be performed.

- FSMs currently cannot hold out certified mail on any sort programs, and would therefore be unable to hold-out Delivery Confirmation flats (if fluorescent were part of the requirement) to isolate for scanning.
- Firm holdouts are common on FSM incoming secondary sort plans. Therefore, an entire tray of non-Priority Mail flats will go to a firm, without employees needing to go through the tray(s) piece by piece to see if Delivery Confirmation scans are required. Searching for Delivery Confirmation on flats would undo much of the automated efficiency.
- If technology was available and added to segregate Delivery Confirmation pieces on an FSM incoming secondary program, this volume would be manually sorted to carrier and then manually sorted by carrier to the firm, adding in-office time similar to certified mail letters.
- ● They felt scan rates were lower for Package Service parcels than for Priority Mail and that for DC on flats, even lower scan rates would be likely. Aside from any possible perception of reduced reliability by customers, improving scan rates for flats would likely result in additional carrier time in-office or on the street to look through *all* flats. The low scan rates would also add to the time spent with customers working through any questions about delivery status.

AMZ/USPS-T39-11

Please refer to your response to AMZ/USPS-T36-6(b), redirected from witness Mayo.

- a. Please estimate the increased cost to the Postal Service to provide the "significant" training that you describe in your response.
- b. Please provide an estimate of the impact on carrier casing productivity caused "if the carrier had to identify a DC flat and then 'isolate' it somehow..."
- c. Please confirm that, under current practice, carriers are required to "finger" mail prior to delivery, thus ensuring that the articles to be delivered are in fact addressed to the delivery point that is to be serviced. If you do not confirm, please explain how carriers assure that they are delivering the correct items to recipients.
- d. Please confirm that enveloped flats are now looked at by carriers to see if special services, such as certified mail return receipt requested, are required. If your response is negative, how do carriers determine whether special services are required?
- e. If your response to preceding part c is affirmative, is it not likely that carriers would recognize a Delivery Confirmation mail piece while performing this process, thus allowing the item to be scanned on the street?
- f. If, in your response to preceding part e, you contend that it is not likely that a carrier on the street would recognize a Delivery Confirmation mail piece, thus allowing it to be properly scanned, please provide a thorough rationale that you believe supports your contention.

Response:

- a. While I do not have a cost estimate, it is my understanding that training would need to be developed; therefore, one-half to one hour of training for all carriers and clerks that scan would not be unreasonable.
- b. As provided in response to AMZ/USPS-T39-3d, if the carriers continue to treat Delivery Confirmation flats as parcels in order to isolate and ensure a scan is provided, then I would guess that the carrier productivity impact would be similar to the difference between carrier flat and parcel productivities.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC.

2147

- c. Confirmed. Carriers are looking for the address only on letters and flats.
- d. Confirmed that these special services apply to accountable mail, which must be signed for by the carrier before being taken out on the route. Thus, carriers identify this mail in the office. Also, certified mail is for First-Class Mail and Priority Mail only. Certified mail is also accountable mail, which must be signed for by the carrier before taken out on the route.
- e. – f. Carriers who are checking the address only might not identify Delivery Confirmation pieces. Also see the difficulties with recognizing Delivery Confirmation on flats in response to AMZ/USPS-T39-10.

AMZ/USPS-T39-12

Please refer to your response to AMZ/USPS-T36-6(b), redirected from witness Mayo, where you state that "[u]nlike certified mail, Delivery Confirmation labels are often printed by the sender, with no requirement for any special 'tagging' or fluorescence. It is my understanding that requiring special label taggants would discourage many of our existing customers from using our products, and would make us less competitive."

- a. Please cite all sources that support your contention that a requirement to use such methods as tagging or fluorescence would discourage current Postal Service customers from using your products.
- b. Has the Postal Service performed any market research that would support this contention?
- c. If your answer to preceding part b above is anything other than an unqualified negative, please cite the studies, identify specifically all relevant data that support your contention, and provide copies of such studies as library references.

Response:

- a. The contention is based on my discussions with parcel consolidators and EPS personnel that interact with existing Delivery Confirmation customers.
- b. I have no knowledge of any market research that would support this contention.
- c. N/A.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC. REDIRECTED FROM
WITNESS MAYO

AMZ/USPS-T36-4

Please refer to your testimony at page 38 (ll. 14-15), where you state “[t]his proposed change [to limit Delivery Confirmation to parcels only within the Package Services mail class] reflects the operational concerns discussed by witness Kingsley. USPS-T-39, at 8-9, 36.”

- a. Please identify clearly and discuss the specific “operational concerns” to which you are referring on pages 8, 9 and 36 of witness Kingsley’s testimony.
- e. Please confirm that witness Kingsley discusses letter processing at pages 8-9 of her testimony. Please explain the relationship between (i) letter processing and (ii) depriving Package Services flats of access to Delivery Confirmation.
- f. Have problems arisen in the utilization of Delivery Confirmation with Package Services flats? Please explain any affirmative answer.
- h. How would the Postal Service’s Delivery Confirmation special service be harmed if your proposed change is not recommended by the Commission?

Response:

- a. The operational concerns I mention are in fact on page 8 (lines 17-30) for letters, page 19 for differences in processing flats and parcels, and pages 27 and 28 for differences in delivery.
- e. i. Confirmed.
- ii. The impracticalities of expanding Delivery Confirmation for letters as mentioned on page 8 of my testimony also apply to flats. For example, any search by the carrier for Delivery Confirmation on flats would undo much of the efficiency automated processing provided. It is also impractical to obtain delivery scans since flats are unable to be separated from the rest of the mailstream on automation.
- f. It is my understanding that scanning concerns have been raised by various customers. However, there has been no tracking of problems by shape.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC. REDIRECTED FROM
WITNESS MAYO

- h. The myriad issues related to additional training, greater carrier costs, inconsistency with delivery point sequencing, potential customer impacts, and missed scans.

These concerns are covered in greater depth in my responses to AMZ/USPS-T36-6 to 8.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC. REDIRECTED FROM
WITNESS MAYO

AMZ/USPS-T36-6

According to witness Kingsley, "[o]nce the carrier is on the street, a Delivery Confirmation mailpiece is handled like any other piece except that the barcode on the Delivery Confirmation label is scanned upon delivery." Response to OCA-USPS-T36-16.

- b. If this statement is correct, then please explain why it is necessary or desirable to eliminate access to Delivery Confirmation to Package Services flats.

Response:

- b. The quote above relates to parcels and Priority Mail only. The original intent of Delivery Confirmation was to provide delivery status for expedited and package products. To ensure we provide the service, the definition is being refined to exclude those volumes that are inconsistent with the original intent.

Carriers and box clerks are looking for Delivery Confirmation (DC) on parcels and Priority Mail, which are unique mailstreams. They are *not* looking for DC on flats and letters, so flats may not be scanned and the service not rendered. If DC were to be allowed for non-Priority Mail flats, then *significant* training and increased costs would be incurred. First, all of the carriers and box clerks would have to be retrained to look for Delivery Confirmation on *all* flats. Secondly, this would greatly hinder carrier casing productivity if the carrier had to identify a DC flat and then "isolate" it somehow to ensure it was scanned on the street (e.g., put it as the first piece for the delivery).

As mentioned on page 20 (lf. 2-20) of my testimony, the Postal Service is looking in the longer term to Delivery Point Sequence (DPS) flats similar to letters. DC is

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC. REDIRECTED FROM
WITNESS MAYO

inconsistent with DPS. If, like letters, the flats are sorted to DPS, then the carrier will not look at the mail until he/she is out on the street. Additional time on the street would be needed to check through each flat to ensure DC scanning occurred.

Unlike certified mail, Delivery Confirmation labels are often printed by the sender, with no requirement for any special "tagging" or fluorescence. It is my understanding that requiring special label taggants would discourage many of our existing customers from using our products, and would make us less competitive. The current requirements are less expensive and more flexible for our customers. Also see my responses to AMZ/USPS-T36-4 (f and h), 7, and 8(c and d).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC. REDIRECTED FROM
WITNESS MAYO**

AMZ/USPS-T36-7

The Postal Service currently permits Standard mailers to prepare certain parcels to be handled as flats. DMM C820.3.3 defines an "automation-compatible flat-size mailpiece eligible for FSM [1000] processing" as including mailpieces defined as parcels under DMM C050. Would it be possible to permit Package Services mailers to prepare or present their flats so they will be handled as parcels, and retain eligibility to obtain Delivery Confirmation? Please explain your answer.

Response:

On page 19 of my testimony, I discuss the extensive operational problems with our current practice of allowing Standard Mail parcels to qualify as automation flats, and how the Postal Service expects to address these issues in the future. The intent of allowing parcels to be prepared as automation flats was to move pieces to a more efficient process.

It would be very inefficient for the Postal Service to allow mailers to prepare and label flat-sized pieces as parcels, and then to attempt to process flat-sized pieces in the less efficient parcel mailstream. The flats would very likely be damaged from being sorted on a BMC parcel sorter with much larger parcels. Also, it would be very difficult to ensure that flat-sized pieces labeled as parcels would remain in the parcel mailstream (just as we have difficulty keeping Standard Mail parcels prepared as automation flats from ending up in the parcel mailstream). It is likely that the pieces would be moved to the more efficient flats mailstream, which could ultimately result in the carrier failing to provide Delivery Confirmation service.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC. REDIRECTED FROM
WITNESS MAYO**

AMZ/USPS-T36-8

Witness Kingsley states in her testimony:

Vertical flats cases are used for most routes while horizontal flats cases, with larger separations for multiple delivery points, are generally used on business routes and routes with a large proportion of centralized delivery. In the case of horizontal holdouts, many of the small parcels and rolls (SPRs) would be cased and collated in with the flats. The identification of Delivery Confirmation and Signature Confirmation items is ensured because parcels and Priority Mail, regardless of shape, are held out and handled separately by clerks and carriers, unlike letters and flats. This is fully consistent with witness Mayo's (USPS-T-36) proposal to limit Delivery Confirmation and Signature Confirmation to parcels and Priority Mail. [USPS-T-39, page 28, ll. 7-15.]

- b. If Package Services SPRs are cased and collated in with the flats, are they still eligible to obtain Delivery Confirmation?
 - (i) If so, why shouldn't the flats they are cased and collated with also be eligible for this service?
 - (ii) If not, how does your proposal plainly disqualify Package Services SPRs from access to Delivery Confirmation?
- c. Please explain in detail how the handling of Priority Mail flats varies from the handling of Package Services flats so as to justify your proposal.
- d. Is Priority Mail which pays the proper postage, but is not otherwise marked as Priority Mail, eligible to receive Delivery Confirmation?

Response:

- b. If the SPRs meet the definition of parcel-shaped that is under development (see response to AMZ/USPS-T36-1(d)), then they would be eligible for Delivery Confirmation. But Package Services parcels are unlikely to be SPRs since SPRs usually weigh less than a pound and are usually First-Class Mail and Standard Mail parcels. As mentioned in the portion of my testimony you quoted, moreover, only a minority of the routes use horizontal flats cases and therefore SPRs are infrequently

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AMAZON.COM, INC. REDIRECTED FROM
WITNESS MAYO

cased and collated with flats. Thus, flats should rarely, if at all, be cased and collated with Package Services SPRs.

- c. Package Services flats (less than $\frac{3}{4}$ " thick) are cased by the carrier into his/her flats case, usually a vertical flats case with First-Class Mail, Periodicals and Standard Mail flats. The flats must be flexible enough to bend since the distance between the shelves is not enough for the flat to "stand up". Priority Mail flats are handled like Priority Mail parcels all the way up to and by the carrier since they are generally stiff and cannot fit into the vertical flats case. Priority Mail flats are not combined with other classes of flats for processing or during preparation for delivery, primarily due to different service standards.
- d. Yes. Unmarked Priority Mail is processed and subsequently provided separately to the carriers and box section clerks regardless of shape. Keeping Priority Mail flats separate from the rest of the flats mailstream ensures that Priority Mail pieces with Delivery Confirmation will be identified by the carrier or clerk as Delivery Confirmation pieces. Excluding any FSM machinability issues for Priority Mail flats, *if they were combined with other classes of flats, any Delivery or Signature Confirmation label may very likely go undetected by the carrier or clerk.*

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF AMAZON.COM, INC. REDIRECTED FROM
WITNESS MAYO

AMZ/USPS-T36-21

Please refer to your response to AMZ/USPS-T36-4(g), where you state that "[t]he Postal Service does not have specific data on complaints about Delivery Confirmation used with Package Services flats." In response to part f of that question, redirected to witness Kingsley (USPS-T-39), she states "It is my understanding that scanning concerns have been raised by various customers. However there has been no tracking of problems by shape." Please identify all sources of these concerns and identify and explain all information, anecdotal or otherwise, which you or witness Kingsley reviewed and/or relied on.

RESPONSE:

The source of my statement was from discussions with delivery and mail processing operations managers and staff as well as persons working with the Business Service Networks (BSNs) and in Expedited/Package Services (EPS). Concerns related to Delivery Confirmation on Package Services flats are covered in detail in my response to AMZ/USPS-T39-10.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2157

AOL-TW/USPS-T-39-1 Can one infer from the container label, without looking inside a container with flat mail, whether it contains machinable (on AFSM-100/FSM-881) or non-machinable flats, or a combination of both? Please provide separate answers for each of the following types of containers. In those cases where you indicate that it can be inferred, please explain how.

- a. A "flat tray" (tub) dispatched from a flat sorting operation in another facility?
- b. A mailer prepared 5-digit sack with automation flats?
- c. A mailer prepared 5-digit sack with non-automation flats?
- d. A mailer prepared pallet?
- e. An APC full of flats trays?

RESPONSE:

- a. The tray labels placed in flat trays dispatched from AFSM 100 and FSM 1000 operations include "AFSM 100" or "FSM 1000", respectively, to indicate the operation from which the tray was generated. The operation designation is not included on trays dispatched from FSM 881 or manual operations, consequently, these trays would likely require a visual inspection of the contents to determine the specific machinability.
- b. The mailer prepared sack label will indicate whether the contents are barcoded, nonbarcoded, or a combination of both. However, it will not indicate whether the flats are compatible with the AFSM 100/FSM 881 or the FSM1000 (since flats of different "machinabilities" can not be co-sacked). The machine compatibility will not be known prior to opening the sack unless the mailhandler is familiar with the mailer's pieces.
- c. See response to part (b).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2158

- d.** Similar to the sack label, the pallet placard will indicate whether the contents are barcoded, nonbarcoded, or a combination of both. In addition, the machine compatibility (e.g. AFSM 100/FSM 881 vs. FSM1000) can usually be determined with a visual inspection of the contents without opening the pallet.
- e.** It depends on the source of the rolling container. If the container arrived from a processing operation within another postal facility, the machinability of the contents for each tray could be determined consistent with the response to part (a). If the container was prepared by a First-Class Mail bulk customer, the contents for each tray could be determined consistent with the response to part (b), due to the fact that the tray labels would have similar information as the sack labels. Finally, if the rolling container was generated in an upstream flats operation within the same facility, the container would likely be labeled to indicate the source operation and destinating operation, consequently, indicating the machine compatibility. —

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2159

AOL-TW/USPS-T-39-2 When a postal facility receives a "flat tray" containing flats from a flats sorting operation performed in another facility, can one infer from the tray label, without looking inside the tray, whether it was made up at an AFSM-100, FSM- 881, FSM-1000 or manual flat sorting operation? If yes, how would one make such an inference?

RESPONSE:

See response to AOL-TW/USPS-T39-1, part (a).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2160

AOL-TW/USPS-T-39-3 Please consider flats that are sorted on an ongoing primary AFSM-100 sorting scheme and end up in a "flat tray" (tub) destined for a remote ADC. The tray arrives at the destinating ADC, which also has an AFSM-100, on which the flats will receive additional sorting. Please describe the treatment at the destinating ADC of this tray, and the flats in it, before the flats are loaded into the AFSM-100. Specifically, what is the approximate likelihood of each of the following?

- (1) The tray is taken to the AFSM-100, where one of the crew opens it, removes the lid, extracts the flats from inside the tray, orients them and loads them into the automatic flats feeder.
- (2) As above, except the AFSM-100 clerk loads the flats onto a flat mail cart (FMC), from which they will later be removed and loaded into the machine's automatic feeder.
- (3) The tray is opened, its lid removed and the flats oriented and loaded onto an FMC or similar rolling stock at a separate operation, away from the AFSM-100. When full, the FMC is taken to the AFSM-100.
- (4) The tray is opened and its lid removed, then it is placed on a container that is taken to the AFSM-100. An AFSM-100 employee eventually extracts the flats from the tray and loads them into the automatic feeder,
- (5) Any other treatment (please explain).

RESPONSE:

Also, refer to the response to AOL-TW/USPS-6, part (a), which describes the proper procedures for handling these trays targeted for AFSM 100 processing.

- (1) – (3) These are not likely scenarios since they are inconsistent with proper procedures.
- (4) Very likely and consistent with proper procedures.
- (5) N/A

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2161

AOL-TW/USPS-T-39-4 Please consider the case of a carrier route sack containing one or more carrier route flats packages, all to the same carrier route. Is opening the sack, extracting the packages and disposing of the sack normally the duty of the carrier or a mail-processing employee at the DDU? If it is a shared responsibility, how frequently is each of these tasks performed by the carrier and by mail processing employees?

RESPONSE:

See response to AOL-TW/USPS-T24-5d and e.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

AOL-TW/USPS-T-39-5

- a. How many valid 5-digit ZIP codes are there in the US?
- b. How many 5-digit schemes are there for sortation of flats to carrier route, counting as one a scheme that serves more than one 5-digit ZIP code?
- c. How many 5-digit schemes are there that serve ten or more carrier routes?
- d. How many schemes serve fifteen or more carrier routes?
- e. How many 5-digit schemes can be performed on one AFSM-100 at the same time? If more than one, please describe any restrictions that apply (e.g., limit on total number of carrier routes, etc.)
- f. How much time does it normally take to switch from one incoming secondary scheme to another on the AFSM-100?
- g. How many incoming secondary schemes are performed on AFSM-100 or FSM-881 machines today and how many will be performed on these machines in the test year?

RESPONSE:

- (a) There are currently 42,735 active ZIP Codes of which approximately 2500 are uniques.
- (b) Assuming the question is asking specifically about sort schemes or plans used on FSM equipment to process flats to carrier-route, this information is not known at the national level.
- (c) – (d) Assuming this question relates to the FSM sort schemes or plans used to process flats to carrier-route, this information is not known at the national level. However, please note that currently, 8800 zones are targeted for

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

incoming secondary (carrier route) distribution on FSMs, and approximately 8100 of those zones have 10 or more routes.

(e) The AFSM 100 has 120 stackers. Allowing for a limited number of stackers used for rejects and firm holdouts, the remaining stackers can accommodate as many 5-digit zones as can fit in the remaining stackers, assuming one route per stacker. For example, as many as 11 zones averaging 10 routes each could fit on an AFSM 100 secondary sort program. However, it is my understanding that the current carrier route sort plans typically average around 3 to 4 5-digit zones.

(f) According to the AFSM 100 National Standardization Guide, "AFSM 100 supervisor and craft go through a well planned and almost choreographed 30 minutes prepping, prior to sort program changeover, followed by 20 minutes of sweeping, dispatching and tub labeling to minimize the time when the AFSM 100 is not operating." The planning objective for the Program Changeover, when the AFSM 100 is not feeding mail, is 9 minutes. Workhours caused by the scheme change and occurring during the 50 minutes surrounding the Program Changeover are also part of the time required to change a scheme. It would understate the impact of scheme changes to say that the time required is only the Program Changeover time.

(g) The number of incoming secondary schemes employed is not known at the national level. However, please note that approximately 7000 zones are currently receiving incoming secondary processing on AFSM 100s and/or

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

FSM 881s, and approximately 8800 zones are targeted to receive incoming secondary processing by the test year.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2165

AOL-TW/USPS-T-39-6 Consider a 5-digit sack containing one or more 5-digit flats packages that arrives at the destinating SCF. Please explain who would normally be charged with: (1) opening the sack; (2) extracting the contents from the sack; (3) disposing of the sack; (4) deciding on which equipment and when and where the flats will receive incoming secondary sorting; (5) cutting the packages and removing the packaging material; and (6) orienting the flats and placing them in a way that facilitates piece sorting. In particular, explain for each of the above work-items whether it is performed at the piece sorting operation or in some preceding operation. Please answer assuming in turn each of the following:

- a. The flats are machinable and will receive incoming secondary sorting at an AFSM-100.
- b. The flats are machinable and pre-barcoded but the incoming secondary for the given 5-digit zone is performed manually in an associate office.
- c. The flats will be given manual incoming secondary sort at the destinating SCF.

RESPONSE:

(a) (1) – (6) A mailhandler in an operation preceding a piece distribution operation.

(b) (1)–(3), (5), (6) Usually a clerk at the destinating delivery unit. Depending on the delivery unit, it may be performed in a piece distribution operation or in some preceding operation.

(4) Not applicable.

(c) (1) – (3) A mailhandler in a preceding operation.

(4) Not applicable.

(5), (6) It most likely would be a clerk in the piece sorting operation. It could be a mailhandler in a preceding operation depending on local policy.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2166

AOL-TW/USPS-T-39-7 Your testimony describes the current and intended future use of the 351 FSM-1000 machines deployed in mail processing plants,

- a. Confirm that in the current configuration, with four keying consoles, the last console can be used only for keying because it is placed so that flats entered through it will not be seen by the barcode reader.
- b. In the test-year FSM-1000 configuration, will there remain one console where flats entered through it must be keyed? If yes, explain how this fourth console will be used.
- c. What is the expected throughput on the automatic flats feeder that will be installed on the FSM-1000?
- d. You state that the FSM-1000 is intended for "the vast majority" of those flats that are non-machinable on the FSM 881. Please quantify the term "vast majority." If no precise estimate is available, please provide at least a rough estimate of the percentage of flats expected to be non-machinable even on the FSM-1000.
- e. Will all flats that are machinable on the FSM-1000 today be machinable on the automatic flats feeder with which the machines will be equipped in the test year? If no, please indicate the percentage that will not be machinable on these flats feeders.
- f. Please list the requirements that flats must meet in order to be machinable on the FSM-1000 and the criteria FSM-1000 employees are told to follow to recognize flats that can only be sorted manually.

RESPONSE:

- a) Confirmed.
- b) Machine configuration in 2003 will be one automated feeder and three manual keying consoles. The keying consoles will operate the same as the existing fourth keying console.
- c) See page 15, line 16 of my testimony.
- d) A rough estimate would be 5 percent.
- e) It is my understanding, yes.
- f) See DMM C820.3.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2167

AOL-TW/USPS-T-39-8 In its response to AOL-TW/USPS-5, the Postal Service has listed the main tasks associated with preparing ("prepping") flats that have arrived in mailer-prepared packages for the AFSM-100.

- a. What are the corresponding "prepping" tasks for flats that arrive in flats trays that have been prepared at flats sorting operations in other facilities?
- b. What are the per-piece manhours (sic) and costs associated with the tasks involved in "prepping" flats for AFSM-100 sorting? Please provide any estimates known to the Postal Service that could help identify these costs.

RESPONSE:

- a. Flat trays from other processing facilities often require removal of the straps and lids. Then flat trays are either put into TMS at TMS sites, or sorted manually at non-TMS sites. If manually sorted, the label is read and the tray is sorted onto rolling stock based on the contents. For example, a 5-digit tray would be sorted to the zone for carrier route sortation where an SCF or 3-digit tray would need incoming primary processing. This manual tray sortation method will also make a split based on machinability characteristics (the contents and/or the label).
- b. Volume is not tracked for MODS operation 035. Therefore productivity, pieces per workhour, for prepping flats on 035 is not available. The amount of workhours used in FY 2001 for 035 were 4,344,164.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2168

AOL-TW/USPS-T-39-9 Your testimony describes the uses of the SPBS and the LIPS machines to sort packages (bundles) in mail processing plants. While the questions below refer to the SPBS, please indicate in each case if your answer would be any different with respect to the LIPS or any other similar system that might be used for the mechanized sortation of flats packages.

Please assume that a package breaks on an SPBS feeder belt (or that it already was broken before being dumped on the belt.) Assume further that the breakage is too severe for the package to be restored, but that the package's presort, before breaking, was the same as that of the SPBS sort scheme (e.g., a 3-digit package breaking during a 3-digit package sorting operation), so that the package would have had to be broken anyway and no piece sortation is lost. Finally, assume that the individual pieces from the broken package are recovered from the SPBS belt and eventually "prepped" for piece sorting on an automated machine. Please identify how the handling steps of these pieces, from the point when the package is dumped on the SPBS belt until the flats are "prepped" and ready for the automated flat sorter, differ from the corresponding pieces from packages that did not experience premature breakage. Please also provide the best possible estimate of the per-piece difference in handling costs between the two sets of pieces. Please include in your analysis the fact that the broken package in this example does not need to be keyed on the SPBS, whereas packages that maintain their integrity do.

If you cannot precisely specify the cost difference between pieces from packages that break prematurely and those from packages that do not, please indicate whether, under the assumptions spelled out above, you believe that the pieces in the broken package incur more costs than those from other packages. If possible, please indicate also the approximate magnitude of the cost differential.

RESPONSE:

The package described in your interrogatory above which remains intact would travel from the feeder belt to the keying station, be keyed, sorted to the proper run-out into a container, then transported to the operation where the package would be broken open and prepped for subsequent piece sortation. If the package breaks on the feeder belt, the pieces would be either: 1) removed by hand from the belt, reoriented, placed into a container, and then transported to the distribution operation where the pieces would be sorted; or 2) if the pieces in

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2169

the broken bundle are easy to identify, it can be put back together for further bundle sortation without losing the presort.

Witness Miller in USPS-T-24 sponsors cost data related to flat mail processing. It is my understanding, however, that the additional costs associated with broken bundles specific to the SPBS operation are "baked in" and reflected in the productivities used in Witness Miller's models. It is my further understanding that the costs associated with the additional piece distribution required for broken bundles is explicitly accounted for in his model.

Based on the assumptions above, I believe that the broken bundle, to the same presort level as the sort scheme, would incur a small amount of additional costs based on the time required to collect and orient the pieces, as well as the potential negative impact on the productivity of SPBS operation than if the bundle had remained intact.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2170

AOL-TW/USPS-T-39-10 In Docket No R2000-1 you provided, in response to MPA interrogatory MPA/USPS-T10-4 (Tr. 5/1705), a copy of a letter from USPS management dated December 30, 1999 and signed by Mr. Walter O'Tormey. The letter discusses Periodicals package breakage recovery methods. It characterizes the practice of keying, on the SPBS machines, individual pieces from broken packages as the least economic method and states that it should not be used under any circumstance.

a. Is it your impression that, after the management letter referred to above was circulated to the field, there occurred a significant reduction in the practice of keying individual pieces from broken packages on the SPBS machines? If yes, approximately what percentage of the previous incidences of keying individual pieces do you believe has now been eliminated?

b. The letter referred to above also states:

"Clearly, the most economical method of package breakage recovery is to recover the broken packages as originally secured by the mailers at induction and re-band them using rubber bands and/or strapping machines and re-induct them into the system. This is the preferred method and should be utilized whenever the package integrity is sufficient to identify the contents because it retains the correct presort level."

Based on your knowledge of the mail processing system, roughly what percentage of broken packages on feeder belts do you believe is recovered in the prescribed manner? If no precise measure is known, please indicate at least whether you believe the packages so recovered represent a large or a small percentage of all broken packages.

c. When a broken package observed on an SPBS feeder belt is "recovered" in the manner described in part b of this interrogatory, approximately what are the extra handling costs, per-piece or per-package? In your answer, please include a consideration of how the need to recover broken packages impacts staffing requirements and overall productivity in SPBS operations.

d. The letter referred to above also states:

"If the packages have broken and lost their integrity, they should be recovered and, whenever possible, faced and put directly into the proper container. i.e., flat tub, u-cart etc., for further processing on the appropriate Flat Sorter Machine (FSM) sort program."

Roughly what percentage of broken packages on SPBS feeder belts do you believe lead to the recovery of individual pieces in the manner indicated above?

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2171

e. When individual pieces are recovered from an-SPBS feeder belt as described in part d of this interrogatory, what approximately are the extra per-piece or per-package costs imposed by the premature breakage? In your answer, please assume that the package's original sort level was the same as that of the SPBS sort scheme.

f. Please address the questions posed in parts b-e of this interrogatory for the case when broken packages are observed on a manual opening belt. That is, what are the relative frequencies of recovering (1) the entire package and (2) individual pieces from broken packages, and what are the extra per-piece or per-package handling costs in each case?

RESPONSE:

- a. Based on general observations at some plants, it is my impression that there was some reduction in the keying of individual pieces from broken packages on SPBS machines as a result of the instructions in the December 30, 1999, letter. However, there is no data that quantifies any reductions because the Postal Service does not collect data that identifies how many flats from broken packages are removed from SPBS machines prior to keying. It should also be noted that observations by members of Mr. O'Tormey's staff subsequent to issuance of the subject letter revealed that several processing plants were not following the recommended procedures for package recovery and were continuing to key individual pieces from broken packages. Based on these observations, the Postal Service reiterated and reinforced the initial instructions on April 3, 2001, in a follow-up letter signed by Mr. O'Tormey. A copy of this letter is attached.
- b. The Postal Service does not have data that identifies the percentage of broken packages on feeder belts recovered in accordance with the

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2172

instructions in the December 30, 1999, letter. Based on anecdotal feedback from various plants, I could only surmise that packages so recovered represent a fairly large percent of all broken packages.

- c. I do not know the costs of recovering a broken package. I would expect the costs to be much less than if the package was not recovered.
- d. As noted in the response to subparts a and b, the Postal Service does not have data that quantifies either the number of pieces from broken packages or the number of broken packages recovered from SPBS feeder belts.
- e. I do not know the extent of the costs incurred to individual pieces due to premature breakage. It would depend, at a minimum, on the sort level (i.e. ADC or incoming primary), machinability of the pieces, and type of piece distribution used (i.e. equipment mix).
- f. See response to subparts a – e.

April 3, 2001

MANAGERS, IN-PLANT SUPPORT (AREA)

SUBJECT: Package Breakage Recovery Methods

Please reference my letter of December 30, 1999 on the subject above. In that letter, I disseminated information that identified some of the methods of package recovery and the costs associated with each of the different methods.

Observations by members of my staff during recent site visits to numerous processing plants have revealed that several of the plants are not following the recommended procedures for package recovery. Many plants have no recovery plan in place and continue to key individual pieces on the Small Parcel Bundle Sorters (SPBS). In an effort to reduce postal processing costs and improve productivities, especially with the deployment of the Automated Flats Sorting Machine (AFSM 100), it is critical that these procedures be followed.

Recovery of broken packages should occur at their induction. Whenever the package integrity is sufficient to identify the contents as originally secured by the mailers, the packages should be re-banded using strapping machines and/or rubber bands, and re-inducted into the processing system. This is still the most economical method of package breakage recovery and should be utilized whenever possible.

However, if the packages have broken and lost their presort integrity, they should not be recovered (i.e., secured as a package). Instead, the individual pieces should be faced and put directly into the proper container, (i.e., flat tub, u-cart, etc.), for further processing on the appropriate Flat Sorter Machine (FSM) sort program. Whenever possible, this should be completed on the SPBS feed system; if this can not be done, the keyers should perform this task at the individual keying stations.

The least economical processing method is keying the broken package as individual pieces on the SPBS. Productivities are considerably lower on the SPBS as compared to the FSM and the potential for errors is greater. Efforts should be taken to ensure that this processing method is not being utilized in your processing plants.

When large volumes of broken packages are received from the same mailer, it is imperative that a mail preparation irregularity report (PS Form 3749) is filled out and the mail preparer and publisher/advertiser are notified. This form has been recently updated in an effort to modernize it and make it more responsive (see Postal Bulletin 22043, 02/08/01, Page 33).

Please disseminate this information to all Plant Managers for their action. If you have any questions as it relates to this request, please contact Patrick Killeen of my staff at (202) 268-2473.

Walter O'Tormey
Manager

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.

2175

AOL-TW/USPS-T-39-11 Please consider the case where packages on a 3-digit pallet are sorted manually, from the pallet into various containers. Assume that a carrier route package lands in a 5-digit container, appropriate for that carrier route, but that on impact in the receiving container the package breaks.

a. Please confirm that the further disposition of this package and the pieces in it will normally be one of the following:

(1) the package is recovered and distributed, in a subsequent manual package sort, to the appropriate carrier; or

(2) the individual pieces from the package are recovered and "prepped" for incoming secondary flat sorting to the given 5-digit zone.

If you believe the package might be handled in a manner different from the two alternatives listed, please explain and indicate the approximate likelihood of the alternative treatment.

b. Approximately what is the likelihood of the first alternative, i.e., that the "broken" package can be recovered, thereby avoiding the need for incoming secondary piece sorting?

c. Approximately what are the extra costs due to the premature breakage under the first alternative?

d. Excluding the actual incoming secondary costs, what additional costs are incurred under the second alternative indicated above?

RESPONSE:

a. For the most part, confirmed. Normally, if a carrier route package breaks on impact after being sorted manually from a 3-digit pallet into a 5-digit container appropriate for the carrier route, the pieces from the package will be distributed manually at the deliver unit as described in (1). The 5-digit container will be directed to the facility where carrier route packages are distributed to the appropriate carrier. When the container is unloaded, the contents will be distributed manually to the carrier. If the contents of the broken package retain their presort integrity, they can be distributed together

to the appropriate carrier. Loose pieces will be distributed individually to the appropriate carrier.

It is unlikely that the Postal Service would prep individual carrier route sorted pieces from a package that breaks open as it falls into a 5-digit container for incoming secondary processing on an FSM, as could be included in scenario (2). This is because carrier route packages would be sorted into a 5-digit container that can be sent directly to the delivery unit.

- b. The Postal Service does not have data to quantify the number of broken carrier route packages that can be recovered to avoid incoming secondary piece processing to carriers.
- c. The extra costs would be associated with collecting the loose pieces from the container, orienting the pieces, and repackaging the pieces. Witness Miller in USPS-T-24 sponsors cost data associated with flat mail processing. However, it is my understanding that these costs are "baked in" and reflected in the productivities used in Witness Miller's models for the bundle distribution operations.
- d. The extra costs would be associated with collecting the loose pieces from the container, orienting the pieces, placing the pieces into a container, and moving the container to the appropriate incoming secondary operation. Also, see response to subpart (c).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2177

AOL-TW/USPS-T-39-12 Please consider a scenario similar to that described in the preceding interrogatory (AOL-TW/USPS-T39-11), except that *instead of a 3-digit pallet*, the manual package sorting is performed from a 3-digit hamper that has been filled with packages in a preceding SPBS sort operation. Do your answers to that interrogatory apply also in this case? If not, please explain.

RESPONSE:

Yes. Assuming that the scenario is similar to AOL-TW/USPS-T39-11 where carrier route packages break upon impact when landing in a 5-digit container.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2178

AOL-TW/USPS-T-39-13 Please consider a clerk performing a manual package sort, from a hamper filled in a preceding SPBS sorting operation. Assume that he finds a package that, although still together, has been damaged so that it is at risk of breaking in the subsequent sort. Please explain what the clerk is supposed to do in that case, and if possible the extra costs incurred by the damaged package.

RESPONSE:

The clerk should re-band the package and place it in the appropriate container (e.g., a carrier route package from a 3-digit or SCF hamper that will be placed in a 5-digit container).

The extra costs would be associated with re-banding the package using rubber bands and/or strapping machine. Witness Miller USPS-T-24 sponsors cost data associated with flat mail processing. It is my understanding that these costs are "baked in" and reflected in the productivities used in his models for bundle distribution operations.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2179

AOL-TW/USPS-T-39-14 Please consider the case where carrier route flats packages are being sorted either from a 5-digit mailer-prepared pallet, or from a 5-digit hamper that has been filled in a preceding SPBS sorting operation. Assume that packages are manually thrown into individual hampers or U-carts, one for each carrier route. Assume that a package, upon landing in the appropriate hamper or U-cart, breaks.

a. Please confirm that the pieces in this package will have made it to the carrier level and therefore do not need to go back to an incoming secondary operation, regardless of the degree of damage sustained by the package.

b. Please confirm that this package would have to be broken by the carrier anyway.

c. Who would normally recover individual pieces in this bundle from the hamper? Would it be the carrier or the mail processing employee who brings mail to the carrier?

d. What are the extra handlings and associated costs of package breakage in this case?

e. Please confirm that in many DDUs the sortation of flats packages to the carriers is performed, not by throwing but by placing the package on the carrier's ledge, or on a shelf or in a cubby hole designated for that carrier so that the possibility of package breakage does not occur.

RESPONSE:

Packages are typically not thrown into a hamper or U-cart for each carrier route.

The packages are typically placed into flat tubs or other containers where breakage should not be an issue at this point.

(a) Confirmed.

(b) Confirmed in virtually all instances. Firm packages would not be opened.

(c) It is my understanding that if hampers are used, then a mail processing employee would be most likely to recover individual pieces since volume has to be measured prior to being cased by the carrier.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

2180

- (d) The carrier may have to re-orient the pieces and the Line of Travel or walk sequence may be lost. Both would result in additional casing time.
- (e) Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.

2181

AOL-TW/USPS-T-39-15 In response to AOL-TW/USPS-T39-5f you refer to "the AFSM 100 National Standardization Guide." Is that document available in the present docket? If yes, please provide a reference. If not, please provide a copy.

RESPONSE: Yes. See USPS-LR-J-173 in response to OCA/USPS-156.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

AOL-TW/USPS-T-39-16 Please refer to your response to AOL-TW/USPS-T39-7, where you say that the FSM-1000 will have one automated feed and three keying consoles in the test-year configuration.

- a. Is the target 7000 pieces-per-hour throughput capacity referred to on page 15 in your testimony expected to come from running flats through the automated feeder only?
- b. Will the one automated feeder and the three keying consoles be used simultaneously in normal operations?
- c. What is the maximum FSM-1000 throughput based on the speed of the FSM-1000 belt?
- d. What kinds of flats will be keyed on the FSM-1000 keying consoles?
- e. Will attempts be made to run flats that are rejected in the automated feed mode through the machine again using the keying mode?
- f. How many employees will staff an FSM-1000 under normal operating conditions and how will the work be divided between them?

RESPONSE:

- a. Yes.
- b. No. The machine will be run in only one mode at a time, either using the feeder or using the keying consoles. The majority of the time the automated feeder is expected to operate without the keying consoles being used simultaneously.
- c. The theoretical maximum throughput depends upon mail piece length and absolutely ideal conditions (i.e., no jams, no mechanical problems, no breaks, maintenance personnel standing-by at the machine, etc.). Maximum throughput of mail with the maximum length (15.75 inches) is approximately 12,000 pieces per hour. For mail with the minimum length (4 inches), 19,000 pieces per hour is the theoretical maximum throughput.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.

- d. Non-OCR readable or non-feedable flats.
- e. Yes.
- f. See my testimony page 15, lines 16-18, which states the maximum staffing is expected to be five with the AFF/OCR enhancement. Specific work assignments have not yet been determined and are expected to be determined during first-article testing planned for January 2002 in Boston.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

AOL-TW/USPS-T-39-17 In your response to AOL-TW/USPS-T39-14 you commented on the sortation at a delivery unit of bundles of carrier route presorted flats from either a 5-digit pallet or a 5digit hamper. You pointed out that in this type of sortation bundles are normally not thrown into receptacles but "typically placed into flat tubs or other containers where breakage should not be an issue at this point." And in response to part e of that interrogatory you confirmed that packages at this point are sorted "not by throwing but by placing the package on the carrier's ledge, or on a shelf or in a cubbyhole designated for that carrier so that the possibility of package breakage does not occur."

Please comment on the corresponding situation where the carrier route packages are contained in a carrier routes sack, rather than a hamper or pallet.

- a. Please confirm that the term "carrier routes sack" normally refers to a 5-digit sack containing carrier route presorted bundles, going to more than one carrier route within the given 5-digit ZIP code area. If not confirmed, please provide an alternative definition.
- b. Assume that a bundle inside such a sack has broken during transport and is not easily recoverable. What would the clerk handling this mail normally do with the pieces from this bundle? In particular, what is the likelihood that he would do each of the following?
 - (1) Bring each loose flat to the appropriate carrier,
 - (2) Collect the loose flats and take them to a manual incoming secondary flats case at the DDU.
 - (3) Collect the loose flats and return them for incoming secondary sortation at the main office.
 - (4) Any other action not listed above. Please explain fully.
- c. Would the contents of this sack normally be dumped on a table or opening belt before sorting the bundles to each carrier, or would the clerk sort directly from the sack?
- d. Would the clerk distributing the contents of a carrier routes sack to the carriers normally have scheme knowledge?
- e. Assume that instead of being carrier routes, a sack is labeled as being only for a single carrier. Would the clerk handling it in that case take the sack's contents, including any loose pieces from broken bundles, directly to the receptacle for the appropriate carrier, rather than mix it with mail going to other carriers? If no, please explain why not.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.

RESPONSE:

- (a) Confirmed.
- (b) The clerk or mailhandler is likely to follow the action described in (2) and unlikely to follow the other actions.
- (c) The contents would normally be dumped before sorting the bundles.
- (d) Though the packages would be labeled via a facing slip or OEL with carrier route information, scheme-qualified clerks typically distribute the packages. In some instances, nonscheme-qualified clerks or mailhandlers would distribute carrier route bundles from a carrier routes sack or pallet.
- (e) Yes. The contents of a carrier route sack will be kept separate upon removal and then distributed to the carrier's case.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.**

AOL-TW/USPS-T-39-18 In your response to AOL-TW/USPS-T39-14, part c, you indicate that any loose pieces found in a 5-digit hamper at a DDU are likely to be recovered by a clerk rather than a carrier, because "volume has to be measured prior to being cased by the carrier."

- a. Does the statement mean that all volume going to every single carrier has to be measured?
- b. Why does volume have to be measured prior to being cased by the carrier?
- c. What postal data system do the measurements of mail volumes going to carriers belong to?
- d. What precisely does the clerk who handles mail before it goes to a carrier measure and record regarding the volume to that carrier?

RESPONSE:

- a. All flat and non-DPS letter volumes for city carriers are measured daily.
- b. Volume is measured to get an idea of carrier workload to determine if they may need assistance or are able to assist another route. For example, if the last route inspection showed 15 feet of mail for the route to be completed in 8 hours, and the carrier has 25 feet today, the carrier may need assistance.
- c. Volumes go into the Delivery Unit Volume Recording System (DUVRS) which are fed into the Delivery Operations Information Sub-system (DOISS) computer at each delivery unit, and are then fed into the FLASH reporting system.
- d. Usually the carrier supervisor measures the linear feet of flats and non-DPS letters at the carriers' cases before the carriers start the route. Volumes continue to be recorded as addition mail is given to the carriers after they have started casing.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF AOL TIME WARNER, INC.

AOL-TW/USPS-T-39-19 In your response to AOL-TW/USPS-T39-5, part e, you indicate that an AFSM typically may run 3 or 4 incoming secondary schemes at the same time.

- a. Will the same 3-4 schemes normally be worked together every night, or may it change from night to night?
- b. How often will a facility revise its incoming secondary sort plan?

RESPONSE:

- a. Normally every night.
- b. AFSM incoming secondary sort plans are updated on an accounting period basis or as needed such as when there are changes to route territory. High growth areas usually update FSM sort plans weekly to ensure mail for all the new delivery points are sorted to carrier route instead of being sent as 5-digit working mail for the delivery unit to work.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

2188

DMA/USPS-T-39-1 Please provide the deployment schedule for Phase II for the AFSM 100.

Response: See attachment.

PH1 SEQ. #	PH2 AFSM SEQ. #	PLANT	ST	PH2 UNITS	AFSN 100	START
2009	EA	South Jersey PADC #1	NJ	2	13-Jan-01	6-Feb-01
2010	GL	Royal Oak PADC #1	MI	2	13-Jan-01	6-Feb-01
2012	PA	San Francisco PADC #1	CA	4	13-Jan-01	6-Feb-01
2013	SE	Tampa PADC #1	FL	2	13-Jan-01	6-Feb-01
2014	SW	North Houston PADC #1	TX	3	13-Jan-01	6-Feb-01
2011	WE	Monrovia PADC #1	MD	5	13-Jan-01	6-Feb-01
2015	CM	Lincoln IWF #1	MD	2	20-Jan-01	12-Feb-01
2016	EA	Columbia PADC	SC	1	20-Jan-01	12-Feb-01
2017	EA	Greenbush PADC #1	NC	2	20-Jan-01	12-Feb-01
2018	NE	Bullish PADC #1	NY	2	20-Jan-01	12-Feb-01
2019	NY	Westchester PADC #1	NY	2	20-Jan-01	12-Feb-01
2020	SE	North Metro PADC #1	CA	4	20-Jan-01	12-Feb-01
2021	EA	Southeastern PADC #1	PA	2	27-Jan-01	19-Feb-01
2022	GL	Palatine PADC #1	IL	4	27-Jan-01	19-Feb-01
2024	PA	Santa Ana PADC #1	CA	2	27-Jan-01	19-Feb-01
2025	SW	North Texas PADC #1	TX	2	27-Jan-01	19-Feb-01
2026	WE	Albuquerque PADC #1	NM	2	27-Jan-01	19-Feb-01
2023	WE	St Paul PADC #1	MN	2	27-Jan-01	19-Feb-01
2027	CM	North VA PADC #1	VA	3	3-Feb-01	26-Feb-01
2028	CM	Richmond PADC #1	VA	3	3-Feb-01	26-Feb-01
2030	SE	Jacksonville PADC Tannehill	FL	3	3-Feb-01	26-Feb-01
2031	SE	Nashville PADC Annand	TN	3	3-Feb-01	26-Feb-01
2032	WE	Everett PADC	WA	1	3-Feb-01	26-Feb-01
106	2029	WE Springfield PADC	MO	1	3-Feb-01	26-Feb-01
2033	EA	South Jersey PADC #2	NJ		10-Feb-01	6-Mar-01
2034	GL	Royal Oak PADC #2	MI		10-Feb-01	6-Mar-01
136	2036	PA Los Angeles PADC #1	CA	8	10-Feb-01	6-Mar-01
2037	PA	Oakland PADC #1	CA	4	10-Feb-01	6-Mar-01
2038	SW	North Houston PADC #2	TX		10-Feb-01	6-Mar-01
2036	WE	Minneapolis PADC #2	MN		10-Feb-01	6-Mar-01
2039	CM	Lincoln IWF #2	MD		17-Feb-01	12-Mar-01
2040	EA	Greenbush PADC #2	NC		17-Feb-01	12-Mar-01
2041	NE	Bullish PADC #2	NY		17-Feb-01	12-Mar-01
2042	NY	Brooklyn PADC #1	NY	2	17-Feb-01	12-Mar-01
2043	SE	North Metro PADC #2	GA		17-Feb-01	12-Mar-01
2044	WE	Denver PADC #1	CO	2	17-Feb-01	12-Mar-01
2047	EA	Louisville PADC #1	KY	2	24-Feb-01	19-Mar-01
2046	GL	Palatine PADC #2	IL		24-Feb-01	19-Mar-01
2048	PA	Santa Ana PADC #2	CA		24-Feb-01	19-Mar-01
2050	SW	North Texas PADC #2	TX		24-Feb-01	19-Mar-01
2051	CM	Dulles PADC #1	VA	2	24-Feb-01	19-Mar-01
2053	CM	Richmond PADC #2	VA		24-Feb-01	19-Mar-01
2052	GL	Indianapolis PADC #1	IN	2	3-Mar-01	26-Mar-01
2054	PA	Los Angeles PADC #2	CA		3-Mar-01	26-Mar-01
2055	SE	Jacksonville PADC Tannehill	FL	5	3-Mar-01	26-Mar-01
2057	EA	Rio Salado IWO #1	AZ	2	3-Mar-01	26-Mar-01
2059	NE	Springfield PADC	PA	2	10-Mar-01	2-Apr-01
2060	PA	Sacramento PADC #1	CA	4	10-Mar-01	2-Apr-01
2061	PA	San Francisco PADC #2	CA		10-Mar-01	2-Apr-01
2062	SW	North Houston PADC #3	TX		10-Mar-01	2-Apr-01
2068	WE	Minneapolis PADC #3	MN		10-Mar-01	2-Apr-01
2063	EA	Lehigh Valley PADC #1	PA	2	17-Mar-01	8-Apr-01
2064	NE	Northwest Ariz	ME	1	17-Mar-01	8-Apr-01
2065	NY	Brooklyn PADC #2	NY		17-Mar-01	8-Apr-01
2066	SE	Miami PADC #1	FL	3	17-Mar-01	8-Apr-01
2067	SW	Oklahoma City PADC #1	OK	3	17-Mar-01	8-Apr-01
2068	WE	Denver PADC #2	CO		17-Mar-01	8-Apr-01
2069	CM	Suburban PADC #1	MD	2	24-Mar-01	16-Apr-01
2071	EA	Louisville PADC #2	KY		24-Mar-01	16-Apr-01
2072	EA	Roanoke PADC	VA	1	24-Mar-01	16-Apr-01

ATTACHMENT TO
DMA/USPS-T39-1

PH1 PH2 AFSM									
SEQ. #	SEQ. #	AREA	PLANT	ST	PH2	DELIVERY	START	ACCEP TEST	
PH2M	PH2M	AREA	PLANT	ST	UNITS	DATE	DATE	DATE	DATE
2120	2120	GL	South Suburban P&DC #1	IL	2	24-May-01	16-Apr-01	16-Apr-01	16-Apr-01
2070	2070	GL	St Louis P&DC #1	MO	4	24-May-01	16-Apr-01	16-Apr-01	16-Apr-01
2074	2074	SE	Fl Myers P&DC	FL	1	24-May-01	16-Apr-01	16-Apr-01	16-Apr-01
2076	2076	GL	Indianapolis P&DC #2	IN	1	31-May-01	23-Apr-01	23-Apr-01	23-Apr-01
2077	2077	NE	Rochester P&DC	NY	1	31-May-01	23-Apr-01	23-Apr-01	23-Apr-01
2078	2078	NY	Western Nassau P&DC	NY	1	31-May-01	23-Apr-01	23-Apr-01	23-Apr-01
2079	2079	PA	Los Angeles P&DC #3	CA	1	31-May-01	23-Apr-01	23-Apr-01	23-Apr-01
2078	2078	WE	Kansas City P&DC #1	MO	3	31-May-01	23-Apr-01	23-Apr-01	23-Apr-01
2080	2080	WE	Rio Salado MPO #2	AZ		31-May-01	23-Apr-01	23-Apr-01	23-Apr-01
2082	2082	CM	Northern VA P&DC #2	VA		7-Apr-01	30-Apr-01	30-Apr-01	30-Apr-01
2081	2081	EA	Lancaster P&DC #2	PA		7-Apr-01	30-Apr-01	30-Apr-01	30-Apr-01
2084	2084	NY	Trenton P&DC #1	NJ	2	7-Apr-01	30-Apr-01	30-Apr-01	30-Apr-01
2085	2085	PA	San Francisco P&DC #3	CA		7-Apr-01	30-Apr-01	30-Apr-01	30-Apr-01
2086	2086	SW	New Orleans P&DC #1	LA	4	7-Apr-01	30-Apr-01	30-Apr-01	30-Apr-01
2083	2083	WE	Minneapolis P&DC #4	MIN	2	7-Apr-01	30-Apr-01	30-Apr-01	30-Apr-01
2088	2088	CM	Southern MD P&DC #1	MD		14-Apr-01	7-May-01	7-May-01	7-May-01
2087	2087	EA	Lehigh Valley P&DC #2	PA		14-Apr-01	7-May-01	7-May-01	7-May-01
2090	2090	NY	Danville V Daniels P&DC #1	NJ	3	14-Apr-01	7-May-01	7-May-01	7-May-01
2091	2091	SE	South Florida P&DC	PR	1	14-Apr-01	7-May-01	7-May-01	7-May-01
2092	2092	SW	Oklahoma City P&DC #2	OK	1	14-Apr-01	7-May-01	7-May-01	7-May-01
2093	2093	CM	Suburban P&DC #2	MO		21-Apr-01	14-May-01	14-May-01	14-May-01
2094	2094	GL	For Valley P&DC	IL	1	21-Apr-01	14-May-01	14-May-01	14-May-01
2095	2095	GL	St Louis P&DC #2	MO		21-Apr-01	14-May-01	14-May-01	14-May-01
2096	2096	NE	Providence P&DC #1	RI	2	21-Apr-01	14-May-01	14-May-01	14-May-01
2097	2097	SE	North Metro P&DC #3	GA		21-Apr-01	14-May-01	14-May-01	14-May-01
2098	2098	SW	Corpus Christ P&DC	TX	1	21-Apr-01	14-May-01	14-May-01	14-May-01
2099	2099	EA	Pittsburgh P&DC #1	PA	2	28-Apr-01	21-May-01	21-May-01	21-May-01
2101	2101	EA	Rayleigh P&DC #1	NC	2	28-Apr-01	21-May-01	21-May-01	21-May-01
2100	2100	GL	Irving Park Road P&DC #1	IL	2	28-Apr-01	21-May-01	21-May-01	21-May-01
2103	2103	PA	Los Angeles P&DC #4	CA		28-Apr-01	21-May-01	21-May-01	21-May-01
2102	2102	WE	Kansas City P&DC #2	MO		28-Apr-01	21-May-01	21-May-01	21-May-01
2104	2104	WE	Rio Salado MPO #3	AZ		28-Apr-01	21-May-01	21-May-01	21-May-01
2105	2105	CM	Dallas P&DC #2	VA		5-May-01	28-May-01	28-May-01	28-May-01
2106	2106	NE	Syracuse P&DC #1	NY	2	5-May-01	28-May-01	28-May-01	28-May-01
2108	2108	NY	Mid-Hudson P&DC	NY	1	5-May-01	28-May-01	28-May-01	28-May-01
2107	2107	NY	Trenton P&DC #2	NJ		5-May-01	28-May-01	28-May-01	28-May-01
2109	2109	PA	Sacramento P&DC #2	CA		5-May-01	28-May-01	28-May-01	28-May-01
2110	2110	SW	New Orleans P&DC #2	LA		5-May-01	28-May-01	28-May-01	28-May-01
2111	2111	EA	Cleveland P&DC #1	OH	2	12-May-01	4-Jun-01	4-Jun-01	4-Jun-01
2112	2112	GL	Chicago Central P&DC #1	IL	3	12-May-01	4-Jun-01	4-Jun-01	4-Jun-01
2114	2114	NY	Queens P&DC	NY	1	12-May-01	4-Jun-01	4-Jun-01	4-Jun-01
2113	2113	NY	Westchester P&DC #2	NY		12-May-01	4-Jun-01	4-Jun-01	4-Jun-01
2116	2116	SW	Fl Worth P&DC #1	TX	2	12-May-01	4-Jun-01	4-Jun-01	4-Jun-01
2118	2118	WE	Bolton P&DC	MO	2	18-May-01	11-Jun-01	11-Jun-01	11-Jun-01
2117	2117	CM	Baltimore P&DC #1	MD	2	18-May-01	11-Jun-01	11-Jun-01	11-Jun-01
2118	2118	GL	St Louis P&DC #3	MO		18-May-01	11-Jun-01	11-Jun-01	11-Jun-01
2119	2119	NE	Southern Connecticut P&DC	CT	1	18-May-01	11-Jun-01	11-Jun-01	11-Jun-01
2120	2120	PA	Anaheim P&DC	CA	1	18-May-01	11-Jun-01	11-Jun-01	11-Jun-01
2121	2121	SE	North Metro P&DC #4	GA		18-May-01	11-Jun-01	11-Jun-01	11-Jun-01
2122	2122	WE	Portland P&DC #1	OR	2	18-May-01	11-Jun-01	11-Jun-01	11-Jun-01
2126	2126	EA	North Park Annex (P&DC)	NC	1	26-May-01	18-Jun-01	18-Jun-01	18-Jun-01
2123	2123	EA	Pittsburgh P&DC #2	PA		26-May-01	18-Jun-01	18-Jun-01	18-Jun-01
2124	2124	GL	Detroit P&DC #1	MI	6	26-May-01	18-Jun-01	18-Jun-01	18-Jun-01
2127	2127	PA	Mc Seters P&DC #1	CA	3	26-May-01	18-Jun-01	18-Jun-01	18-Jun-01
2128	2128	WE	Kansas City P&DC (KS)	KS	1	26-May-01	18-Jun-01	18-Jun-01	18-Jun-01
2128	2128	WE	Rio Salado MPO #4	AZ		26-May-01	18-Jun-01	18-Jun-01	18-Jun-01
2130	2130	CM	Norfolk P&DC #1	VA	2	2-Jun-01	26-Jun-01	26-Jun-01	26-Jun-01
2129	2129	CM	Norfolk VA P&DC #3	VA		2-Jun-01	26-Jun-01	26-Jun-01	26-Jun-01
2131	2131	GL	Central WI P&DC	WI	1	2-Jun-01	26-Jun-01	26-Jun-01	26-Jun-01
2132	2132	NE	Central Mass P&DC #1	MA	2	2-Jun-01	26-Jun-01	26-Jun-01	26-Jun-01
2133	2133	SE	Tampa P&DC #2	FL		2-Jun-01	26-Jun-01	26-Jun-01	26-Jun-01
2134	2134	SW	New Orleans P&DC #3	LA		2-Jun-01	26-Jun-01	26-Jun-01	26-Jun-01

PH1	PH2 AFSA	AREA	PLANT	ST	PH2	AFSA 100	START
REQ. #	REQ. #	AREA	PLANT	ST	UNITS	DELIVERY	ACCEPT TEST
2131	2131	EA	Washington P&DC #1	DC	2	8-Jun-01	2-Jul-01
2136	2136	EA	Cleveland P&DC #2	OH	1	8-Jun-01	2-Jul-01
2138	2138	EA	Levington P&DC	KY	1	8-Jun-01	2-Jul-01
2137	2137	EA	Chicago Central P&DC #2	IL	1	8-Jun-01	2-Jul-01
2139	2139	EA	Madison P&DC #1	NY	2	8-Jun-01	2-Jul-01
2140	2140	EA	NJ BWC	NY	1	8-Jun-01	2-Jul-01
2141	2141	EA	St Louis P&DC #4	MO	1	8-Jun-01	2-Jul-01
2142	2142	EA	St Louis P&DC #2	CA	1	8-Jun-01	2-Jul-01
2143	2143	EA	Atlanta P&DC #1	GA	5	8-Jun-01	2-Jul-01
2144	2144	EA	Fort Worth P&DC #2	TX	2	8-Jun-01	2-Jul-01
2145	2145	EA	San Jose P&DC #1	CA	2	8-Jun-01	2-Jul-01
2146	2146	EA	San Jose P&DC #2	UT	2	8-Jun-01	2-Jul-01
2147	2147	EA	San Jose P&DC #3	MI	2	8-Jun-01	2-Jul-01
2148	2148	EA	San Jose P&DC #4	MA	2	8-Jun-01	2-Jul-01
2149	2149	EA	San Jose P&DC #5	NJ	2	8-Jun-01	2-Jul-01
2150	2150	EA	San Jose P&DC #6	CA	2	8-Jun-01	2-Jul-01
2151	2151	EA	San Jose P&DC #7	AL	2	8-Jun-01	2-Jul-01
2152	2152	EA	San Jose P&DC #8	AZ	1	8-Jun-01	2-Jul-01
2153	2153	EA	San Jose P&DC #9	VA	1	8-Jun-01	2-Jul-01
2154	2154	EA	San Jose P&DC #10	PA	1	8-Jun-01	2-Jul-01
2155	2155	EA	San Jose P&DC #11	MA	1	8-Jun-01	2-Jul-01
2156	2156	EA	San Jose P&DC #12	CA	2	8-Jun-01	2-Jul-01
2157	2157	EA	San Jose P&DC #13	FL	1	8-Jun-01	2-Jul-01
2158	2158	EA	San Jose P&DC #14	LA	1	8-Jun-01	2-Jul-01
2159	2159	EA	San Jose P&DC #15	DC	1	8-Jun-01	2-Jul-01
2160	2160	EA	San Jose P&DC #16	SC	1	8-Jun-01	2-Jul-01
2161	2161	EA	San Jose P&DC #17	IL	1	8-Jun-01	2-Jul-01
2162	2162	EA	San Jose P&DC #18	TX	2	8-Jun-01	2-Jul-01
2163	2163	EA	San Jose P&DC #19	FL	2	8-Jun-01	2-Jul-01
2164	2164	EA	San Jose P&DC #20	OR	2	8-Jun-01	2-Jul-01
2165	2165	EA	San Jose P&DC #21	NC	2	8-Jun-01	2-Jul-01
2166	2166	EA	San Jose P&DC #22	PA	1	8-Jun-01	2-Jul-01
2167	2167	EA	San Jose P&DC #23	IN	1	8-Jun-01	2-Jul-01
2168	2168	EA	San Jose P&DC #24	CA	1	8-Jun-01	2-Jul-01
2169	2169	EA	San Jose P&DC #25	IA	2	8-Jun-01	2-Jul-01
2170	2170	EA	San Jose P&DC #26	NY	1	8-Jun-01	2-Jul-01
2171	2171	EA	San Jose P&DC #27	MD	1	8-Jun-01	2-Jul-01
2172	2172	EA	San Jose P&DC #28	MI	1	8-Jun-01	2-Jul-01
2173	2173	EA	San Jose P&DC #29	NH	1	8-Jun-01	2-Jul-01
2174	2174	EA	San Jose P&DC #30	NY	1	8-Jun-01	2-Jul-01
2175	2175	EA	San Jose P&DC #31	FL	1	8-Jun-01	2-Jul-01
2176	2176	EA	San Jose P&DC #32	LA	2	8-Jun-01	2-Jul-01
2177	2177	EA	San Jose P&DC #33	DE	1	8-Jun-01	2-Jul-01
2178	2178	EA	San Jose P&DC #34	IL	1	8-Jun-01	2-Jul-01
2179	2179	EA	San Jose P&DC #35	NY	1	8-Jun-01	2-Jul-01
2180	2180	EA	San Jose P&DC #36	CT	3	8-Jun-01	2-Jul-01
2181	2181	EA	San Jose P&DC #37	CA	2	8-Jun-01	2-Jul-01
2182	2182	EA	San Jose P&DC #38	NE	2	8-Jun-01	2-Jul-01
2183	2183	EA	San Jose P&DC #39	MD	1	8-Jun-01	2-Jul-01
2184	2184	EA	San Jose P&DC #40	IL	1	8-Jun-01	2-Jul-01
2185	2185	EA	San Jose P&DC #41	CA	2	8-Jun-01	2-Jul-01
2186	2186	EA	San Jose P&DC #42	MS	2	8-Jun-01	2-Jul-01
2187	2187	EA	San Jose P&DC #43	TX	1	8-Jun-01	2-Jul-01
2188	2188	EA	San Jose P&DC #44	UT	1	8-Jun-01	2-Jul-01
2189	2189	EA	San Jose P&DC #45	OH	6	8-Jun-01	2-Jul-01
2190	2190	EA	San Jose P&DC #46	PA	4	8-Jun-01	2-Jul-01
2191	2191	EA	San Jose P&DC #47	NJ	1	8-Jun-01	2-Jul-01
2192	2192	EA	San Jose P&DC #48	CA	2	8-Jun-01	2-Jul-01
2193	2193	EA	San Jose P&DC #49	IA	1	8-Jun-01	2-Jul-01
2194	2194	EA	San Jose P&DC #50	OR	1	8-Jun-01	2-Jul-01
2195	2195	EA	San Jose P&DC #51	VA	1	8-Jun-01	2-Jul-01
2196	2196	EA	San Jose P&DC #52	PA	1	8-Jun-01	2-Jul-01

PH1	PH2 AFSL	AREA	PLANT	ST	PH2	AFSL 100	START
SEQ. #	SEQ. #	AREA	PLANT	ST	UNITS	DELIVERY	ACCEPT TEST
2187	2187	GL	Danish PADC #4	MI		18-Aug-01	10-Sep-01
2200	2200	SW	Shreveport PADC #2	LA		18-Aug-01	10-Sep-01
2189	2189	WE	Wichita PADC	KS	1	18-Aug-01	10-Sep-01
2201	2201	GL	Kalamazoo PADC #1	MI	2	26-Aug-01	17-Sep-01
2203	2203	NE	Standard PADC #2	CT		26-Aug-01	17-Sep-01
2204	2204	NE	Syracuse PADC #2	NY		26-Aug-01	17-Sep-01
2205	2205	NY	Hackensack PADC	NJ	1	25-Aug-01	17-Sep-01
2206	2206	SE	West Palm Beach PADC #1	FL	2	25-Aug-01	17-Sep-01
2202	2202	WE	Minneapolis PADC #5	MN		25-Aug-01	17-Sep-01
2207	2207	GL	Palatine PADC #3	IL		1-Sep-01	24-Sep-01
2208	2208	NY	Morgan PADC #1	NY	3	1-Sep-01	24-Sep-01
2210	2210	PA	San Bernardino PADC #2	CA		1-Sep-01	24-Sep-01
2211	2211	SE	Jackson PADC #2	MS		1-Sep-01	24-Sep-01
2212	2212	SW	Dallas PADC #3	TX		1-Sep-01	24-Sep-01
2213	2213	WE	Seattle PADC	WA	1	1-Sep-01	24-Sep-01
2214	2214	CM	Baltimore PADC #2	MD		8-Sep-01	1-Oct-01
2215	2215	EA	Columbus PADC (new) #2	OH		8-Sep-01	1-Oct-01
2216	2216	SE	Memphis PADC	TN	1	8-Sep-01	1-Oct-01
2217	2217	SW	Baton Rouge PADC	LA	1	8-Sep-01	1-Oct-01
2218	2218	WE	Rio Salado LPD #5	AZ		8-Sep-01	1-Oct-01
2220	2220	EA	Charlottesville PADC #2	NC		15-Sep-01	8-Oct-01
2219	2219	GL	Grand Rapids Annex	MI	1	15-Sep-01	8-Oct-01
2222	2222	NE	NW Boston PADC #2	MA		15-Sep-01	8-Oct-01
2223	2223	NY	Kilmer PADC	NJ	1	15-Sep-01	8-Oct-01
2224	2224	WE	Anchorage PADC	AK	1	15-Sep-01	8-Oct-01
2221	2221	WE	Kansas City PADC #3	MO		15-Sep-01	8-Oct-01
2225	2225	EA	Atron PADC	OH	1	22-Sep-01	15-Oct-01
2226	2226	NY	JAF PADC	NY	1	22-Sep-01	15-Oct-01
2227	2227	PA	Fresno PADC	CA	1	22-Sep-01	15-Oct-01
2228	2228	PA	North Bay PADC #1	CA	2	22-Sep-01	15-Oct-01
2229	2229	SE	West Palm Beach PADC #2	FL		22-Sep-01	15-Oct-01
2230	2230	WE	Colorado Springs PADC	CO	1	22-Sep-01	15-Oct-01
2232	2232	EA	Charleston PADC	WV	1	28-Sep-01	22-Oct-01
2231	2231	GL	Palatine PADC #4	IL		28-Sep-01	22-Oct-01
2233	2233	NY	Morgan PADC #2	NY		28-Sep-01	22-Oct-01
2234	2234	SE	Macon PADC Annex	GA	1	28-Sep-01	22-Oct-01
2235	2235	SW	Dallas PADC #4	TX		28-Sep-01	22-Oct-01
2236	2236	WE	East King County DDC	WA	1	28-Sep-01	22-Oct-01
2237	2237	EA	Columbus PADC (new) #3	OH		6-Oct-01	28-Oct-01
2238	2238	EA	Philadelphia PADC #3	PA		6-Oct-01	28-Oct-01
2239	2239	GL	Rochford PADC	IL	1	6-Oct-01	28-Oct-01
2240	2240	PA	Los Angeles PADC #5	CA		6-Oct-01	28-Oct-01
2241	2241	SE	St Petersburg PADC #1	FL	2	6-Oct-01	28-Oct-01
2242	2242	WE	Salem PADC	OR	1	6-Oct-01	28-Oct-01
2243	2243	NE	Standard PADC #3	CT		13-Oct-01	6-Nov-01
2244	2244	NY	Newark PADC	NJ	1	13-Oct-01	6-Nov-01
2245	2245	PA	Sacramento PADC #3	CA		13-Oct-01	6-Nov-01
2246	2246	SE	Atlanta PADC #2	GA		13-Oct-01	6-Nov-01
2247	2247	SE	Gainesville PADC	FL	1	13-Oct-01	6-Nov-01
2248	2248	SW	Houston North Annex #1	TX	2	13-Oct-01	6-Nov-01
2249	2249	EA	Asheville PADC	NC	1	20-Oct-01	6-Nov-01
2250	2250	EA	Charleston PADC	SC	1	20-Oct-01	6-Nov-01
2251	2251	GL	Green Bay PADC	WI	1	20-Oct-01	6-Nov-01
2252	2252	NE	Portland PADC	ME	1	20-Oct-01	6-Nov-01
2253	2253	PA	North Bay PADC #2	CA		20-Oct-01	6-Nov-01
2254	2254	SW	Little Rock PADC #1	AR	2	20-Oct-01	6-Nov-01
2255	2255	EA	Evansville MPD	IN	1	27-Oct-01	6-Nov-01
2256	2256	GL	Florence PADC	SC	1	27-Oct-01	6-Nov-01
2257	2257	EA	Portland PADC	ME	1	27-Oct-01	6-Nov-01
2258	2258	GL	Portland PADC	ME	1	27-Oct-01	6-Nov-01
2259	2259	GL	Saginaw PADC	MI	1	27-Oct-01	6-Nov-01
2260	2260	NE	Providence PADC #2	RI		27-Oct-01	6-Nov-01
2260	2260	WE	Seattle PADC	WA	1	27-Oct-01	6-Nov-01

PH1 SEQ. #	PH2 AF8M SEQ. #	AREA	PLANT	ST	PH2 UNITS	AF8M 100 DELIVERY	START ACCEPT TEST
2261	EA	Columbus P&DC (new) #4	OH			3-Nov-01	28-Nov-01
2262	EA	Philadelphia P&DC #4	PA			3-Nov-01	28-Nov-01
2263	NY	Dominick V Daniels P&DC #3	NJ			3-Nov-01	28-Nov-01
2264	PA	Los Angeles P&DC #6	CA			3-Nov-01	28-Nov-01
2265	SE	St Petersburg P&DC #2	FL			3-Nov-01	28-Nov-01
2266	SW	Oklahoma City P&DC #3	OK			3-Nov-01	28-Nov-01
2267	EA	Hickory P&DC	NC	1		10-Nov-01	3-Dec-01
2268	NY	Monmouth P&DC	NJ	1		10-Nov-01	3-Dec-01
2269	PA	San Francisco P&DC #4	CA			10-Nov-01	3-Dec-01
2270	SE	Pensacola P&DC	FL	1		10-Nov-01	3-Dec-01
2271	SW	Houston North Annex #2	TX			10-Nov-01	3-Dec-01
2272	WE	Billings P&DC	MT	1		10-Nov-01	3-Dec-01
2275	CM	Richmond P&DC #3	VA			17-Nov-01	10-Dec-01
2274	EA	Kinston P&DF	NC	1		17-Nov-01	10-Dec-01
2273	EA	Rocky Mount P&DF	NC	1		17-Nov-01	10-Dec-01
2277	NY	JFK ISC	NY	1		17-Nov-01	10-Dec-01
2278	WE	Lincoln P&DC	NE	1		17-Nov-01	10-Dec-01
2278	WE	Spokane P&DC	WA	1		17-Nov-01	10-Dec-01
2279	GL	Madison P&DC	WI	1		24-Nov-01	17-Dec-01
2280	NE	Middlesex-Essex P&DC #1	MA	2		24-Nov-01	17-Dec-01
2281	PA	Oakland P&DC #4	CA			24-Nov-01	17-Dec-01
2283	SE	Birmingham P&DC Annex#2	AL			24-Nov-01	17-Dec-01
2282	SE	Miami P&DC #2	FL			24-Nov-01	17-Dec-01
2284	SW	Austin P&DC	TX	1		24-Nov-01	17-Dec-01
2285	EA	Columbus P&DC (new) #5	OH			1-Dec-01	7-Jan-02
2287	EA	Lynchburg P&DF	KY	1		1-Dec-01	7-Jan-02
2286	GL	Flint P&DC	MI	1		1-Dec-01	7-Jan-02
2289	NY	Staten Island	NY	1		1-Dec-01	7-Jan-02
2290	PA	ML Sellers P&DC #3	CA			1-Dec-01	7-Jan-02
2288	WE	Rochester P&DF	MN	1		1-Dec-01	7-Jan-02
2291	GL	Lansing P&DC	MI	1		8-Dec-01	14-Jan-02
2293	GL	Mid-Missouri P&DF	MO	1		8-Dec-01	14-Jan-02
2292	GL	South Bend P&DC	IN	1		8-Dec-01	14-Jan-02
2294	SE	Daytona Beach P&DF	FL	1		8-Dec-01	14-Jan-02
2295	SE	Fort Lauderdale P&DC	FL	1		8-Dec-01	14-Jan-02
2296	WE	Tacoma P&DC	WA	1		8-Dec-01	14-Jan-02
2297	EA	Cincinnati P&DC #1	OH	2		15-Dec-01	21-Jan-02
2302	NE	New Haven, CT MPO	CT	1		15-Dec-01	21-Jan-02
2299	NY	Morgan P&DC #3	NY			15-Dec-01	21-Jan-02
2300	NY	West Jersey P&DC	NJ	1		15-Dec-01	21-Jan-02
2301	SE	Atlanta P&DC #3	GA			15-Dec-01	21-Jan-02
2298	WE	Eau Claire P&DF	WI	1		15-Dec-01	21-Jan-02
2303	EA	Dayton P&DC #1	OH	2		5-Jan-02	28-Jan-02
2304	GL	Kalamazoo P&DC #2	MI			5-Jan-02	28-Jan-02
2305	NE	Middlesex-Essex P&DC #2	MA			5-Jan-02	28-Jan-02
2306	PA	San Jose P&DC #2	CA			5-Jan-02	28-Jan-02
2307	SW	Midland P&DF	TX	1		5-Jan-02	28-Jan-02
2308	SW	San Antonio P&DC #1	TX	5		5-Jan-02	28-Jan-02
2310	PA	Sacramento P&DC #4	CA			12-Jan-02	4-Feb-02
2311	SE	Miami P&DC #3	FL			12-Jan-02	4-Feb-02
2312	SW	Amarillo P&DF	TX	1		12-Jan-02	4-Feb-02
2313	WE	Albuquerque P&DC #2	NM			12-Jan-02	4-Feb-02
2309	WE	Duluth P&DF	MN	1		12-Jan-02	4-Feb-02
2314	WE	Olympia P&DF	WA	1		12-Jan-02	4-Feb-02
2315	EA	Canton P&DC	OH	1		19-Jan-02	11-Feb-02
2319	PA	Santa Barbara P&DC	CA	1		19-Jan-02	11-Feb-02
2320	SW	Houston P&DC #1	TX	3		19-Jan-02	11-Feb-02
2318	WE	Quad Cities P&DF	IL	1		19-Jan-02	11-Feb-02
2317	WE	Topeka P&DF	KS	1		19-Jan-02	11-Feb-02
2316	WE	Watertown P&DF	IA	1		19-Jan-02	11-Feb-02
2321	EA	Cincinnati P&DC #2	OH			26-Jan-02	18-Feb-02
2324	EA	Clarkburg P&DF	WV	1		26-Jan-02	18-Feb-02
2322	GL	Carol Stream P&DC	IL	1		26-Jan-02	18-Feb-02

PH1	PH2	PH3	PH4	PH5	PH6	PH7	PH8	PH9	PH10	PH11	PH12	PH13	PH14	PH15	PH16	PH17	PH18	PH19	PH20	PH21	PH22	PH23	PH24	PH25	PH26	PH27	PH28	PH29	PH30	PH31	PH32	PH33	PH34	PH35	PH36	PH37	PH38	PH39	PH40	PH41	PH42	PH43	PH44	PH45	PH46	PH47	PH48	PH49	PH50	PH51	PH52	PH53	PH54	PH55	PH56	PH57	PH58	PH59	PH60	PH61	PH62	PH63	PH64	PH65	PH66	PH67	PH68	PH69	PH70	PH71	PH72	PH73	PH74	PH75	PH76	PH77	PH78	PH79	PH80	PH81	PH82	PH83	PH84	PH85	PH86	PH87	PH88	PH89	PH90	PH91	PH92	PH93	PH94	PH95	PH96	PH97	PH98	PH99	PH100	PH101	PH102	PH103	PH104	PH105	PH106	PH107	PH108	PH109	PH110	PH111	PH112	PH113	PH114	PH115	PH116	PH117	PH118	PH119	PH120	PH121	PH122	PH123	PH124	PH125	PH126	PH127	PH128	PH129	PH130	PH131	PH132	PH133	PH134	PH135	PH136	PH137	PH138	PH139	PH140	PH141	PH142	PH143	PH144	PH145	PH146	PH147	PH148	PH149	PH150	PH151	PH152	PH153	PH154	PH155	PH156	PH157	PH158	PH159	PH160	PH161	PH162	PH163	PH164	PH165	PH166	PH167	PH168	PH169	PH170	PH171	PH172	PH173	PH174	PH175	PH176	PH177	PH178	PH179	PH180	PH181	PH182	PH183	PH184	PH185	PH186	PH187	PH188	PH189	PH190	PH191	PH192	PH193	PH194	PH195	PH196	PH197	PH198	PH199	PH200	PH201	PH202	PH203	PH204	PH205	PH206	PH207	PH208	PH209	PH210	PH211	PH212	PH213	PH214	PH215	PH216	PH217	PH218	PH219	PH220	PH221	PH222	PH223	PH224	PH225	PH226	PH227	PH228	PH229	PH230	PH231	PH232	PH233	PH234	PH235	PH236	PH237	PH238	PH239	PH240	PH241	PH242	PH243	PH244	PH245	PH246	PH247	PH248	PH249	PH250	PH251	PH252	PH253	PH254	PH255	PH256	PH257	PH258	PH259	PH260	PH261	PH262	PH263	PH264	PH265	PH266	PH267	PH268	PH269	PH270	PH271	PH272	PH273	PH274	PH275	PH276	PH277	PH278	PH279	PH280	PH281	PH282	PH283	PH284	PH285	PH286	PH287	PH288	PH289	PH290	PH291	PH292	PH293	PH294	PH295	PH296	PH297	PH298	PH299	PH300	PH301	PH302	PH303	PH304	PH305	PH306	PH307	PH308	PH309	PH310	PH311	PH312	PH313	PH314	PH315	PH316	PH317	PH318	PH319	PH320	PH321	PH322	PH323	PH324	PH325	PH326	PH327	PH328	PH329	PH330	PH331	PH332	PH333	PH334	PH335	PH336	PH337	PH338	PH339	PH340	PH341	PH342	PH343	PH344	PH345	PH346	PH347	PH348	PH349	PH350	PH351	PH352	PH353	PH354	PH355	PH356	PH357	PH358	PH359	PH360	PH361	PH362	PH363	PH364	PH365	PH366	PH367	PH368	PH369	PH370	PH371	PH372	PH373	PH374	PH375	PH376	PH377	PH378	PH379	PH380	PH381	PH382	PH383	PH384	PH385	PH386	PH387	PH388	PH389	PH390	PH391	PH392	PH393	PH394	PH395	PH396	PH397	PH398	PH399	PH400	PH401	PH402	PH403	PH404	PH405	PH406	PH407	PH408	PH409	PH410	PH411	PH412	PH413	PH414	PH415	PH416	PH417	PH418	PH419	PH420	PH421	PH422	PH423	PH424	PH425	PH426	PH427	PH428	PH429	PH430	PH431	PH432	PH433	PH434	PH435	PH436	PH437	PH438	PH439	PH440	PH441	PH442	PH443	PH444	PH445	PH446	PH447	PH448	PH449	PH450	PH451	PH452	PH453	PH454	PH455	PH456	PH457	PH458	PH459	PH460	PH461	PH462	PH463	PH464	PH465	PH466	PH467	PH468	PH469	PH470	PH471	PH472	PH473	PH474	PH475	PH476	PH477	PH478	PH479	PH480	PH481	PH482	PH483	PH484	PH485	PH486	PH487	PH488	PH489	PH490	PH491	PH492	PH493	PH494	PH495	PH496	PH497	PH498	PH499	PH500	PH501	PH502	PH503	PH504	PH505	PH506	PH507	PH508	PH509	PH510	PH511	PH512	PH513	PH514	PH515	PH516	PH517	PH518	PH519	PH520	PH521	PH522	PH523	PH524	PH525	PH526	PH527	PH528	PH529	PH530	PH531	PH532	PH533	PH534	PH535	PH536	PH537	PH538	PH539	PH540	PH541	PH542	PH543	PH544	PH545	PH546	PH547	PH548	PH549	PH550	PH551	PH552	PH553	PH554	PH555	PH556	PH557	PH558	PH559	PH560	PH561	PH562	PH563	PH564	PH565	PH566	PH567	PH568	PH569	PH570	PH571	PH572	PH573	PH574	PH575	PH576	PH577	PH578	PH579	PH580	PH581	PH582	PH583	PH584	PH585	PH586	PH587	PH588	PH589	PH590	PH591	PH592	PH593	PH594	PH595	PH596	PH597	PH598	PH599	PH600	PH601	PH602	PH603	PH604	PH605	PH606	PH607	PH608	PH609	PH610	PH611	PH612	PH613	PH614	PH615	PH616	PH617	PH618	PH619	PH620	PH621	PH622	PH623	PH624	PH625	PH626	PH627	PH628	PH629	PH630	PH631	PH632	PH633	PH634	PH635	PH636	PH637	PH638	PH639	PH640	PH641	PH642	PH643	PH644	PH645	PH646	PH647	PH648	PH649	PH650	PH651	PH652	PH653	PH654	PH655	PH656	PH657	PH658	PH659	PH660	PH661	PH662	PH663	PH664	PH665	PH666	PH667	PH668	PH669	PH670	PH671	PH672	PH673	PH674	PH675	PH676	PH677	PH678	PH679	PH680	PH681	PH682	PH683	PH684	PH685	PH686	PH687	PH688	PH689	PH690	PH691	PH692	PH693	PH694	PH695	PH696	PH697	PH698	PH699	PH700	PH701	PH702	PH703	PH704	PH705	PH706	PH707	PH708	PH709	PH710	PH711	PH712	PH713	PH714	PH715	PH716	PH717	PH718	PH719	PH720	PH721	PH722	PH723	PH724	PH725	PH726	PH727	PH728	PH729	PH730	PH731	PH732	PH733	PH734	PH735	PH736	PH737	PH738	PH739	PH740	PH741	PH742	PH743	PH744	PH745	PH746	PH747	PH748	PH749	PH750	PH751	PH752	PH753	PH754	PH755	PH756	PH757	PH758	PH759	PH760	PH761	PH762	PH763	PH764	PH765	PH766	PH767	PH768	PH769	PH770	PH771	PH772	PH773	PH774	PH775	PH776	PH777	PH778	PH779	PH780	PH781	PH782	PH783	PH784	PH785	PH786	PH787	PH788	PH789	PH790	PH791	PH792	PH793	PH794	PH795	PH796	PH797	PH798	PH799	PH800	PH801	PH802	PH803	PH804	PH805	PH806	PH807	PH808	PH809	PH810	PH811	PH812	PH813	PH814	PH815	PH816	PH817	PH818	PH819	PH820	PH821	PH822	PH823	PH824	PH825	PH826	PH827	PH828	PH829	PH830	PH831	PH832	PH833	PH834	PH835	PH836	PH837	PH838	PH839	PH840	PH841	PH842	PH843	PH844	PH845	PH846	PH847	PH848	PH849	PH850	PH851	PH852	PH853	PH854	PH855	PH856	PH857	PH858	PH859	PH860	PH861	PH862	PH863	PH864	PH865	PH866	PH867	PH868	PH869	PH870	PH871	PH872	PH873	PH874	PH875	PH876	PH877	PH878	PH879	PH880	PH881	PH882	PH883	PH884	PH885	PH886	PH887	PH888	PH889	PH890	PH891	PH892	PH893	PH894	PH895	PH896	PH897	PH898	PH899	PH900	PH901	PH902	PH903	PH904	PH905	PH906	PH907	PH908	PH909	PH910	PH911	PH912	PH913	PH914	PH915	PH916	PH917	PH918	PH919	PH920	PH921	PH922	PH923	PH924	PH925	PH926	PH927	PH928	PH929	PH930	PH931	PH932	PH933	PH934	PH935	PH936	PH937	PH938	PH939	PH940	PH941	PH942	PH943	PH944	PH945	PH946	PH947	PH948	PH949	PH950	PH951	PH952	PH953	PH954	PH955	PH956	PH957	PH958	PH959	PH960	PH961	PH962	PH963	PH964	PH965	PH966	PH967	PH968	PH969	PH970	PH971	PH972	PH973	PH974	PH975	PH976	PH977	PH978	PH979	PH980	PH981	PH982	PH983	PH984	PH985	PH986	PH987	PH988	PH989	PH990	PH991	PH992	PH993	PH994	PH995	PH996	PH997	PH998	PH999	PH1000
PH1	PH2	PH3	PH4	PH5	PH6	PH7	PH8	PH9	PH10	PH11	PH12	PH13	PH14	PH15	PH16	PH17	PH18	PH19	PH20	PH21	PH22	PH23	PH24	PH25	PH26	PH27	PH28	PH29	PH30	PH31	PH32	PH33	PH34	PH35	PH36	PH37	PH38	PH39	PH40	PH41	PH42	PH43	PH44	PH45	PH46	PH47	PH48	PH49	PH50	PH51	PH52	PH53	PH54	PH55	PH56	PH57	PH58	PH59	PH60	PH61	PH62	PH63	PH64	PH65	PH66	PH67	PH68	PH69	PH70	PH71	PH72	PH73	PH74	PH75	PH76	PH77	PH78	PH79	PH80	PH81	PH82	PH83	PH84	PH85	PH86	PH87	PH88	PH89	PH90	PH91	PH92	PH93	PH94	PH95	PH96	PH97	PH98	PH99	PH100	PH101	PH102	PH103	PH104	PH105	PH106	PH107	PH108	PH109	PH110	PH111	PH112	PH113	PH114	PH115	PH116	PH117	PH118	PH119	PH120	PH121	PH122	PH123	PH124	PH125	PH126	PH127	PH128	PH129	PH130	PH131	PH132	PH133	PH134	PH135	PH136	PH137	PH138	PH139	PH140	PH141	PH142	PH143	PH144	PH145	PH146	PH147	PH148	PH149	PH150	PH151	PH152	PH153	PH154	PH155	PH156	PH157	PH158	PH159	PH160	PH161	PH162	PH163	PH164	PH165	PH166	PH167	PH168	PH169	PH170	PH171	PH172	PH173	PH174	PH175	PH176	PH177	PH178	PH179	PH180	PH181	PH182	PH183	PH184	PH185	PH186	PH187	PH188	PH189	PH190	PH191	PH192	PH193	PH194	PH195	PH196	PH197	PH198	PH199	PH200	PH201	PH202	PH203	PH204	PH205	PH206	PH207	PH208	PH209	PH210	PH211	PH212	PH213	PH214	PH215	PH216	PH217	PH218	PH219	PH220	PH221	PH222	PH223	PH224	PH225	PH226	PH227	PH228	PH229	PH230	PH231	PH232	PH233	PH234	PH235	PH236	PH237	PH238	PH239	PH240	PH241	PH242	PH243	PH244	PH245	PH246	PH247	PH248	PH249	PH250	PH251	PH252	PH253	PH254	PH255	PH256	PH257	PH258	PH259	PH260	PH261	PH262	PH263	PH264	PH265	PH266	PH267	PH268	PH269	PH270	PH271	PH272	PH273	PH274	PH275	PH276	PH277	PH278	PH279	PH280	PH281	PH282	PH283	PH284	PH285	PH286	PH287	PH288	PH289	PH290	PH291	PH292	PH293	PH294	PH295	PH296	PH297	PH298	PH299	PH300	PH301	PH302	PH303	PH304	PH305	PH306	PH307	PH308	PH309	PH310	PH311	PH312	PH313	PH314	PH315	PH316	PH317	PH318	PH319	PH320	PH321	PH322	PH323	PH324	PH325	PH326	PH327	PH328	PH329	PH330	PH331	PH332	PH333	PH334	PH335	PH336	PH337	PH338	PH339	PH340	PH341	PH342	PH343	PH344	PH345	PH346	PH347	PH348	PH349	PH350	PH351	PH352	PH353	PH354	PH355	PH356	PH357	PH358	PH359	PH360	PH361	PH362	PH363	PH364	PH365	PH366	PH367	PH368	PH369	PH370	PH371	PH372	PH373	PH374	PH375	PH376	PH377	PH378	PH379	PH380	PH381	PH382	PH383	PH384	PH385	PH386	PH387	PH388	PH389	PH390	PH391	PH392	PH393	PH394	PH395	PH396	PH397	PH398	PH399																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																									

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-2 On page 16 of your testimony you state, "Throughput on the AFSM 100 is approximately 17,000 pieces per hour and the staffing requirement is five employees on the machine and up to three video coding keyers depending on mail readability."

- (a) Does the complement of five include those who are prepping the mail for the AFSM 100?
- (b) What is the PS level and average pay of the video coders?
- (c) What is the PS level and average pay of mail preppers?
- (d) What is the PS level and average pay of employees staffing the machine?
- (e) What is the PS level and average pay of employees who sort flats manually?
- (f) What is the PS level and average pay of employees on FSM 881 crews?
- (g) What is the PS level and average pay of employees on FSM 1000 crews?
- (h) Are there times when almost all the mail is machine readable?
- (i) If your answer to (h) is yes, how many video coders will be assigned to the machine during these times?
- (j) On average, how many video coders are assigned to the machine?
- (k) What is the productivity of the AFSM 100?

Response:

- (a) No.
- (b) – (g) See response to POSTCOM/USPS-T39-3 and 4.
- (h) Yes.
- (i) None.
- (j) Three.
- (k) The productivities for the AFSM 100 are contained in LR-J-61, page 87 (for Standard Mail), sponsored by Witness Miller (USPS-T-24).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-3 How many hours per day does the average AFSM 100 run?

Response:

I am informed that the average number of AFSM 100 run hours per day for AP 13, FY 2001, was approximately 21.2. However, the run hours (regardless of the type of equipment) can include the time that the machine is "on" but not feeding mail. For example, time that a crew may be on break or in the process of sweeping a machine for a scheme change could be included in machine run time. An extreme example is the machine could, *in theory*, be running for 20 hours a day, yet only finalized 10,000 pieces.

The more meaningful measure of utilization used by operations personnel is the average total pieces handled (TPH) per machine per day. In FY 2001 this was 220,306 pieces.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-4 When deployment of Phase II is complete, how many hours per day will the average AFSM 100 run?

Response:

At the completion of Phase II, I am informed that the average number of hours per day that an AFSM 100 will be expected to run is approximately 16.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-5 On page 16 of your testimony you state, "The FSM 1000 has reduced the volume processed in manual operations."

- (a) Please provide the number of manual flat sorts, the number of sorts on the AFSM 100, the number of sorts on the 881, and the number of sorts on the FSM 1000 that were performed by the Postal Service in the base year.
- (b) Please provide an estimate of each of the sorts requested in (a) above for the Test Year.

Response:

- a. The number of base year (FY 2000) sorts in the plants were:

AFSM 100 = 518 million

FSM 1000 = 6.7 billion

FSM 881 = 15.8 billion

Manual = 6.8 billion

- b. No estimates are available for FY 2003. FY 2002 targets for flats distribution in the plants are:

AFSM 100 = 71.0%

FSM 1000 = 16.4%

FSM 881 = 5.2%

Manual = 7.4%

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-6 On page 16 of your testimony you state, "Each FSM also has the flexibility to operate with less than a full crew in light volume periods."

- (a) While the machines are operating, please confirm that the Postal Service actually matches crew size to the volume. If you cannot confirm, please explain why the Postal Service does not match crew size to volume.
- (b) Does a full crew require the same supervision as a much smaller crew?
- (c) If your answer to (b) is yes, please provide a detailed explanation of why this is so.

Response:

- a. Confirmed within practical limits. For example, If volume is unexpectedly light, the supervisor will look for any available mail before considering crew reassignments.
 - b. - c. Yes for unexpected light volumes as explained in my testimony on page 37. However, if light volumes are expected (e.g. perhaps outgoing processing on Saturdays) fewer supervisors may be scheduled with some of them supervising more operations.
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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39- 7 You describe three different types of equipment for sorting flats.

- (a) Do the same clerks work on the AFSM 100, the FSM 1000, and the FSM 881?
- (b) If so, when clerks move from one type of machine to another, do they clock into different MODS operations?
- (c) Do supervisors clock into MODS operations?
- (d) If so, do they clock into the same operation as the clerks and mailhandlers they are supervising? If not, into which MODS operations do they clock?

Response:

- (a) See response to POSTCOM/USPS-T-39-3. For the most part, within the same job level, clerks can move from one machine, or operation, to another.
- (b) Yes.
- (c) Yes.
- (d) No. It depends on the operation they are supervising. The main numbers are 698 – 702. See the table of MODS numbers in LR-J-165 for details.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39- 8 Please provide the deployment schedule for the OCR and flats feeder modification for the FSM 1000.

Response:

See attachment.

UFSM 1000 DEPLOYMENT SCHEDULE

Attachment DMA/usps-T39-8

Install Week	AREA	PLANT			
3/15/02	GL	GRAND RAPIDS ANNEX			
3/15/02	NE	BINGHAMTON			
3/15/02	SW	DALLAS P&DC			
3/22/02	GL	GRAND RAPIDS ANNEX			
3/22/02	NY	BROOKLYN P&DC			
3/22/02	SW	NEW ORLEANS P&DC			
3/22/02	MW	ST LOUIS P&DC			
3/22/02	PA	SACRAMENTO P&DC			
3/29/02	GL	CHICAGO METRO SURFACE HUB			
3/29/02	NY	BROOKLYN P&DC			
3/29/02	SW	NEW ORLEANS P&DC			
3/29/02	MW	ST LOUIS P&DC			
3/29/02	PA	SACRAMENTO P&DC			
3/29/02	SE	NORTH ANNEX			
3/29/02	WE	SALT LAKE CITY P&DC			
4/5/02	GL	CHICAGO METRO SURFACE HUB			
4/5/02	CM	BALTIMORE P&DC			
4/5/02	SW	SHREVEPORT P&DC			
4/5/02	MW	ST LOUIS P&DC			
4/5/02	PA	SACRAMENTO P&DC			
4/5/02	SE	NORTH ANNEX			
4/5/02	WE	SALT LAKE CITY P&DC			
4/5/02	MA	GREENVILLE P&DC			
4/5/02	AL	Youngstown P&DF			
4/5/02	SE	NORTH METRO P&DC			
4/5/02	MA	CHARLOTTE P&DC			
4/12/02	GL	CAROL STREAM P&DC			
4/12/02	CM	BALTIMORE P&DC			
4/12/02	SW	LITTLE ROCK P&DC			
4/12/02	MW	ST LOUIS P&DC			
4/12/02	PA	OAKLAND P&DC			
4/12/02	SE	NORTH ANNEX			
4/12/02	WE	SALT LAKE CITY P&DC			
4/12/02	MA	GREENVILLE P&DC			
4/12/02	NE	BUFFALO P&DC			
4/12/02	SE	NORTH METRO P&DC			
4/12/02	MA	CHARLOTTE P&DC (NorthPark Annex)			
4/12/02	AL	CINCINNATI P&DC			
4/12/02	MW	MINNEAPOLIS P&DC			
4/12/02	WE	South Sound DDC (Fife WA)			
4/12/02	NY	DVD P&DC (Kearny)			
4/12/02	AL	New Castle P&DF			
4/19/02	GL	CAROL STREAM P&DC			
4/19/02	CM	BALTIMORE IMF			
4/19/02	SW	LITTLE ROCK P&DC			
4/19/02	MW	Central Wisconsin, MO P&DF			
4/19/02	PA	OAKLAND P&DC			
4/19/02	SE	North Annex (Tampa)			
4/19/02	WE	PROVO			
4/19/02	MA	COLUMBIA P&DC			

UFSM 1000 DEPLOYMENT SCHEDULE

3/15/02	GL	GRAND RAPIDS ANNEX			
4/19/02	NE	ROCHESTER P&DC			
4/19/02	SE	NORTH METRO P&DC			
4/19/02	MA	CHARLOTTE P&DC			
4/19/02	AL	CINCINNATI P&DC			
4/19/02	MW	MINNEAPOLIS P&DC			
4/19/02	WE	SEATTLE P&DC			
4/19/02	NY	HACKENSACK P&DC			
4/19/02	MA	NORFOLK P&DC			
4/26/02	GL	CHICAGO P&DC			
4/26/02	CM	WASHINGTON P&DC			
4/26/02	SW	FORT SMITH MPD			
4/26/02	MW	Mid-Missouri, MO P&DF			
4/26/02	PA	OAKLAND P&DC			
4/26/02	SE	ORLANDO P&DC			
4/26/02	WE	LAS VEGAS P&DC			
4/26/02	MA	CHARLESTON P&DF			
4/26/02	NE	SYRACUSE P&DC			
4/26/02	SE	ATLANTA P&DC			
4/26/02	MA	GREENSBORO ANNEX			
4/26/02	AL	LIMA P&DF			
4/26/02	MW	ST PAUL P&DC			
4/26/02	WE	SEATTLE P&DC			
4/26/02	NY	JAMES A FARLEY P&DC			
4/26/02	MA	NORFOLK P&DC			
5/3/02	GL	CHICAGO P&DC			
5/3/02	CM	WASHINGTON P&DC			
5/3/02	MA	LOUISVILLE P&DC			
5/3/02	GL	SPRINGFIELD P&DC			
5/3/02	PA	OAKLAND ISF			
5/3/02	SE	FT MYERS P&DC			
5/3/02	WE	LAS VEGAS P&DC			
5/3/02	MA	Florence P&DF			
5/3/02	NE	UTICA P&DF			
5/3/02	SE	ATLANTA P&DC			
5/3/02	MA	GREENSBORO ANNEX			
5/3/02	AL	Columbus P&DC			
5/3/02	MW	ST PAUL P&DC			
5/3/02	WE	SEATTLE P&DC			
5/3/02	NY	JFK AMC			
5/3/02	MA	NORFOLK P&DC			
5/10/02	GL	CHICAGO P&DC			
5/10/02	CM	Easton MD			
5/10/02	MA	LOUISVILLE P&DC			
5/10/02	SW	OKLAHOMA CITY P&DC			
5/10/02	PA	SAN FRANCISCO P&DC			
5/10/02	SE	FT MYERS P&DC			
5/10/02	PA	M L SELLERS P&DC			
5/10/02	MA	FAYETTEVILLE ANNEX			
5/10/02	NE	ALBANY P&DC			
5/10/02	SE	ATLANTA AMC			
5/10/02	MA	GREENSBORO ANNEX			

UFSM 1000 DEPLOYMENT SCHEDULE

3/15/02	GL	GRAND RAPIDS ANNEX			
5/10/02	AL	Columbus P&DC			
5/10/02	MW	ST PAUL P&DC			
5/10/02	WE	SEATTLE EAST DDC			
5/10/02	NY	JFK AMC			
5/10/02	MA	RICHMOND P&DC			
5/17/02	GL	CHICAGO P&DC			
5/17/02	CM	FREDERICK MD P&DF			
5/17/02	MA	LOUISVILLE P&DC			
5/17/02	SW	OKLAHOMA CITY Annex			
5/17/02	PA	SAN FRANCISCO P&DC			
5/17/02	SE	MIAMI P&DC			
5/17/02	PA	M L SELLERS P&DC			
5/17/02	MA	FAYETTEVILLE ANNEX			
5/17/02	NE	ALBANY P&DC			
5/17/02	SE	ATLANTA AMC			
5/17/02	MA	ROANOKE P&DC			
5/17/02	AL	AKRON P&DC			
5/17/02	GL	FOX VALLEY P&DC			
5/17/02	WE	SEATTLE AMC			
5/17/02	NY	MID-ISLAND P&DC (Melville)			
5/17/02	MA	RICHMOND P&DC			
5/24/02	MW	DES MOINES P&DC			
5/24/02	CM	Suburban MD P&DC			
5/24/02	MA	LEXINGTON P&DC			
5/24/02	SW	EAST TEXAS P&DC (Tyler)			
5/24/02	PA	SAN FRANCISCO PMA			
5/24/02	SE	MIAMI P&DC			
5/24/02	PA	ML SELLERS P&DC			
5/24/02	MA	KINSTON P&DF			
5/24/02	NY	MID-HUDSON P&DC			
5/24/02	SE	MACON P&DC			
5/24/02	MA	RALEIGH P&DC			
5/24/02	AL	CANTON P&DC			
5/24/02	GL	IRVING PARK ROAD P&DC			
5/24/02	WE	Everett P&DF			
5/24/02	NY	WESTERN NASSAU P&DC			
5/24/02	MA	ROCKY MOUNT P&DF			
5/31/02	MW	DES MOINES P&DC			
5/31/02	CM	SOUTHERN MD P&DC			
5/31/02	AL	DAYTON P&DC			
5/31/02	SW	East Texas P&DC (3/02)			
5/31/02	PA	SAN FRANCISCO ISC			
5/31/02	SE	SOUTH FLORIDA P&DC			
5/31/02	PA	SANTA ANA P&DC			
5/31/02	MA	ASHEVILLE P&DF			
5/31/02	NE	SPRINGFIELD P&DC, MA			
5/31/02	SE	Huntsville, AL			
5/31/02	MA	LYNCHBURG P&DF			
5/31/02	AL	TOLEDO P&DC			
5/31/02	GL	IRVING PARK ROAD P&DC			
5/31/02	WE	Bend, OR			

UFSM 1000 DEPLOYMENT SCHEDULE

3/15/02	GL	GRAND RAPIDS ANNEX			
5/31/02	NY	KILMER P&DC (Edison)			
5/31/02	MA	HICKORY P&DF			
6/7/02	MW	OMAHA P&DF			
6/7/02	CM	NORTHERN VIRGINIA P&DC			
6/7/02	GL	INDIANAPOLIS P&DC			
6/7/02	SW	SOUTH ANNEX			
6/7/02	PA	SAN FRANCISCO ISC			
6/7/02	SE	MIAMI ISC			
6/7/02	PA	SANTA ANA P&DC			
6/7/02	MW	KANSAS CITY P&DC			
6/7/02	NE	CENTRAL MASS P&DC			
6/7/02	SE	BIRMINGHAM P&DC			
6/7/02	MA	CHARLOTTESVILLE P&DF			
6/7/02	GL	DETROIT P&DC			
6/7/02	MW	MILWAUKEE P&DC			
6/7/02	WE	SUNSET DDC (Hillsboro, OR)			
6/7/02	NY	KILMER P&DC			
6/7/02	SE	NASHVILLE P&DC			
6/14/02	MW	OMAHA P&DF			
6/14/02	CM	DULLES P&DC			
6/14/02	GL	INDIANAPOLIS P&DC			
6/14/02	SW	SOUTH ANNEX			
6/14/02	PA	STOCKTON P&DC			
6/14/02	SE	FT LAUDERDALE			
6/14/02	PA	Industry P&DC			
6/14/02	MW	KANSAS CITY P&DC			
6/14/02	NE	NORTHWEST BOSTON P&DC			
6/14/02	SE	BIRMINGHAM P&DC			
6/14/02	AL	PITTSBURGH P&DC			
6/14/02	GL	DETROIT P&DC			
6/14/02	MW	MILWAUKEE P&DC			
6/14/02	WE	SUNSET DDC			
6/14/02	NY	MONMOUTH P&DC (Eatontown)			
6/14/02	SE	NASHVILLE P&DC			
6/21/02	MW	WICHITA P&DC			
6/21/02	AL	PHILADELPHIA P&DC			
6/21/02	GL	INDIANAPOLIS MPA Annex			
6/21/02	SW	NORTH HOUSTON P&DC			
6/21/02	PA	SAN JOSE P&DC			
6/21/02	SE	WEST PALM BEACH P&DC			
6/21/02	PA	Industry P&DC			
6/21/02	MW	KANSAS CITY P&DC			
6/21/02	NE	BOSTON P&DC			
6/21/02	SE	Gulfport, MS			
6/21/02	AL	PITTSBURGH P&DC			
6/21/02	GL	DETROIT P&DC			
6/21/02	MW	MILWAUKEE P&DC			
6/21/02	WE	SUNSET DDC			
6/21/02	AL	SOUTH JERSEY P&DC			
6/21/02	SE	KNOXVILLE P&DC			
6/28/02	MW	TOPEKA P&DF			

UFSM 1000 DEPLOYMENT SCHEDULE

3/15/02	GL	GRAND RAPIDS ANNEX			
6/28/02	AL	PHILADELPHIA P&DC			
6/28/02	GL	GARY P&DC			
6/28/02	SW	NORTH HOUSTON P&DC			
6/28/02	PA	FRESNO P&DC			
6/28/02	NY	SAN JUAN			
6/28/02	PA	SANTA CLARITA P&DC			
6/28/02	SW	TULSA P&DC			
6/28/02	NE	MIDDLESEX-ESSEX P&DC			
6/28/02	SW	BATON ROUGE P&DC			
6/28/02	AL	PITTSBURGH P&DC			
6/28/02	GL	FLINT P&DC			
6/28/02	MW	MADISON P&DC			
6/28/02	WE	PORTLAND P&DC			
6/28/02	AL	SOUTHEASTERN P&DC			
6/28/02	SE	CHATTANOOGA P&DC			
7/5/02	SW	Wichita Falls (3/02)			
7/5/02	AL	LEHIGH VALLEY P&DC			
7/5/02	GL	JACKSON DDC			
7/5/02	SW	AUSTIN P&DC			
7/5/02	PA	Los Angeles ISC			
7/5/02	SE	Manasota P&DC			
7/5/02	PA	SANTA CLARITA P&DC			
7/5/02	WE	ALBUQUERQUE P&DC			
7/5/02	NE	MIDDLESEX-ESSEX P&DC			
7/5/02	SW	BEAUMONT P&DF			
7/5/02	AL	JOHNSTOWN P&DF			
7/5/02	AL	CLEVELAND P&DC			
7/5/02	GL	O'HARE AMC			
7/5/02	WE	PORTLAND P&DC			
7/5/02	AL	SOUTHEASTERN P&DC			
7/5/02	SE	JACKSON P&DC			
7/12/02	SW	FORT WORTH P&DC			
7/12/02	AL	LEHIGH VALLEY P&DC			
7/12/02	SE	MEMPHIS P&DC			
7/12/02	SW	McAllen P&DF			
7/12/02	PA	LOS ANGELES P&DC			
7/12/02	SE	MID - FLORIDA P&DC			
7/12/02	PA	SAN BERNARDINO P&DC			
7/12/02	WE	ALBUQUERQUE P&DC			
7/12/02	NE	MANCHESTER P&DC			
7/12/02	SW	Houston P&DC			
7/12/02	MA	CHARLESTON P&DC			
7/12/02	AL	CLEVELAND P&DC			
7/12/02	GL	O'HARE AMC			
7/12/02	WE	MOUNT HOOD DDC (Portland OR)			
7/12/02	AL	LANCASTER P&DC			
7/12/02	SW	LAFAYETTE P&DF			
7/19/02	SW	FORT WORTH P&DC			
7/19/02	AL	HARRISBURG P&DC			
7/19/02	SE	MEMPHIS P&DC			
7/19/02	SW	McALLEN P&DF			

UFSM 1000 DEPLOYMENT SCHEDULE

3/15/02	GL	GRAND RAPIDS ANNEX			
7/19/02	PA	LOS ANGELES P&DC			
7/19/02	SE	MID - FLORIDA P&DC			
7/19/02	PA	BAKERSFIELD P&DC			
7/19/02	WE	ALBUQUERQUE P&DC			
7/19/02	NE	Northwest Annex - Maine			
7/19/02	SW	Houston North Annex			
7/19/02	MA	CLARKSBURG P&DF			
7/19/02	AL	CLEVELAND P&DC			
7/19/02	GL	PALATINE P&DC			
7/19/02	WE	SALEM P&DF			
7/19/02	AL	READING P&DF			
7/19/02	SW	ALEXANDRIA MPO			
7/26/02	SW	DALLAS P&DC			
7/26/02	AL	WILKES - BARRE P&DF			
7/26/02	MA	BOWLING GREEN P&DF			
7/26/02	SW	CORPUS CHRISTI P&DC			
7/26/02	PA	ANAHEIM P&DF			
7/26/02	SE	JACKSONVILLE INTNL ANNEX			
7/26/02	PA	Worldway AMC			
7/26/02	WE	TUCSON P&DC			
7/26/02	NE	PORTLAND P&DC			
7/26/02	SW	SAN ANTONIO P&DC			
7/26/02	MA	HUNTINGTON P&DF			
7/26/02	AL	Mansfield CSF			
7/26/02	GL	PALATINE P&DC			
7/26/02	WE	EUGENE P&DF			
7/26/02	NY	TRENTON P&DC			
7/26/02	SE	MOBILE P&DC			
8/2/02	SW	DALLAS P&DC			
8/2/02	NY	Bronx P&D			
8/2/02	SW	DALLAS ISC			
8/2/02	SW	EL PASO P&DC			
8/2/02	PA	LONG BEACH P&DC			
8/2/02	SE	JACKSONVILLE INTNL ANNEX			
8/2/02	PA	MARINA P&DC			
8/2/02	WE	RIO SALADO			
8/2/02	NE	EASTERN MAINE P&DF			
8/2/02	SW	SAN ANTONIO P&DC			
8/2/02	AL	ERIE P&DC			
8/2/02	AL	Mansfield CSF			
8/2/02	GL	PALATINE P&DC			
8/2/02	WE	ANCHORAGE P&DC			
8/2/02	NY	PATERSON P&DC			
8/2/02	SE	MONTGOMERY P&DC			
8/9/02	SW	NORTH TEXAS P&DC			
8/9/02	NY	MORGAN P&DC			
8/9/02	MA	EVANSVILLE P&DF			
8/9/02	SW	MIDLAND P&DF			
8/9/02	WE	RENO P&DC			
8/9/02	SE	GAINESVILLE P&DF			
8/9/02	PA	HONOLULU P&DC			

UFSM 1000 DEPLOYMENT SCHEDULE

3/15/02	GL	GRAND RAPIDS ANNEX			
8/9/02	WE	RIO SALADO			
8/9/02	NE	BROCKTON P&DC			
8/9/02	SW	SAN ANTONIO P&DC			
8/9/02	GL	LANSING P&DC			
8/9/02	NY	PMPC			
8/9/02	GL	SOUTH SUBURBAN P&DC			
8/9/02	WE	SPOKANE P&DC			
8/9/02	NY	NJI & BMC (Jersey City)			
8/9/02	SE	Pensacola, FL			
8/16/02	SW	NORTH TEXAS P&DC			
8/16/02	NY	MORGAN P&DC			
8/16/02	MA	PADUCAH P&DF			
8/16/02	SW	Lubbock P&DF (3/02)			
8/16/02	WE	Cheyenne WY			
8/16/02	SE	TALLAHASSEE P&DF			
8/16/02	WE	DENVER P&DC			
8/16/02	WE	RIO SALADO			
8/16/02	NE	Cape Cod			
8/16/02	SW	WACO ANNEX			
8/16/02	GL	SAGINAW P&DC			
8/16/02	NY	QUEENS P&DC			
8/16/02	WE	DENVER P&DC			
8/16/02	WE	BOISE P&DC			
8/16/02	AL	DELAWARE P&DC			
8/16/02	SE	Panama City, FL			
8/23/02	SW	NORTH TEXAS P&DC			
8/23/02	NY	MORGAN P&DC			
8/23/02	GL	CHAMPAIGN P&DF			
8/23/02	SW	LUBBOCK P&DF			
8/23/02	WE	COLORADO SPRINGS P&DC			
8/23/02	SE	LAKELAND P&DC			
8/23/02	WE	DENVER P&DC			
8/23/02	SW	AMARILLO P&DF			
8/23/02	NE	PROVIDENCE P&DC			
8/23/02	SW	TULSA P&DC			
8/23/02	GL	ROYAL OAK P&DC			
8/23/02	NY	WESTCHESTER P&DC			
8/23/02	WE	DENVER P&DC			
8/23/02	WE	BILLINGS P&DC			
8/23/02	NE	Hartford P&DC			
8/23/02	NY	WEST JERSEY P&DC (Whippany)			
8/30/02	NY	MORGAN P&DC			
8/30/02	GL	ROCKFORD P&DC			
8/30/02	SW	Abilene P&DC			
8/30/02	SE	ST PETERSBURG P&DC			
8/30/02	WE	DENVER P&DC			
8/30/02	NE	HARTFORD P&DC			
8/30/02	NE	SOUTHERN CT			
8/30/02	NY	WESTCHESTER P&DC			
8/30/02	WE	COLORADO SPRINGS P&DC			
9/6/02	NE	Hartford P&DC			

UFSM 1000 DEPLOYMENT SCHEDULE

2203

3/15/02	GL	GRAND RAPIDS ANNEX			
* Yellow-Sites that have been added to the schedule based on comparing deployment schedul					
*Blue-First Article Test Site					
*Green-Sites that were on the deployment schedule but not listed on the site list					

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

2210

DMA/USPS-T-39- 9 Please describe the process the USPS uses to decide where to locate new mail processing equipment.

Response:

See OCA/USPS-91h. and i.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39- 10 If a plant receives an AFSM 100, is its labor hour budget
reduced?

Response:

Yes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39- 11 On page 17 of your testimony you state, "Much of the distribution that has been performed manually in delivery units is being automated in plants."

- (a) How many incoming secondary flat distributions were there in the base year?
- (b) Of these, how many were performed manually in delivery units in the base year?
- (c) Of the number in (a), how many were performed manually in plants in the base year?
- (d) Of the number in (a), how many were automated in plants in the base year?
- (e) How many incoming secondary flat distributions are there projected to be in the test year?
- (f) Of these, how many will be performed manually in delivery units?
- (g) Of the number in (e), how many will be performed manually in plants?
- (h) Of the number in (e), how many will be automated in plants?

Response:

- (a) Assuming the question is asking about delivery zones, there were approximately 40,000 zones requiring some incoming secondary distribution in the base year. See response to AOL-TW/USPS-T-39-5(g).
- (b) – (c) Incoming secondary distribution is performed manually for approximately 33,000 zones. I am unaware of data that breaks out the number in plants versus in delivery units.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

2213

- (d) See response to AOL-TW/USPS-T-39-5(g).
 - (e) Assuming the question is asking about estimating the number of delivery zones in the test year, I am unaware of data that predict the number.
 - (f) – (g) Based on the current number of delivery zones provided in subpart (a), it is estimated that 31,200 will be processed manually in plants and delivery units in the test year. I am unaware of data that predicts the number in plants versus in delivery units.
 - (h) See response to AOL-TW/USPS- T-39-5(g).
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-12 On page 17 of your testimony you state, "Flats that remain in manual operation at the plant today (other than for incoming secondary processing) are pieces that do not meet the processing specifications for the FSM 1000 or are rejects from that machine."

(a) What percentage of flats do not meet the processing specification for the FSM 1000 in the base year?

(b) In the test year?

RESPONSE:

(a) See response to AOL-TW/USPS-T39-7, part (c).

(b) I would expect that the percentage estimate would be the same for both the
Base Year and the Test Year.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-13 What percentage of all non-carrier route presorted flats will bear a barcode in the Test Year?

RESPONSE:

Estimates project that approximately 84% of non-carrier route presorted flats will bear a barcode in the test year.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T39-14 On page 18 of your testimony you state, "As of AP 12 FY 01, the percent of total flats workload in plants was 54 percent on the AFSM 100, 17 percent on the FSM 1000, 14 percent on the FSM 881, and 15 percent in manual sortation."

- (a) Please provide and explain your measure of workload,
- (b) Please provide a similar distribution for the base year.
- (c) Please provide a similar estimate for the test year.
- (d) Please provide a comparable figure for AP 12 FY 01, the base year, and the test year for plants and DDUs combined.

RESPONSE:

- (a) Workload is equivalent to the pieces finalized for all levels of sortation in mail processing facilities, outgoing through incoming secondary flats operations.

- (b) Also see response to DMA/USPS-T39-5a.

AFSM 100 = 2%

FSM 1000 = 23%

FSM 881 = 53%

Manual = 23%

- (c) See response to DMA/USPS-T39-5b. Estimates are not available for FY 2003.

- (d) Comparable figures for AP 12, FY 01 for plants and DDUs combined are approximately:

AFSM 100 = 38%

FSM 1000 = 12%

FSM 881 = 10%

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

Manual = 40%

The additional manual volumes from delivery units are approximate values based on conversions from feet to pieces. See response to AOL-TW/USPS-3.

Data are not available for the Base Year since volume data collected in delivery units did not break out flats from letters prior to FY 2001. Also, estimates are not available for FY 2003.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-15 Please describe in detail the supervision of flats processing. Please include in the description an explanation of how the span-of-control is determined.

RESPONSE:

Supervision is discussed on pages 37 and 38 of my testimony. Span-of-control is determined locally and is heavily dependent on plant-specific factors such as floor layout, number of machines, workload, dispatch times, dispatch locations, etc.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-16 Have there been revisions to Handbook M-32, Management Operating Data System since it was filed as USPS Library Reference H-147 in Docket No. R97-17 If so, please provide the revised handbook as a library reference.

RESPONSE:

A copy of the most recent version of Handbook M-32, Management Operation Data System has been provided in USPS-LR-J-165. Also, attached at the end of the LR is the most recent listing of MODS Operation Numbers, which includes updates on what is listed in Appendix A of the M-32.

DMA/USPS-T-39-17 Footnote 7 on page 4 of your testimony says, "Throughput is very different than productivity."

- (a) Please provide base year productivity for the Multiline Optical Character Reader.
- (b) Please provide test year productivity for the Multiline Optical Character Reader.
- (c) Please provide base year productivity for the Delivery Bar Code Sorter.
- (d) Please provide test year productivity for the Delivery Bar Code Sorter.
- (e) Please provide base year productivity for the Carrier Sequence Bar Code Sorter.
- (f) Please provide test year productivity for the Carrier Sequence Bar Code Sorter.
- (g) Please provide base year productivity for the Letter Mail Labeling Machine.
- (h) Please provide test year productivity for the Letter Mail Labeling Machine.
- (i) Please provide base year productivity for incoming secondary manual sorts for letters.
- (j) Please provide test year productivity for incoming secondary manual sorts for letters.
- (k) Please provide base year productivity for outgoing primary manual sorts for letters.
- (l) Please provide test year productivity for outgoing primary manual sorts for letters.

RESPONSE:

(a) – (l) I am unaware of estimates for Test Year productivities. The available productivities can be found in USPS LR-J-60, sponsored by Witness Miller (USPS-T-22) on page 46 for First-Class Mail and page 81 for Standard Mail.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-18 Your testimony says that the Phase I deployment of the AFSM 100 is complete.

- (a) When was the deployment complete?
- (b) Please provide the schedule for the Phase I deployment.

RESPONSE:

- (a) December, 2000
- (b) See attachment.

AFSM Phase I Deployment

PH	PLANT	ST	TOTAL UNITS	AFSA (00)	START
PH	PLANT	ST	TOTAL UNITS	AFSA (00)	START
PH	PLANT	ST	TOTAL UNITS	AFSA (00)	START
2	HQ Baltimore (HQ Training Ctr. Eng)	MD	0	06-11-99	13-Sep-99
3	HQ Baltimore (HQ Training Ctr. Eng)	MD	0	27-11-99	13-Sep-99
4	HQ Baltimore (HQ Training Ctr. Eng)	MD	0	28-Aug-99	13-Sep-99
5	HQ Baltimore (HQ Training Ctr. Eng)	MD	0	30-Oct-99	13-Sep-99
6	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	22-Feb-00	20-Mar-00
7	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
8	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
9	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
10	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
11	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
12	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
13	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
14	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
15	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
16	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
17	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
18	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
19	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
20	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
21	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
22	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
23	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
24	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
25	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
26	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
27	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
28	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
29	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
30	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
31	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
32	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
33	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
34	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
35	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
36	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
37	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
38	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
39	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
40	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
41	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
42	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
43	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
44	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
45	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
46	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
47	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
48	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
49	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
50	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
51	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00
52	HQ Baltimore (HQ Training Ctr. Eng)	MD	2	25-Feb-00	20-Mar-00

Attachment to
DMA/USPS-739-18

PRG SEQ. #	AREA	PLANT	ST	TOTAL UNITS	ASST 100 DELIVERY EAL. #	START ACCEPT TEST MONTH
58	GL	Detroit P&DC #1	MI	2	22-Aug-00	14-Aug-00
59	MA	Columbus P&DC	NY	1	22-Aug-00	14-Aug-00
60	NE	Adams P&DC #1	NY	2	22-Aug-00	14-Aug-00
61	NY	Durham P&DC #2	NY	2	22-Aug-00	14-Aug-00
62	SE	Fluor Daniel P&DC	FL	1	22-Aug-00	14-Aug-00
63	WE	Mount Hood DDC #1	OR	2	22-Aug-00	14-Aug-00
64	AL	Cherokee P&DC #1	OH	2	22-Aug-00	14-Aug-00
65	MA	St Louis P&DC #7	MO	2	22-Aug-00	14-Aug-00
66	NE	Boston P&DC #2	MA	2	22-Aug-00	14-Aug-00
67	NY	Harford P&DC #3	CT	2	22-Aug-00	14-Aug-00
68	NY	Queens P&DC #1	NY	2	22-Aug-00	14-Aug-00
69	PA	Avon P&DC	CA	1	22-Aug-00	14-Aug-00
70	AL	Phadon P&DC #2	PA	1	22-Aug-00	14-Aug-00
71	MA	Marathon P&DC #3	WI	1	22-Aug-00	14-Aug-00
72	SE	Fluor Daniel P&DC	FL	1	22-Aug-00	14-Aug-00
73	SW	South Arroyo #2	TX	1	22-Aug-00	14-Aug-00
74	WE	Las Vegas P&DC #3	NY	1	22-Aug-00	14-Aug-00
75	NY	Westchester P&DC	CA	2	22-Aug-00	14-Aug-00
76	PA	Long Beach P&DC #1	TX	1	22-Aug-00	14-Aug-00
77	SE	Memphis P&DC	LA	1	22-Aug-00	14-Aug-00
78	SW	Baton Rouge P&DC	TX	2	22-Aug-00	14-Aug-00
79	SW	Dallas P&DC #1	CO	2	22-Aug-00	14-Aug-00
80	AL	Pittsburgh P&DC #1	PA	2	22-Aug-00	14-Aug-00
81	CA	Baltimore P&DC #2	MD	1	22-Aug-00	14-Aug-00
82	CA	Detroit P&DC #2	MI	1	22-Aug-00	14-Aug-00
83	CA	Palmdale P&DC #1	IL	1	22-Aug-00	14-Aug-00
84	NE	Rockwell	NY	1	22-Aug-00	14-Aug-00
85	WE	San Lake City P&DC	UT	1	22-Aug-00	14-Aug-00
86	MA	Concord P&DC #2	OH	1	22-Aug-00	14-Aug-00
87	MA	Norfolk P&DC	VA	1	22-Aug-00	14-Aug-00
88	MA	Minneapolis P&DC	MA	1	22-Aug-00	14-Aug-00
89	NY	Brooklyn P&DC	CA	3	22-Aug-00	14-Aug-00
90	PA	San Carlos P&DC #1	FL	1	22-Aug-00	14-Aug-00
91	SE	Tampa P&DC	VA	1	22-Aug-00	14-Aug-00
92	MA	Richmond P&DC	MA	1	22-Aug-00	14-Aug-00
93	NE	Boston P&DC #3	NY	4	22-Aug-00	14-Aug-00
94	SE	Mad-Florida P&DC	FL	1	22-Aug-00	14-Aug-00
95	WE	Denver P&DC #3	CO	1	22-Aug-00	14-Aug-00
96	WE	Tucson P&DC	AZ	1	22-Aug-00	14-Aug-00
97	AL	Columbus P&DC #1	OH	2	22-Aug-00	14-Aug-00
98	GL	Grand Stream P&DC #1	IL	3	22-Aug-00	14-Aug-00
99	MA	Kansas City P&DC #1	MO	2	22-Aug-00	14-Aug-00
100	PA	Long Beach P&DC #2	CA	1	22-Aug-00	14-Aug-00
101	SW	Dallas P&DC #2	TX	1	22-Aug-00	14-Aug-00
102	WE	Mount Hood DDC #2	OR	1	22-Aug-00	14-Aug-00
103	AL	Pittsburgh P&DC #2	PA	1	22-Aug-00	14-Aug-00
104	AL	Tampa P&DC	OH	1	22-Aug-00	14-Aug-00
105	GL	Grand Stream P&DC #2	IL	1	22-Aug-00	14-Aug-00
106	NE	Providence P&DC	RI	1	22-Aug-00	14-Aug-00
107	NE	Southern Connecticut P&DC	CT	1	22-Aug-00	14-Aug-00

PRO SEQ #	PRO AREA	PLANT	ST	TOTAL UNITS	DELIVERY DATE	START DATE
106	NY	Western Nassau PLDC	NY	1	16-Sep-00	09-Oct-00
112	NY	Del Mar PLDC	IA	1	23-Sep-00	16-Oct-00
108	NY	St Paul PLDC #2	MA	1	23-Sep-00	16-Oct-00
109	PA	Santa Clara PLDC #2	CA	1	23-Sep-00	16-Oct-00
110	SE	North Metro PLDC	GA	1	23-Sep-00	16-Oct-00
111	SW	Austin PLDC #1	TX	2	23-Sep-00	16-Oct-00
113	SW	Ho Houston PLDC	TX	1	23-Sep-00	16-Oct-00
115	CL	For Valley PLDC	IL	1	30-Sep-00	23-Oct-00
116	NY	Morgan PLDC #2	NY	1	30-Sep-00	23-Oct-00
117	PA	M.L. Sellers PLDC #1	CA	2	30-Sep-00	23-Oct-00
118	SE	Ontario PLDC (including PLDC)	FL	1	30-Sep-00	23-Oct-00
119	SW	El Paso PLDC	TX	1	30-Sep-00	23-Oct-00
114	WE	Denver PLDC #4	CO	1	30-Sep-00	23-Oct-00
120	AL	Colaratus PLDC #2	OH	1	07-Oct-00	30-Oct-00
121	AL	South Jersey PLDC	NY	1	07-Oct-00	30-Oct-00
122	NY	Card Stream PLDC #3	IL	1	07-Oct-00	30-Oct-00
123	NY	Kansas City PLDC #2	MO	1	07-Oct-00	30-Oct-00
124	NY	Ontario PLDC	NE	1	07-Oct-00	30-Oct-00
125	NE	Boston PLDC #4	MA	1	07-Oct-00	30-Oct-00
126	NY	Spring Peak Rd PLDC	IL	1	14-Oct-00	08-Nov-00
128	NY	Spout Falls PLDC	SD	1	14-Oct-00	08-Nov-00
130	NY	West Jersey PLDC	NJ	1	14-Oct-00	08-Nov-00
129	SE	Knoxville PLDC	TN	1	14-Oct-00	08-Nov-00
131	SE	Atlanta PLDC	FL	1	14-Oct-00	08-Nov-00
127	WE	Santa Clara PLDC #1	WA	3	14-Oct-00	08-Nov-00
135	AL	Danvers PLDC	DE	1	21-Oct-00	13-Nov-00
136	NY	Lanning PLDC	MI	1	21-Oct-00	13-Nov-00
137	NY	Wichita PLDC	KS	1	21-Oct-00	13-Nov-00
132	PA	Santa Clara PLDC #3	CA	1	21-Oct-00	13-Nov-00
133	SW	Austin PLDC #2	TX	1	21-Oct-00	13-Nov-00
134	WE	Santa Clara PLDC #2	WA	1	21-Oct-00	13-Nov-00
142	GL	Grand Rapids Annex	MI	1	28-Oct-00	20-Nov-00
143	NY	Madison PLDC	WI	1	28-Oct-00	20-Nov-00
139	PA	M.L. Sellers PLDC #2	CA	1	28-Oct-00	20-Nov-00
140	PA	Oakland PLDC	CA	1	28-Oct-00	20-Nov-00
141	SW	North Texas PLDC #1	TX	2	28-Oct-00	20-Nov-00
138	WE	Rio Salado MPO #1	AZ	2	28-Oct-00	20-Nov-00
149	AL	Dayton PLDC	OH	1	04-Nov-00	27-Nov-00
145	CM	Southwestern MD PLDC	MD	1	04-Nov-00	27-Nov-00
146	NY	Morgan PLDC #3	NY	1	04-Nov-00	27-Nov-00
147	SE	West Palm Beach PLDC	FL	1	04-Nov-00	27-Nov-00
148	SW	Waco PLDC	TX	1	04-Nov-00	27-Nov-00
144	WE	Santa Clara PLDC #3	WA	1	04-Nov-00	27-Nov-00
155	AL	Southwestern PLDC	PA	1	11-Nov-00	04-Dec-00
151	CL	Royal Oak PLDC #1	MI	2	11-Nov-00	04-Dec-00
153	NE	Albany PLDC #2	NY	1	11-Nov-00	04-Dec-00
152	NY	Monmouth PLDC	NJ	1	11-Nov-00	04-Dec-00
154	SE	Montgomery PLDC	AL	1	11-Nov-00	04-Dec-00
150	WE	Rio Salado MPO #2	AZ	1	18-Nov-00	11-Dec-00
159	NY	Fargo PLDC	ND	1	18-Nov-00	11-Dec-00
156	NY	Kansas City (KS) PLDC	KS	1	18-Nov-00	11-Dec-00
161	NE	Brookline PLDC	MA	1	18-Nov-00	11-Dec-00
158	NY	Queens PLDC #2	NY	1	18-Nov-00	11-Dec-00

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-19 In discussing the AFSM 100, you describe the "possibility of future expansion to more bins."

(a) Are there any plans for such an expansion?

(b) If so, when will it take place?

(c) How many more bins are contemplated?

RESPONSE:

(a) – (c) There are no plans at this time.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-20 On pages 15 through 16 of your testimony, you state, "AFSM 100s are undergoing a performance modification to increase the machine's throughput as a result of a new software release and minor hardware changes."

- (a) Will the modification also increase productivity?
- (b) If so, what is the expected new productivity?
- (c) When will the modification be complete?
- (d) Please provide a deployment schedule for the modification, including the schedule for those machines for which the deployment is already complete.

RESPONSE:

- a) Yes.
- b) Approximately an 8 percent increase.
- c) Conversion of production line units 8/6/2001.
Retrofits scheduled for completion 11/19/2001.
- d) Deployment schedule:

Site	Scheduled Ship Date	Scheduled Install Date
Akron	8/7/01	9/6/01
Albany	7/31/01	8/30/01
Albuquerque	9/7/01	10/7/01
Anaheim	8/21/01	9/20/01
Anchorage	8/3/01	9/2/01
Asheville	10/13/01	11/12/01
Atlanta	8/7/01	9/6/01
Austin	8/28/01	9/27/01
Bakersfield	9/4/01	10/4/01
Baltimore	8/3/01	9/2/01
Baton Rouge	8/3/01	9/2/01
Birmingham	8/17/01	9/16/01
Boise	9/11/01	10/11/01
Boston	8/14/01	9/13/01
Brockton	9/4/01	10/4/01
Brooklyn	8/24/01	9/23/01
Buffalo	8/7/01	9/6/01

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

Carol Stream	8/28/01	9/27/01
Central Mass	9/11/01	10/11/01
Central WI	9/11/01	10/11/01
Charleston P&DC	9/29/01	10/29/01
Charleston P&DF	10/20/01	11/19/01
Charlotte	7/27/01	8/28/01
Charlottesville	7/31/01	8/30/01
Chattanooga	9/7/01	10/7/01
Chicago Central	8/10/01	9/9/01
Cincinnati	8/21/01	9/20/01
Cleveland	8/10/01	9/9/01
Colorado Springs	9/22/01	10/22/01
Columbia	8/7/01	9/6/01
Columbus	7/27/01	8/26/01
Corpus Christi	9/11/01	10/11/01
Dallas	8/3/01	9/2/01
Dayton	9/4/01	10/4/01
Delaware	7/31/01	8/30/01
Denver	8/17/01	9/18/01
Depot	8/7/01	9/6/01
Des Moines	7/27/01	8/26/01
Detroit	7/27/01	8/26/01
Dulles	8/7/01	9/6/01
DV Daniels	8/14/01	9/13/01
East King County DDC	9/29/01	10/29/01
East Valley	9/4/01	10/4/01
El Paso	8/31/01	9/30/01
Erie	7/31/01	8/30/01
Eugene	7/27/01	8/26/01
Everett	9/7/01	10/7/01
Fargo	9/4/01	10/4/01
Fayetteville	8/7/01	9/6/01
Fox Valley	8/31/01	9/30/01
Frederick	7/27/01	8/26/01
Fresno	9/22/01	10/22/01
Ft Lauderdale	8/21/01	9/20/01
Ft Myers	8/21/01	9/20/01
Ft Worth	8/17/01	9/16/01
Gainesville	10/13/01	11/12/01
Gary	7/27/01	8/26/01
Grand Rapids	8/7/01	9/6/01
Green Bay	10/20/01	11/19/01
Greensboro	9/7/01	10/7/01
Greenville	8/14/01	9/13/01
Hackensack	8/3/01	9/2/01
Harrisburg	8/7/01	9/6/01
Hartford	8/10/01	9/9/01
Indianapolis	8/10/01	9/9/01
Industry	8/7/01	9/6/01

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

Irving Park Rd	8/3/01	9/2/01
Jackson	8/3/01	9/2/01
Jacksonville	8/14/01	9/13/01
JAF P&DC	9/22/01	10/22/01
Johnstown	7/31/01	8/30/01
Kalamazoo	7/31/01	8/30/01
Kansas City KS	9/4/01	10/4/01
Kansas City MO	8/7/01	9/8/01
Kilmer	8/7/01	9/6/01
Knoxville	8/31/01	9/30/01
Lancaster	9/7/01	10/7/01
Lansing	8/31/01	9/30/01
Las Vegas	8/14/01	9/13/01
Lehigh Valley	9/7/01	10/7/01
Lexington	9/11/01	10/11/01
Linthicum	9/7/01	10/7/01
Long Beach	8/21/01	9/20/01
Los Angeles	9/7/01	10/7/01
Louisville	8/21/01	9/20/01
Macon Annex	9/29/01	10/29/01
Madison	9/4/01	10/4/01
Manasota	9/4/01	10/4/01
Manchester	7/27/01	8/26/01
Marina	7/31/01	8/30/01
Memphis	8/3/01	9/2/01
Miami	8/31/01	9/30/01
Mid-Florida	7/31/01	8/30/01
Mid-Hudson	9/11/01	10/11/01
Mid-Island	7/27/01	8/26/01
Milwaukee	8/14/01	9/13/01
Minneapolis	7/31/01	8/30/01
ML Sellers	8/31/01	9/30/01
Monmouth	9/4/01	10/4/01
Montgomery	9/4/01	10/4/01
Morgan	8/3/01	9/2/01
Mount Hood	8/21/01	9/20/01
MTSC	9/7/01	10/7/01
Nashville	8/17/01	9/16/01
NCED Training	8/17/01	9/16/01
New Castle	7/27/01	8/26/01
New Orleans	9/11/01	10/11/01
Newark	10/6/01	11/5/01
NJI BMC	9/11/01	10/11/01
Norfolk	8/24/01	9/23/01
North Bay	9/22/01	10/22/01
North Houston	8/28/01	9/27/01
North Metro	8/28/01	9/27/01
North Park Annex	9/7/01	10/7/01
North Texas	9/4/01	10/4/01

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

North Valley	9/11/01	10/11/01
North Virginia	8/14/01	9/13/01
Northwest Annex	9/7/01	10/7/01
NW Boston	8/7/01	9/6/01
Oakland	7/27/01	8/26/01
Oklahoma City	9/11/01	10/11/01
Omaha	7/31/01	8/30/01
Oriando	8/31/01	9/30/01
Palatine	8/3/01	9/2/01
Paterson	7/27/01	8/26/01
Philadelphia	7/27/01	8/26/01
Pittsburgh	8/24/01	9/23/01
Portland	9/11/01	10/11/01
Providence	8/28/01	9/27/01
Queens	8/21/01	9/20/01
Raleigh	8/17/01	9/16/01
Reading	9/11/01	10/11/01
Reno	7/27/01	8/26/01
Richmond	8/24/01	9/23/01
Rio Salado	8/7/01	9/6/01
Roanoke	9/11/01	10/11/01
Rochester	8/24/01	9/23/01
Rockford	8/29/01	10/29/01
Royal Oak	8/10/01	8/9/01
Sacramento	9/7/01	10/7/01
Salem	10/6/01	11/5/01
Salt Lake City	8/3/01	9/2/01
San Bernadino	8/3/01	9/2/01
San Francisco	8/14/01	9/13/01
San Jose	7/27/01	8/26/01
San Juan	9/11/01	10/11/01
Santa Ana	8/17/01	9/16/01
Santa Clarita	8/24/01	9/23/01
Seattle	8/3/01	9/2/01
Shreveport	7/31/01	8/30/01
Sioux Falls	8/31/01	9/30/01
South Annex	8/17/01	9/16/01
South Florida	9/7/01	10/7/01
South Jersey	8/31/01	9/30/01
South Suburban	7/31/01	8/30/01
Southeastern	9/4/01	10/4/01
Southern Connecticut	8/28/01	9/27/01
Southern MD	8/3/01	9/2/01
Spokane	8/10/01	8/9/01
Springfield MA	9/7/01	10/7/01
Springfield MO	9/7/01	10/7/01
St Louis	8/17/01	9/16/01
St Paul	8/7/01	9/6/01
St Petersburg	10/6/01	11/5/01

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

Stamford	7/31/01	8/30/01
Stockton	10/13/01	11/12/01
Suburban MD	9/4/01	10/4/01
Syracuse	7/31/01	8/30/01
Tampa	8/24/01	9/23/01
Toledo	8/28/01	9/27/01
Trenton	9/11/01	10/11/01
Troyhill Training	8/17/01	9/16/01
Tulsa	8/14/01	9/13/01
Tuscon	8/24/01	9/23/01
Waco	9/4/01	10/4/01
Washington DC	8/14/01	9/13/01
West Jersey	8/31/01	9/30/01
West Palm Beach	8/3/01	9/2/01
Westchester	8/24/01	9/23/01
Western Nassau	8/28/01	9/27/01
Wichita	7/31/01	8/30/01

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-21 On page 13 of your testimony you state, "By FY 2003, the number of FSM 881s in operation is expected to be reduced to approximately 110. They will be primarily relocated to smaller facilities."

- (a) By FY 2003, how many facilities will have one or more AFSM 100s but no FSM 881s?
- (b) By FY 2003, how many facilities will have no AFSM 100s but one or more FSM 881s?
- (c) By FY 2003, how many facilities will have one or more AFSM 100s and one or more FSM 881s?
- (d) By FY 2003, how many facilities will have neither AFSM 100s nor FSM 881s?

RESPONSE:

- a. The goal is all facilities.
- b. Approximately 75 facilities.
- c. The goal is to have no facilities with one or more AFSM 100s and one or more FSM 881s.
- d. Approximately 65 facilities.

Revised 12/19/01

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-21 On page 13 of your testimony you state, "By FY 2003, the number of FSM 881s in operation is expected to be reduced to approximately 110. They will be primarily relocated to smaller facilities."

- (a) By FY 2003, how many facilities will have one or more AFSM 100s but no FSM 881s?
- (b) By FY 2003, how many facilities will have no AFSM 100s but one or more FSM 881s?
- (c) By FY 2003, how many facilities will have one or more AFSM 100s and one or more FSM 881s?
- (d) By FY 2003, how many facilities will have neither AFSM 100s nor FSM 881s?

RESPONSE:

- a. The goal is for all AFSM 100 facilities to not also have an FSM 881. I am told that it will be approximately 237 facilities.
- b. I am told that it will be approximately 75 facilities.
- c. The goal is to have no facilities with one or more AFSM 100s and one or more FSM 881s.
- d. I am told that there should be no such facilities at the end of FY 2002, but during FY 2003, some of the facilities with FSM 881s only will replace their FSM 881s with FSM 1000s. This will move some or all of the 75 facilities in subpart b of this response to subpart d.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T-39-22 In USPS Library Reference J-49, witness Tayman provides an explanation of Cost Reduction and Other Programs. On page 7 and 8 he describes the Identification Code Sort Program. He says, "There are two types of savings expected from ICS. The largest portion of savings will come from keeping an estimated 803 million pieces of mail per year in the automated letter mail stream that would have otherwise been rejected and sent to manual processing operations. The second portion of savings will come from 1.63 billion mail pieces per year that will no longer require labeling and rebarcoding."

- (a) On average, how many automated sorts will each of the 803 million pieces per year receive?
- (b) On average, how many sorts would each of the 803 million pieces per year received in manual processing in the absence of this program?
- (c) On average, how many times would each of the 1.63 billion pieces be labeled and rebarcoded?
- (d) What is the productivity of labeling and rebarcoding?
- (e) What level are the staff who label and rebarcode?

RESPONSE:

- (a) and (b) I do not know. It would depend on the level of presort.
- (c) Once is usually sufficient.
- (d) LMLM, MPBCS and DBCS OSS productivities are in LR-J-56, sponsored by witness Bozzo (USPS-T-14).
- (e) Level 4s for both functions.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T39-23 In USPS Library Reference J-49, witness Tayman provides an explanation of Cost Reduction and Other Programs. On page 9, he describes the Automated Feeders and OCR program for the FSM 1000. According to the library reference, "These enhancements will increase machine throughput and permit over 70% of the mail pieces fed to the FSM 1000 to be sorted automatically instead of being manually keyed."

- (a) Please provide a schedule for this deployment.
- (b) Will productivity as well as throughput be increased?
- (c) What will productivity be after the enhancements?
- (d) What percentage of the pieces are now manually keyed?
- (e) What is the productivity of manual keying currently on the FSM 1000?
- (f) What is the productivity of OCR sorts currently?

RESPONSE:

- (a) See response to DMA/USPS-T39-8.
 - (b) It is expected that there will be a corresponding increase in productivity associated with the expected increase in throughput.
 - (c) The productivity is projected to be 1,140 pieces per workhour.
 - (d) In AP 01, FY 02, 95.5% of the pieces were manually keyed.
 - (e) In AP 01, FY 02, the average productivity of all keying operations on the FSM 1000s was 448.
 - (f) There are no productivity data available for FSM 1000s with OCRs, since none have yet been deployed.
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION, INC.**

2236

DMA/USPS-T-39-24 Based upon actual FY 2000 data and your expertise on the FY 2003 operating environment, please complete the following table. Please provide sources of information and the basis for all assumptions.

RESPONSE:

See response to AOL-TW/USPS-1 for TPH and TPF data for FY 2000. See response to DMA/USPS-T39-5 for information related to FY 2003.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-25 Please describe in detail the supervision of letters processing. In your description, please list all activities that the supervisors perform and provide a rough breakdown of the time typically spent in each of them. Please also include in your description an explanation of how the span-of-control is determined.

Response:

Supervisor activities are determined locally based on the requirements of the specific operation(s) supervised. Generic lists of Supervisor duties and responsibilities are generally included in the operation-specific handbooks listed in the response to OCA/USPS-156 and provided in the associated Library References. For example, the most recent such handbook, "AFSM 100 Standardization Supervisor's Guide", contains an especially detailed listing of daily supervisor activities for that operation. I am not able to estimate the amount of time spent in each of the myriad activities for all the different operations. Span-of-Control is determined locally based on the needs of the various operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-26 Please describe in detail the supervision of parcels processing. In your description, please list all activities that the supervisors perform and provide a rough breakdown of the time typically spent in each of them. Please also include in your description an explanation of how the span-of-control is determined.

Response:

See response to DMA/USPS-T39-25.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-27 In a P&DC, within a single tour does a clerk typically work only on letter shaped mail or only on parcels or only on flat shaped mail, or does the same clerk work on more than one shape of mail?

Response:

Typically a clerk works only on one shape of mail within a single tour.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-28 In a P&DC, during an AP does a clerk typically work only on letter shaped mail or only on parcels or only on flat shaped mail, or does the same clerk work on more than one shape of mail?

Response:

Typically a clerk works only on one shape of mail during an AP.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-29 In a P&DC, during a single tour does a supervisor typically supervise craft labor only on letter shaped mail or only on parcels or only on flat shaped mail, or does the same supervisor typically supervise craft labor working on more than one shape of mail?

Response:

Typically a supervisor supervises craft labor working only on one shape of mail during a single tour. Smaller facilities may have a supervisor oversee operations related to more than one shape (e.g. manual flats and manual letters).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-30 In a P&DC, during an AP does a supervisor typically supervise craft labor only on letter shaped mail or only on parcels or only on flat shaped mail, or does the same supervisor typically supervise craft labor working on more than one shape of mail?

Response:

Typically a supervisor will supervise craft labor working on one shape of mail during an AP. See DMA/USPS-T39-29.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.**

DMA/USPS-T39-31 Please describe in detail the training that a new supervisor receives. Include in your description the number of hours of classroom and on-the-job training the supervisor receives. Please also provide as a library references all course materials used in the classroom training and any manuals, publications, etc. the new supervisor receives.

Response:

Initial training for a new supervisor at a P&DC is locally determined. However, the Associate Supervisor Program (ASP) is often used. This 16-week program consists of 80 hours of classroom training in the first two weeks with a split of one day in the classroom and four days of on-the-job training for each week during the remainder of the program. An individual facility may not use the entire program or may supplement it with other material. Handbooks available to the Supervisor were listed in the response to OCA/USPS-156 and provided in the associated Library References. The following ASP materials are provided in USPS-LR-J-181:

7610040007992.pdf	ASP, Processing and Distribution, Participants Guide July, 2001 (Rev. 1996, 1997, 1998, 2000)
Td-41d-2.pdf	ASP, Leadership & Mgmt., Weeks 1&2, Part. Guide Sept. 1998 (Rev. 1996, 1997)
Td-41g-2.pdf	ASP, Assuming Resp. for Sup., Part. Guide Sept. 1998 (Rev. 1996)
Td-41b-2.pdf	ASP, Coach & On-Site Trainer Cert. Training Sept, 1998 (Rev. 1996)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-32 Please describe in detail any refresher training that a supervisor receives. Include in your description the number of hours of classroom training and the number of on-the-job training hours the supervisor receives. Please also provide as a library reference all course materials used in the classroom training and any manuals, publications, etc. that the supervisor receives.

Response:

Each Supervisor is required to attend at least 20 hours of training per year. Training for each Supervisor is determined locally based on the needs of the individual Supervisor and the organization. The training can consist of classroom instruction, videos, online instruction and attendance at selected conferences. Due to the extraordinary range of the locally determined training, I am unable to provide the requested Library Reference.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-33 For any material provided in response to the last two questions, please provide the dates of the last five revisions to each.

Response:

See DMA/USPS-T39-31.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-34 In discussing supervision in your testimony you say, "even a partially staffed operation must be supervised."

- (a) Does this imply that as clerk and mailhandler hours increase in response to volume increases, supervisory hours will not increase in proportion to the clerk and mailhandler hours?
- (b) Does this imply that as clerk and mailhandler hours decrease in response to volume decreases, supervisory hours will not decrease in proportion to the clerk and mailhandler hours?
- (c) Do you believe, in general, that costs can be fully variable with respect to volume changes as volume increases, but less than fully variable with respect to volume changes as volume decreases? If your answer is anything other than an unqualified no, please explain all operational reasons underlying your beliefs.

Response:

- a. Yes. That is feasible.
- b. Yes. That is feasible.
- c. No. However, as I explained in Chapter 3 of my testimony, your premise that "costs can be fully variable with respect to volume changes as volume increases" is generally invalid for mail processing operations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-35 In your testimony you say, "As operations are automated, the number of people in the operation declines while the difficulty of managing the mail flow and the equipment increases, preserving a rough balance in the supervisory workload."

- (a) Please provide all studies, reports, and quantitative information you have supporting this statement.
- (b) Assume that the productivity of manual incoming secondary sorting is 400 pieces per hour so a complement of 75 clerks would be required to sort 30,000 letters in an hour. Further assume that three clerks could sort the same 30,000 letters in an hour on a bar code sorter. Does your statement mean that the 75 manual clerks would require the same number of supervisory hours as the three clerks staffing the bar code sorter?
- (c) Please provide a chronology for the automation of letters. Please include the year bar code sorters were first introduced, how quickly they penetrated the workplace, and the split between the number of manual and automated sorts over time.
- (d) Please provide a chronology for the automation of flats. Please include the year flat sorters were first introduced, how quickly they penetrated the workplace, and the split between the number of manual and automated sorts over time.
- (e) Has the ratio of costs of those supervising clerks and mailhandlers to clerks and mailhandlers increased dramatically as the Postal Service has automated?

Response:

- a. Support of this statement comes from personal experience in managing a facility, conducting and implementing numerous staffing and scheduling changes, and coordinating the implementation of new equipment for mail processing facilities.
- b. No. The same supervisory hours would not be required for both 75 manual clerks or 3 automation clerks. However, it is also true that the supervisory hours required for 75 manual clerks would not suffice for 75 automation clerks (e.g. operating 37 DBCSs) As I explained in the paragraph of my testimony that you excerpted, volume is only one factor.
- c. See the Corporate Automation Plan provided in USPS-LR-J-156, the Decision Analysis Reports (DARs) for letter automation in USPS-LR-J-157, and the Letter

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

Recognition Enhancement Program (LREP) in USPS-LR-J-62. The number of manual and automated sorts over time is not available.

- d. See Publication 128 provided as USPS-LR-I-193 in R2000-1, which provides a chronology of the automation of flats. The number of manual and automated sorts is available from responses to DMA-T39-5 and 14, and MH/USPS-T10-26 and ANM/USPS-T10-33 from Docket No. R2000-1.
- e. It has increased. I am told that the ratio of supervisory work hours (LDC 10) in mail processing to clerk and mail handler hours (LDC 11 through 19) was approximately 1 to 16 in FY 1995. In July, 2001, I am told that the same ratio was 1 to 14.5.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT-MARKETING ASSOCIATION, INC.

DMA/USPS-T39-36 Please refer to your response to DMA/USPS-T-39-21.

(a) Please confirm that the word "facilities" in your response is synonymous with "plants." If you can not confirm, please define "facilities".

(b) Based on your definition of "facilities," what will the total number of "facilities" be in FY 2003?

(c) Please reconcile your answers to part (a) and (b) of DMA/USPS-T-39-21 by explaining how it can be possible to both (1) have a goal that all facilities have one or more AFSM 100s but no 881 s, and (2) have a goal that 75 facilities have no AFSM 100s but one or more FSM 881s.

Response:

- a. Not confirmed. The word "facilities" in DMA/USPS-T-39-21 means all locations with flat sorting equipment.
- b. Approximately 312.
- c. An errata has been filed for DMA/USPS-T-39-21.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-37 On page 13 of your testimony you state, "By FY 2003, the number of FSM 881s in operation is expected to be reduced to approximately 110. They will be primarily relocated to smaller facilities,"

- (a) In FY 2000, how many facilities had one or more AFSM 100s but no FSM 881s?
- (b) In FY 2000, how many facilities had no AFSM 100s but one or more FSM 881s?
- (c) In FY 2000, how many facilities had one or more AFSM 100s and one or more FSM 881s?
- (d) In FY 2000, how many facilities had neither AFSM 100s nor FSM 881s?

Response:

- a. I am informed that approximately three facilities had one or more AFSM 100s but no FSM 881s at the end of FY 2000.
- b. I am informed that approximately 211 facilities had no AFSM 100s but one or more FSM 881s at the end of FY 2000.
- c. I am informed that approximately 61 facilities had one or more AFSM 100s and one or more FSM 881s at the end of FY 2000.
- d. I am informed that no facilities with flat sorters had neither AFSM 100s nor FSM 881s at the end of FY 2000 (i.e., none with only an FSM 1000).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-38 In speaking of the Multi-Position Flats Sorting Machine 1000 (FSM 1000), you say, "There are 351 machines deployed..."

- (a) In the Base Year, how many facilities had one or more AFSM 100s and one or more FSM 1000s?
- (b) In the Base Year, how many facilities had one or more FSM 881s and one or more FSM 1000s?
- (c) In the Test Year, how many facilities had no AFSM 100s, no FSM 881s and no FSM 1000s?

Response:

- a. I am informed that at the end of the Base Year there were approximately 200 facilities which had one or more AFSM 100s and one or more FSM 1000s.
- b. I am informed that at the end of the Base Year there were approximately 130 facilities which had one or more FSM 881s and one or more FSM 1000s.
- c. Assuming you mean the Base Year, I am informed that there were no P&DCs and P&DFs which had no FSM 881s, no FSM 1000s and no AFSM 100s.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC.

DMA/USPS-T39-39 In speaking of the Multi-Position Flats Sorting Machine 1000 (FSM 1000), you say, "There are 351 machines deployed..."

- (a) In the Test Year, how many facilities will have one or more AFSM 100s and one or more FSM 1000s?
- (b) In the Test Year, how many facilities will have one or more FSM 881s and one or more FSM 1000s?
- (c) In the Test Year, how many facilities will have no AFSM 100s, no FSM 881s, and no FSM 1000s?

Response:

- a. I am informed that in the Test Year, approximately 236 facilities will have one or more AFSM 100s and one or more FSM 1000s.
- b. I am informed that in the Test Year, there will be no facilities that will have one or more FSM 881s and one or more FSM 1000s.
- c. I am informed that in the Test Year, there will be no P&DCs or P&DFs that will have no AFSM 100s, no FSM 881s and no FSM 1000s.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF GREETING CARD ASSOCIATION REDIRECTED
FROM WITNESS ROBINSON

GCA/USPS-T-29-25 Please refer to page 21, lines 5 - 7 of your testimony.

- (b) Please identify the operational areas in which the Postal Service could experience operational difficulties upon reversion of a large portion of workshared First-Class Mail.

RESPONSE:

- (b) Operational difficulties would vary locally due to variances in the geographic sources of workshared First-Class Mail and available processing capacity. For example, it would have less of an impact on a facility such as Reno, which does not have a large base of originating workshared First-Class mailers than on a facility that has a greater portion of First-Class Mail that is workshared.

On a system-wide basis, there would be less of an issue today if a portion of the workshared First-Class Mail reverted to single piece than there would have been prior to AFCS/ISS image lift capability. If a significant portion shifts to non-barcoded single piece, then additional OCR/ISS capacity, and to a lesser extent BCS/OSS capacity, would have to be evaluated. With planning, many mail processing facilities handle more than a 50 percent increase in single piece First-Class Mail during the Christmas season with existing equipment and space.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T-39-2 In Docket No. R2000-1, you were asked about the processing of letters addressed to a postal customer that had its own, unique 11-digit zip code. Please see your answers to Interrogatories KE/USPS-T10-3 and 4.

- A. Please confirm that you testified that if such an addressee were to receive on average 5,000 pieces per day, the final separation for that recipient would "very likely" take place in the incoming secondary operation. If you cannot confirm, please explain. If your answer is not the same today, please explain why not and provide copies of any studies or other documents you rely upon.
- B. Please confirm that you testified that the minimum received by that addressee could be as little as 1,000 pieces per day in order for the final separation to take place in the incoming secondary operation. If you cannot confirm, please explain. If your answer is not the same today, please explain why not and provide copies of any studies or other documents you rely upon.
- C. Please confirm that you testified that if such an addressee were to receive on average 5,000 pieces per day, the final separation for that recipient would "not likely" take place in the incoming primary operation. If you cannot confirm, please explain. If your answer is not the same today, please explain why not and provide copies of any studies or other documents you rely upon.
- D. Please confirm that you testified that the minimum received by that addressee would generally have to be 20,000 pieces per day in order for the final separation to take place in the incoming primary operation. If you cannot confirm, please explain. If your answer is not the same today, please explain.
- E. Would your answers for Parts A through D be the same if the letters were addressed to a post office box. If no, please explain.
- F. Would your answer for parts A through D be the same if the letters were QBRM with a unique 9-digit zip code? If no, please explain.

Response:

As FYI, the vast majority of delivery points (or postal customers) have their own unique 11-digit ZIP Code, not just firms.

A. Confirmed.

B. Confirmed. That response also indicated that the minimum daily volume varies by destinating facility since firm holdouts are based on density.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

C. Confirmed.

D. Confirmed.

E. For the most part, yes.

F. Yes, unless a 5-digit unique ZIP Code contains multiple 9-digit QBRM ZIP Codes. In that case, the 9-digit would not be held out on its own but would be combined with the others to the 5-digit.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-3 Please refer to your response to Interrogatory KE/USPS-T10-6c in Docket No. R2000-1 where you testified that the Postal Service expected to finalize by automation 94.1% of all barcoded letter volume in the incoming secondary operation by the test year in that case.

- A. Was this goal achieved? Please support your answer.
- B. What is the projection for the test year in this case?
- C. Does your projection include letters addressed to a post office box?
Please explain.

Response:

- A. Yes. The projection of 94.1% was based on incoming secondary letters that were sorted on automation equipment in the plants. The final number was 94.8% for the year.
- B. No projection has been made for the test year at the present time.
- C. If a projection were available for the test year, letters addressed to post office boxes would be included.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-4 When pre-approved prebarcoded letters (such as QBRM or CRM included in outgoing First-Class Automation letters) are rejected from an outgoing BCS operation, are they then sorted in the manual mailstream until delivery, or are they sent through the RBCS or some other OCR to see if they can be barcoded by the Postal Service. Please explain your answer.

Response:

Prebarcoded pieces rejected on the outgoing BCS would first flow to an outgoing OCR/ISS operation. The OCR will then attempt to code and sort the CRM pieces. However, since BRM records are stripped from our internal directories for revenue assurance purposes, BRM pieces will be sent to an outgoing manual operation after being fed on the OCR/ISS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-5 Please explain how the Postal Service processes the following types of letters after they have been rejected from an outgoing OCR in an ISS operation?

- A. Handwritten addressed letters and
- B. Machine printed addressed letters.

Response:

Regardless of the type of address, all read rejects from the OCR/ISS would have images sent to RCR and then to the REC to be keyed if the RCR was unable to resolve it. Meanwhile, the pieces would all flow to the BCS/OSS to get barcoded with the RCR or keyer results.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-6 On page 11 of your Direct Testimony you note that as recently as AP12, FY01, the amount of barcoded letters within the Postal mainstream has grown to 91.1%. You also indicate that of that total, 28% were barcoded by the Postal Service.

- A. Does the 91.1% refer to all First-Class letters or all letters, including First Class, Periodicals and Standard Mail?
- B. Please provide the underlying volumes from which you computed these Percentages.
- C. Of those letters barcoded by the Postal Service in AP12, FY01, were such letters barcoded within the RBCS system? If not, please explain how such letters were barcoded.
- D. In AP12, FY01, what percent of the total First-Class letters barcoded by the Postal Service were barcoded by (1) the RCR system and (2) the REC system.
- E. For the test year in this case, please indicate the percentage of total First-Class non-prebarcoded letters that the Postal Service expects to barcode.
- F. For the test year in this case, please indicate the percentage of total First-Class non-prebarcoded letters that the Postal Service expects to barcode by (1) the RCR system and (2) the REC system.

Response:

- A. The 91.1% refers to First-Class, Periodicals and Standard Mail.
- B. See response to OCA/USPS-62.
- C. Letters barcoded by the Postal Service came from the Optical Character Readers (OCRs), Remote Barcoding System (RBCS) keying results, and Remote Character Reader (RCR), which is part of RBCS.
- D. Volume is not tracked by class, subclass, or indicia in MODS. See response to MMA/USPS-T-39-7. See response to OCA/USPS-159(c) which provides RCR results for AP 13 and total for FY 2001. Corresponding REC results are 522,767,716 for AP 13 and 8,343,459,038 for total FY 2001.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

E. See response to KE/USPS-T22-2.

F. See response to KE/USPS-T22-2.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T-39-7 Please fill in the table below to the extent possible for the test year or for the latest period for which actual data are available. Please provide the source and support for your volume figures.

First-Class Single Piece Letter-Shape Mail Volume Projections

Type of Address	BRM	Metered	Stamped	Total
Prebarcoded				
Machine Printed				
Handwritten				
Total				

Response: The following data are available:

QBRM (barcode required) Base Year Volume	323,361,000 ¹
QBRM (barcode required) Test Year After Rates Volume	323,137,000 ¹
BRM Base Year Volume (letters & cards)	512,451,000 ²
BRM Test Year After Rates Volume (letters & cards)	512,097,000 ²
Script mail sorted on AFCSS, FY 2001 Total	9,034,058,600 ³
Readable mail (not FIM) sorted on AFCSS, FY 2001 Total	8,640,184,400 ³
CRM (total FIM minus BRM volume) Base Year Volume	7,672,681,000 ⁴

- Volume is not tracked by postage payment (metered vs. stamped).
- All BRM must be machine printed by standard (DMM S922.5.2).
- Volumes listed for the script and readable mail do not include non-machinable letters or letters cancelled by means other than an AFCS. Readable mail includes some handwritten mail that is likely to read by an OCR (i.e., printed and left justified).

¹USPS-T29, Attachment C

²USPS-LR-J-109, WP-2, (includes Nonadvanced Deposit FCM)

³MODS

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

⁴ ODIS

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-8 Please fill in the table below to the extent possible for the test year or for the latest period for which actual data are available. Please provide the source and support for your volume figures.

First-Class Single Piece Letter-Shape Mail Volume Projections

Type of Address	Machinable	Nonmachinable	Total
Prebarcoded			
Machine Printed			
Handwritten			
Total			

Response:

See response to KE/USPS-T-39-7 for available data.

All of the letters and cards within the various volume figures provided in KE/USPS-T-39-7 would be considered machinable. I am unaware of data available which indicate whether non-machinable letters are prebarcoded, machine printed, or handwritten.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-9 Please fill in the table below to the extent possible for the test year or for the latest period for which data are available. Please provide the source and support for your volume figures.

First-Class Single Piece Letter-Shape Mail Volumes
Processed by Automation and Manually

Type of Address	Processed by Automation Exclusively	Processed Manually in at Least one Operation	Total
Prebarcoded			
Machine Printed			
Handwritten			
Total			

Response:

See response to KE/USPS-T39-7 for available data.

I am unaware of data available that tracks the extent to which prebarcoded, machine printed, and handwritten mail is processed "by automation exclusively" versus "manually in at least one operation", much less by class or subclass.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-10 Please fill in the table below to the extent possible for the test year and for the latest period for which data are available. Please provide the source and support for your volume figures.

First-Class Single Piece Letter-Shape Mail Volume Projections

Type indicia	Machinable	Nonmachinable	Total
BRM			
Metered			
Stamped			
Total			

Response:

See responses to KE/USPS-T-39-7 and KE/USPS-T-39-8.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T-39-11 Please fill in the table below to the extent possible for the test year and for the latest period for which data are available. Please provide the source and support for your volume figures.

First-Class Single Piece Letter-Shape Mail Volumes
Processed by Automation and Manually

Type of Indicia	Processed by Automation Exclusively	Processed Manually in at Least one Operation	Total
BRM			
Metered			
Stamped			
Total			

Response:

See responses to KE/USPS-T-39-7 and KE/USPS-T-39-9.

I am unaware of data available that tracks the extent to which BRM, metered, and stamped mail is processed "by automation exclusively" versus "manually in at least one operation", much less by class or sub-class.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-12 Please fill in the table below to the extent possible for the test year or for the latest available period. Please provide the source and support for your volume figures.

First-Class Single Piece Letter-Shape Mail Volumes
Processed by Automation and Manually

Type of Letter	Processed by Automation Exclusively	Processed Manually in at Least one Operation	Total
Machinable			
Non-machinable			
Total			

Response:

See response to KE/USPS-T-39-9.

All non machinable letters are processed in either manual operations or possibly in an
FSM 1000 operation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T-39-13 Please refer to the Postal Service's response to Interrogatory OCA/USPS-62.

- A. Please confirm that the Postal Service barcoded 3,007,541,000 letters during AP 12, FY 01. If no, please explain
- B. Please confirm that the Postal Service failed to barcode 946,754,000 letters during AP 12, FY 01. If no, please explain
- C. Please confirm that the Postal Service could potentially have barcoded 3,007,541,000 plus 946,754,000 letters or 3,954,295,000 during AP 12, FY 01. If no, please explain.
- D. Please confirm that the Postal Service could not or did not barcode 946,754,000 /3,954,295,000 or 23.9 % of the letters during AP 12, FY 01, If no, please explain.
- E. For the test year, what percent of total letters will the Postal Service fail to barcode, given the fact that 23.9 % of the letters were not barcoded during AP 12, FY 01? Please support your answer.
- F. Please fill in the following table and correct any volume figures shown if they are not correct.

Volume of Barcoded and Non-barcoded Letters (000)

Subclass	Letters with USPS Applied Barcodes	Letters with Mailer Applied Barcodes	Letters Without Barcodes
FY 1999			
First Class	38,911,824	47,000,370	9,829,438
Standard	4,946,688	29,304,609	7,373,399
Total	43,858,512	76,304,979	17,202,837
FY 2000			
First Class	39,230,428	50,097,557	9,105,107
Standard	4,016,695	33,617,045	6,765,283
Total	43,247,124	83,714,601	15,870,390
FY 2001			
First Class	38,980,010	52,800,062	8,467,994
Standard	3,664,574	37,299,240	5,699,796
Total	42,644,584	90,099,302	14,167,790
AP 12, FY 01			
First Class	2,847,333	4,066,708	567,350
Standard	160,208	2,582,785	379,404
Total	3,007,541	6,649,493	946,754
AP 13, FY 01			
First Class	2,610,868	3,803,057	545,863
Standard	112,854	2,805,734	363,027
Total	2,723,722	6,608,791	908,890

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T-29(sic)-15

Please refer to the table that you were asked to complete in response to Part F of Interrogatory KE/USPS-T29(sic)-13.

- A. Please provide the projected test year after rates volumes and percentages by filling in the following table.

Subclass	Letters with USPS Applied Barcodes	Letters with Mailer Applied Barcodes	Letters Without Barcodes	Total Letters
TY 2003				
First Class Standard Total				
First Class				100%
Standard				100%
Total				100%

- B. Please provide a full explanation as to why the Postal Service will not barcode the volume and percentage of First-Class letters that you indicate will not be barcoded in the test year. In your explanation, please indicate during what processing operation (i.e., AFCA (sic), outgoing ISS, outgoing OSS, outgoing BCS primary etc.) the Postal Service determines that such letters cannot be barcoded.

Response:

- A. The Test Year 2003 barcode projections have not yet been determined.
- B. See response to KE/USPS-T-39-13C.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY

KE/USPS-T-39-16

Please refer to your response to Part G of Interrogatory MMA/USPS-T39-4. There you provided the volumes resolved by RCR and REC during FY 2001. Please fill in the following table, making corrections if necessary.

First-Class Letters Barcoded in FY 2001 and TY 2003
'(000)

First-Class Single Piece	RCR Resolved	REC Resolved	Prebarcoded	Not Barcoded	Total Volume
FY 2001	15,316,444	8,343,459			
Projected TY 2003					47,899,389

Response:

See response to KE/USPS-T-39-15A and KE/USPS-T-39-3B regarding Test Year projections.

See KE/USPS-T-39-13 for First-Class Mail prebarcoded and non-barcoded volumes for FY 2001.

See response to KE/USPS-T-39-6F redirected to witness Miller for projected Test Year RCR and REC resolved figures.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T39-17 Please refer to your responses to Parts (C) and (F) of Interrogatory KE/USPS-T39-13. In Part C you indicate that in AP 12 of FY 01, 946,754,000 letters were not barcoded by the Postal Service, and that a portion of these letters was not barcoded because they were non-machinable. In Part F you indicate that in AP 12 of FY 01, 946,754,000 letters were not barcoded, but that this total excluded non-machinable volumes.

- A. Does the 946,754,000 pieces not barcoded by the Postal Service in AP 12 of FY 01 include or exclude non-machinable letters?
- B. If your answer to Part A is that non-machinable letters are included, please indicate what portion of those 946,754,000 letters were not barcoded because the letters were non-machinable.
- C. Please provide the number of non-machinable letters for the base year in this case.
- D. Please provide the Postal Service's estimate of the number of non-machinable letters for (1) the test year before rates and (2) the test year after rates.

Response:

- A. See errata for KE/USPS-T39-13F filed on December 3, 2001.
 - B. – D. We do not know what portion of non-barcoded letters are non-machinable.
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T39-18 In his response to Part D of Interrogatory KE/USPS-T22-3, USPS witness Miller discusses "rejects" from the outgoing OSS and ISS where such letters are provided with a 5-digit barcode rather than a 9- or 11-digit barcode.

- A. In the base year what percentage of letters that are barcoded by the RBCS receive only a 5-digit barcode?
- B. For letters barcoded by the RBCS in the test year, what percentage of such letters is expected to receive only a 5-digit barcode?

Response:

- A. Approximately ten percent of the images processed through RBCS (REC and RCR) resulted in a 5-digit code. However, this does not mean that all of the 5-digit barcoded letters were due to insufficient addressing or directories since the RBCS system will check to see if the zone is a unique or non-automated zone. If it is, the system will stop at a 5-digit barcode since that is all of the information necessary for our sortation.
 - B. See response to KE/USPS-T39-6F redirected to witness Miller (USPS-T-22).
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T39-19 Please refer to USPS witness Miller's response to Part A of Interrogatory KE/USPS-T22-4 where he states that he has no information regarding the impact that type of address, i.e., handwritten or machine addressed, has on how the Postal Service will process a letter, i.e. by automation or manually.

- A. Please confirm that there is no discernable relationship between the likelihood of the Postal Service barcoding a First-Class letter to 5-digits versus 9- or 11-digits, and the type of address, i.e. either handwritten or machine printed. If no, please explain.
- B. Please confirm that there is no discernable relationship between the likelihood of the Postal Service barcoding a First-Class letter, and the type of address, i.e. either handwritten or machine printed. If no, please explain.
- C. Please confirm that there is no discernable relationship between the likelihood of the Postal Service sorting a First-Class letter by automation and the type of address, i.e. either handwritten or machine printed. If no, please explain. If no, please explain.

Response:

- A. To my knowledge, this has not been studied. However, I have no reason to believe they would be dramatically different.
 - B. To my knowledge, this has not been studied. However, I have no reason to believe they would be dramatically different.
 - C. To my knowledge, this has not been studied. However, I have no reason to believe they would be dramatically different.
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

KE/USPS-T39-20 Please refer to your response to Interrogatory KE/USPS- T39-16. There you were asked to fill in a table similar to the one below except that in the table below a row for base year information has been added. Your response failed to provide confirmation or correction of the specific numbers provided by KeySpan Energy and failed to provide, for FY 2001, the requested breakdown between Prebarcoded and Not Barcoded, as well as the Total Volume.

**First-Class Single Piece Letter-Shape Mail
(000)**

First-Class Single Piece	RCR Resolved	REC Resolved	Prebarcoded	Not Barcoded	Total Volume
BY 2000					47,033,105 ¹
FY 2001	15,318,444 ²	8,343,459 ³			
Projected TY 2003					43,017,298 ⁴

¹ USPS-LR-J-53

² Response to OCA/USPS-159(C)

³ Response to KE/USPS-T39-6 (D)

⁴ USPS-LR-J-58

Please fill in *all* of the blanks, including your best estimate of the number of letters prebarcoded and not barcoded. If the numbers KeySpan Energy has provided are wrong, please correct them. Please fill in the Total Volume of letter-shaped pieces, since the Postal Service is the only party who can provide that data. If the BY 2000 RCR and REC resolved volumes are not available, please so state. Finally, for the test year please fill in the projections. If no projections have been made, please explain why those projections have not been made. If you have assumed that the same relationship exhibited during BY 2000 and/or FY 2001 can be expected to be maintained through the test year, please explain the bases for such assumption.

Response:

**First-Class Single Piece Letter-Shape Mail
(000)**

First-Class Single Piece	RCR Resolved	REC Resolved	Prebarcoded	Not Barcoded	Total Volume
BY 2000	12,431,556	9,358,796			52,174,240
FY 2001	15,318,444	8,343,459 ³			51,253,116
Projected TY 2003					46,865,402

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY**

The figures provided in responses to OCA/USPS-159(C) and KE/USPS-T-39-6(D) (footnotes 2 and 3) are not just for First Class Mail Single Piece but for all letters and cards. Volume is not tracked by class, subclass, or indicia in MODS. Therefore, the Total Volume First Class Single Piece figures you provided (footnotes 1 and 4) do not match up with the RCR, REC pre-barcoded, and non-barcoded figures. Prebarcoded and nonbarcoded FY 2000 and 2001 volumes separate by First Class Mail and Standard Mail are provided in response to KE/USPS-T39-13. BY 2000 RCR and REC resolved volumes are for all classes of letters and cards. For TY 2003 REC and RCR projections, see response to KE/USPS-T39-6(F) redirected to witness Miller (T22). For TY 2003 prebarcoded First Class Mail Single Piece projections see response to KE/USPS -T-39-7 for BRM and QBRM TYAR. For TY 2003 nonbarcoded volumes, equivalent test year estimates are not available. See response to KE/USPS-1(A-D). Projected TY 2003 Total Volume figures for First Class Mail Single Piece are in response to KE/USPS-1. FY 2000 and FY 2001 Total Volume of First Class Mail Single Piece Letters, Flats, and Parcels are from RPW report AP 13 YTD.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF KEYSpan ENERGY

KE/USPS-T39-21 Please refer to your response to interrogatory KE/USPS-T39-3, where you confirm that the Postal Service met its goal of processing by automation 94.1% of all barcoded letters in the incoming secondary by FY 2001, the test year in the last case.

- A. Please provide the percentage of First-Class single piece machinable letter- shaped pieces that was processed by automation in the incoming secondary in FY 2001.
- B. Please provide a projection for the test year of this case for the percentage of First-Class single piece machinable letter-shaped pieces that will be processed by automation in the incoming secondary.

Response:

- A. See response to OCA/USPS – 39. In MODS, volumes are not tracked through equipment by class or subclass.
- B. Not available.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS {name}
TO INTERROGATORIES OF {full party name}

KE/USPS-T-14-1 Please refer to Library Reference USPS-LR-J-56 where you develop accept rates and productivities for the outgoing BCS primary operation.

- C. Please provide all of the reasons that can cause the BCS primary operation to reject 4.9% of the pieces.
- D. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than CEM letters that are not pre-approved? Please explain your answer.
- E. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters, be more or less likely to be rejected than letters that were barcoded by the Postal Service in the RBCS? Please explain your answer

Response:

- C. Automation rejects are non-readable barcodes where there was no ID tag such as prebarcoded mail or a non-readable ID tag if barcoded by the Postal Service. A barcode can be non-readable because it was smeared, printed too lightly, too skewed, there was something in front of WABCR, or pieces overlapped during feeding inhibiting the WABCR's ability to see the entire barcode.
- D. I have no data nor personal experience on which to base an answer.
- E. It is my understanding that there is no data that differentiates letter automation read rates between postal applied and mailer applied barcodes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY REDIRECTED FROM
WITNESS BOZZO**

KE/USPS-T-14-2 Please refer to Library Reference USPS-LR-J-56 where you develop accept rates and productivities for the outgoing BCS secondary operation.

- B. Please provide all of the reasons that cause the outgoing BCS secondary operation to reject 4.0% of the pieces.
- C. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be less likely to be rejected than CEM letters that are not pre-approved? Please explain your answer.
- D. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than letters that were barcoded by the Postal Service in the RBCS? Please explain your answer.

Response:

- B. See response to MMA/USPS-T-14-1 C.
 - C. See response to MMA/USPS-T-14-1 D.
 - D. See response to MMA/USPS-T-14-1 E.
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY REDIRECTED FROM
WITNESS BOZZO**

KE/USPS-T-14-3 Please refer to Library Reference USPS-LR-J-56 where you develop accept rates and productivities for the incoming BCS MMP operation.

- B. Please provide all of the reasons that cause the incoming BCS MMP operation to reject 4.0% of the pieces.
- C. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than CEM letters that are not pre-approved? Please explain your answer.
- D. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than letters that were barcoded by the Postal Service in the RBCS operation? Please explain your answer.

Response:

- B. See response to MMA/USPS-T-14-1 C.
 - C. See response to MMA/USPS-T-14-1 D.
 - D. See response to MMA/USPS-T-14-1 E.
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KEYSpan ENERGY REDIRECTED FROM
WITNESS BOZZO**

KE/USPS-T-14-4 Please refer to Library Reference USPS-LR-J-56 where you develop accept rates and productivities for the incoming BCS SCF/primary operation.

- B. Please provide all of the reasons that cause the incoming BCS SCF/primary operation to reject 4.0% of the pieces.
- C. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than CEM for which there has been no pre-approval? Please explain your answer.
- D. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than letters that were barcoded by the Postal Service in the RBCS operation? Please explain your answer.

Response:

- B. See response to MMA/USPS-T-14-1 C.
- C. See response to MMA/USPS-T-14-1 D.
- D. See response to MMA/USPS-T-14-1 E.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF KESPAN ENERGY REDIRECTED FROM
WITNESS BOZZO

KE/USPS-T-14-5 Please rank the following types of letters according to the relative difficulty that postal automation equipment has in processing the type of letter and the likelihood that such letters will be rejected. Please give the reasons for the rankings provided in your answer.

- A. Handwritten addressed letters:
- B. Machine printed addressed letters;
- C. Prebarcoded machine printed addressed letters that have not been pre- approved by Postal Service officials; and
- D. Prebarcoded machine printed addressed letters that are pre-approved by Postal Service officials.

Response:

Postal automation equipment has different types of "difficulties" that affect reject rates. Machinability is the most problematic and address quality is the second (e.g., incomplete address). Assuming these four categories are all machinable, then D. would be the least "difficult" (assuming the customer uses it properly, i.e., does not cover the FIM with a stamp or crosses out the address, but not the barcode, to use the envelope for something else).

Categories A., B., and C. would be ranked second very close behind D. Given our ability to barcode mail, I know of no studies and I have no personal experience, which show that anyone of these categories are likely to reject more than the others.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF KEYSpan ENERGY
REDIRECTED FROM WITNESS BOZZO

KE/USPS-T-14-9 Please refer to page 12 of Library Reference USPS-LR-J-60 where Mr. Miller presents his mail flow models for handwritten letters, worksheet "table" of Library Reference USPS-LR-J-56, and to page 4 of USPS-T-39, the Direct Testimony of USPS witness Linda A. Kingsley.

- A. Please confirm that it is a national policy of the Postal Service to have the AFCS lift images only of script mail, which can then be later sent to the REC if the addresses cannot be resolved by the RCR. If you cannot confirm, please explain.
- B. Please confirm that letters whose address images have been lifted in the AFCS that cannot be resolved by the RCR will be sent to the OSS for barcoding and sorting. If you cannot confirm, please explain.
- C. Please confirm that USPS witness Miller shows that for every 10,000 handwritten single piece letters that enter the RBCS ISS operation, 1,714 letters are sent through the OSS. If you cannot confirm, please explain.
- D. Please confirm that in Library Reference USPS-LR-J-56, you show that 26.042 billion pieces were fed into the ISS while 27.495 billion pieces were fed into the OSS. If you cannot confirm, please explain.
- E. Are the number of letters fed into the ISS and OSS roughly even, as you show in USPS-LR-J-56, or is Mr. Miller correct in assuming that the number of pieces fed into the ISS is roughly 5+ times that of the pieces fed into the OSS? Please explain your answer.

Response:

- A. Confirmed.
- B. Confirmed. The pieces resolved by the RCR from the AFCS will also go to the OSS for barcoding and sorting.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILER ASSOCIATION**

MMA/USPS-T-39-1 Please refer to your Direct Testimony on page 6 where you describe the Delivery Bar Code Sorter.

- A. When letters are sorted to delivery point sequence, are First-Class and Standard Mail letters usually combined in this operation?
- B. Please confirm that the average weight of a First-Class Automation letter is .58 ounces and the average weight of a Standard Mail letter is .77 ounces. If you cannot confirm, please explain why not.
- C. Please indicate how the average weight difference between lighter First-Class letters and heavier Standard Mail letters impacts the cost of the delivery point sequencing operation. In other words, is there any cost difference between processing a First-Class letter vs. a Standard letter that can be tied to the significant difference in the average weight of such letters?

Response:

- (a) See response to OCA/USPS-42, part (b).
- (b) It is my understanding that these weight-per-piece figures are reasonable estimates.
- (c) It is not expected that this small difference would have a significant impact on the productivity and, as a result, the cost of the delivery sequencing operation. What is known, however, is that heavier letters are more difficult for the automation equipment to accelerate. Some slipping occurs at the feed belts on letter automation equipment until the heavier pieces are brought-up to transport speed. This slippage typically results in an increase in the gap between letters in the transport belts as the weight increases. As the gap increases, the throughput decreases. Data available that quantifies these effects were provided in Docket No. MC95-1 in response to interrogatory MMA/USPS-T2-12. However, these data focus primarily on heavier letters (> 2.0 ounces). Finally, experience indicates that heavier pieces tend to jam at a higher frequency, which also impacts productivity.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILER ASSOCIATION

MMA/USPS-T-39-2

A. What is the purpose for the letters "AUM3", "AUM5" or "AUMP" plus a zip code that can be found printed to the left of the barcode on some First-Class automated letters.

B. At what point in the overall processing operation is this coding applied to First-Class letters and what equipment is used to apply such coding?

Response:

(a – b) See DMM P960.3.2.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILER ASSOCIATION**

MMA/USPS-T-39-4 Please refer to Attachment A where this is a reproduction of an actual letter that was received. Note that the postage paid was 28 cents, the current automation basic rate, and that an ID Tag has been printed on the backside of the envelope.

A. Please confirm that the postage paid is the automation basic rate. If you cannot confirm, please explain.

B. Please confirm that the barcode shown on this envelope was sprayed on by the Postal Service. If you cannot confirm, please explain.

C. Please confirm that the ID Tag on the back of the envelope was sprayed on by the Postal Service. If you cannot confirm, please explain.

D. Please explain the line printed just below the return address that apparently says "SINGLE PIECE##10/11/01/KCM0/641".

E. Please explain why this mail qualified for the automation basic rate?

F. Please confirm that this letter was sent through the RBCS system. If you cannot confirm, please explain. If you can confirm, please explain why this letter was sent through the RBCS system.

G. How much automation mail is sent through the RBCS system?

H. Would the cost of processing this letter in the RBCS operation be attributed to First-Class single piece or First-Class automation? Please explain your answer.

Response:

A. The postage on the meter indicates 28 cents, which is the basic automation rate.

B. Confirmed.

C. Confirmed. ISSs spray a barcode on all pieces fed.

D. The line printed below the return address explains that additional postage was paid for the piece at the single piece rate in Kansas City Missouri (641 ZIP Code prefix) on October 11, 2001. See DMM M012.2.1b.

E. NA

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILER ASSOCIATION

- F. Confirmed. The "+" between the ZIP Code and the +4 before the barcode indicates that RCR resolved the address. It was sent through an ISS at origin. I would guess that it was part of a mailing by a presort bureau where their customers put on the automation basic rate. If the mailer or consolidator cannot get the piece barcoded, it subsequently pays more postage. If the presort level ends up being finer than the basic level, then we provide what is know as a value added rebate for the excess postage on the piece.
- G. See response to OCA/USPS-159(c) for the volume resolved by RCR. FY2001 volume resolved by keyers at a REC was 8,343,459,038.
- H. Single piece.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILER ASSOCIATION

MMA/USPS-T-39-6 Please describe what happens when mail is re-wrapped and the reasons why mail might be required to be re-wrapped.

Response:

Mailpieces that have been damaged or soiled during postal processing may require rewrap. The process of rewrap involves the repair or superficial improvement to a piece so it can be delivered to the addressee. Repair commonly involves taping torn sections of an envelope or parcel. Often, a damaged letter or flat will be placed inside a clear plastic bag that has been printed with a message from the processing plant regarding the condition of the mailpiece.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILER ASSOCIATION

MMA/USPS-T-39-7 Please refer to your testimony on page 11 where you discuss the amount of letters that are currently sorted to DPS.

- A. What percent of total First-Class single piece letters will be sorted to carrier sequence by automation in the test year?
- B. What percent of First-Class presorted letters will be sorted to carrier sequence by automation in the test year?
- C. What percent of First-Class metered letters will be sorted to carrier sequence by automation in the test year?
- D. What percent of First-Class Automation letters will be sorted to carrier sequence by automation in the test year?

Response:

(a – d) We do not track volume by class, subclass, or indicia in MODS. See response to OCA/USPS-62 for the percent of First Class Mail and Standard letters and cards barcoded to 9-digit and 11-digit. The total percent of DPS letters is expected to increase, by some unknown amount, by FY 2003.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

MMA/USPS-T39-8 Please refer to your response to Part C of Interrogatory MMA/USPS-T39-1 where you refer to the USPS response to Interrogatory MMA/USPS-T2-12 in Docket No. MC95-1.

- A. Please confirm that this engineering study was never presented to the Commission as evidence, was never sponsored by any Postal Service witness, and was never subjected to any cross examination whatsoever. If you cannot confirm, please explain.
- B. Please confirm that, despite some of the engineering study's conclusions regarding heavy weight pieces that you cite, in every omnibus rate proceeding prior to this one, the Postal Service has proposed Standard Mail letter rates that do not increase with weight so long as the weight of a piece stays at or below 3.3 ounces. If you cannot confirm, please explain.
- C. Please confirm that, despite some of the engineering study's conclusions regarding heavy weight pieces that you cite, in this case the Postal Service has proposed to increase the maximum letter weight for Standard Mail letters to 3.5 ounces. If you cannot confirm, please explain.
- D. Please confirm that the engineering study you cite did not study any letters below 1.75 ounces, so that no conclusions can be drawn about letters weighing up to 1.75 ounces. If you cannot confirm, please explain.
- E. Please confirm that in his response to Part A of Interrogatory USPS/MMA-T2-3 in Docket No. MC95-1, MMA witness Bentley testified that, as shown by the engineering study, "the throughput rate decreased only gradually as the weight increased to about 2.25 ounces and decreased at a faster rate as the letters' weight increased from 2.5 ounces to 4.5 ounces. If you cannot confirm, please explain.
- F. Please confirm that the engineering study did not, in any way, measure the increase in costs due to the throughput reductions that it measured for heavier letters. If you cannot confirm, please explain.
- G. Please confirm that in his response to Interrogatory USPS/MMA-T2-2 in Docket No. MC95-1, MMA witness Bentley "attempted to translate reduced throughputs into increased processing costs and found that "the additional costs that might be caused by excess weight up to three ounces are minimal in relation to the mount of postage that is collected." If you cannot confirm, please explain.
- H. Please confirm that the study Docket No. MC95-1 engineering study measured decks of 1,000 identical heavy letters that did not represent the real world situation where heavy letters are interspersed among lighter weight letters. If you cannot confirm, please explain.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION

- I. Please confirm that in Docket MC95-1, MMA witness Bentley concluded in answer to Part c of Interrogatory USPS/MMA-T2-3 that "only .14% of First-Class letters weigh over 2 ounces," and that "USPS witness Smith readily admits" that the "impact of such a small amount of heavyweight volumes would hardly affect the costs."
- J. Please confirm that MMA witness Bentley reported, in response to Interrogatory Part d of USPS/MMA-T2-3 in Docket No. MC95-1, that "when heavyweight letters comprised one percent of and were intermixed with lightweight letters," the throughput decreased by just .6%. If you cannot confirm, please explain.

Response:

- A. Confirmed.
- B. Not Confirmed. In Docket No. R2000-1, the Postal Service indicated that the rate design was predicated on the assumption that there will be no effect on costs or revenues if the Postal Service increased the maximum weight for Standard Mail automation letters to 3.5 ounces via rulemaking in conjunction with the implementation of Docket No. R2000-1 rates.
- C. Confirmed. Even though the automation throughput dropped for the heavier pieces, it is much less costly for the Postal Service to process these pieces as automation letters than as automation flats or manual letters.
- D. Confirmed.
- E. Witness Bentley's testimony speaks for itself.
- F. The study measured the impacts on throughput which in turn affects productivities and hence costs, but did not specifically look at costs through the entire system.
- G. See response to subpart E above.
- H. Confirmed for the study in Docket No. MC95-1. Decks of identical letters represent the real world situation of a bulk mailing containing heavy letters processed on

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION**

MMA/USPS-T39-9 Please refer to your response to Part A of Interrogatory MMA/USPS-T39-5 where we were asked if allied operations costs were considered volume variable. Your response claims that such costs do not vary 100% with volume.

- A. Is it your understanding that the Postal Service attributes such costs to specific subclasses? If no, please explain.
- B. Is it your understanding that allied operations costs are "covered" by each subclass to meet the requirement of Section 3623(B)(3) of the Act?

Response:

- A. In response to MMA/USPS-T39-5a, I stated my expectation that a volume change would have a less than proportional impact on allied workhours for the reasons explained in my testimony on pages 33 and 34. If, however, you are now asking about the USPS policy and practice in this area, I am not a costing witness. See the USPS response to subpart B.
- B. Redirected to USPS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF MAJOR MAILERS ASSOCIATION
REDIRECTED FROM WITNESS ROBINSON

MMA/USPS-T-29-7 On pages 13-14 and 16-18 of your Direct testimony you discuss your proposal to modify the current nonstandard surcharge by extending it to include mail that is nonmachinable and renaming it the "nonmachinable surcharge."

- A. How will the Postal Service handle a single piece letter that is nonmachinable because the handwritten address is too messy to be read but pays no surcharge? Please explain.
- B. How will the Postal Service handle a single piece letter that is nonmachinable because the envelope is too dark leaving too little contrast for the envelope to be read by an OCR, but pays no surcharge? Please explain.
- C. How will the Postal Service handle a letter that is nonmachinable because the paper is too flimsy to successfully be sorted by automation, but pays no surcharge? Please explain.

Response:

- A. A messy handwritten address does not make the piece nonmachinable. The physical characteristics of the piece affect machinability. If it is too messy to be read by the OCR, RCR, or REC keyer, it will be sorted out as non-readable at the OSS and flow to manual for processing. If the REC keyer cannot read the address, the manual clerk is also unlikely to be able to interpret the address. This piece may be marked "return to sender" if a legible return address exists or it will be sent to dead letter operations. See DMM F010.8.
- B. The gray scale cameras on the OCRs translate the image into 256 shades of gray to improve the likelihood of distinguishing the print from a darker background (see my testimony, USPS-T-10, page 4, from Docket No. R2000-1). If the background is too dark for the OCR, RCR, or REC keyer to distinguish the address, it would be handled similar to the illegible letter in sup-part A. Again, this piece is not considered nonmachinable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF MAJOR MAILERS ASSOCIATION
REDIRECTED FROM WITNESS ROBINSON

- C. The flimsy piece may be pulled from the automated mail stream at the AFCS, at the feed end of letter automation equipment, or pulled from the automation equipment after it has jammed or been damaged. The flimsy pieces would then proceed to manual operations. If no surcharge had been paid, it would be treated similar to a nonstandard piece today that had not paid the surcharge. See response to OCA/USPS-63 (a), (b), (f-j).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC.

MPA/USPS-T-39-1

Please refer to page 15 of your testimony where you state,
"Phase I deployment of 175 machines is complete. Phase II deployment of 362 machines began in December 2000 and is scheduled for completion in April 2002."

- (a) When was Phase I of the Automated Flat Sorting Machine 100 (AFSM 100) deployment completed?
- (b) Please confirm that the Phase II deployment is still scheduled for completion in April 2002. If not confirmed, please provide the correct completion date.
- (c) Please confirm that, in Phase II, the Postal Service plans to deploy 362 AFSM 100s.
- (d) Is the Postal Service planning a Phase III AFSM 100 deployment?
- (e) If your response to subpart (d) of this interrogatory is yes, when will the deployment begin?
- (f) If your response to subpart (d) of this interrogatory is yes, when will the deployment end?
- (g) If your response to subpart (d) of this interrogatory is yes, how many machines will the Postal Service purchase in Phase III?
- (h) If your response to subpart (d) of this interrogatory is yes, what will the purpose of these machines be?

Response:

- (a) See DMA/USPS-T-39-18a.
- (b) Confirmed.
- (c) Confirmed.
- (d) No.
- (e – h) N/A

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

OCA/USPS-T39-1 Please refer to the response to OCA/USPS-145.

- a. Do you agree with the response of the Postal Service to OCA/USPS-145(a-i)? If you do not agree with any response, please provide your response. If you do agree, please reconcile your response with the response to UPS/USPS-T39-3.
- b. Refer to the response to part a.
 - i. Please define "throughput."
 - ii. Please provide a numeric example showing the calculation of throughput. If there are alternative calculations for throughput, please show these alternative calculations.
 - iii. Please identify the calculation of throughput from subpart ii. used, or use predominately, by the Postal Service.
 - iv. Does the calculation of throughput differ based upon the type of automated mail-processing equipment? If yes, show the calculation of throughput for each type of automated mail processing equipment
- c. Refer to the response to part a., where it states "there are inherent differences in piece characteristics between First-Class Mail and Standard Mail that affect throughput." Please confirm that the phrase "inherent differences in piece characteristics" refers to physical characteristics. If you do not confirm, please explain.
- d. Refer to the response to part a., where it states "there are inherent differences in piece characteristics between First-Class Mail and Standard Mail that affect throughput."
 - i. Please identify all inherent differences in mailpiece characteristics for automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces weighing one ounce that affect throughput when processed on the Delivery Bar Code Sorter (DBCS), the Mail Processing Bar Code Sorter (MPBCS), and the Carrier Sequence Bar Code Sorter (CSBCS).
 - ii. Please indicate whether each inherent difference in mailpiece characteristics identified in subpart i. with respect to automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces weighing one ounce has a positive or negative impact on throughput when processed on the DBCS, MPBCS and CSBCS. Please explain the basis for indicating any positive or negative impact.
 - iii. Please separately rank the positive and negative impacts indicated in subpart ii. from most important to least important for the DBCS, MPBCS and CSBCS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

- iv. Please identify which (if any) of the positive and negative impacts from subpart iii. have been specifically estimated, quantified, or modeled by the Postal Service in the calculation of throughputs with respect to automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces weighing one ounce processed on the DBCS, MPBCS and CSBCS.
- e. Refer to the response to part a., where it states that "First-Class Mail and Standard Mail are sometimes processed on different sort plans." Please confirm that the phrase "different sort plans" refers to the first pass in Delivery Point Sequencing (DPS) on the DBCS and MPBCS. If you do not confirm, please explain.
- f. Refer to the response to part a.
 - i. Please identify any factors (other than inherent differences in mailpiece characteristics) related to automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces weighing one ounce that affect throughput when processed on the DBCS, MPBCS, and CSBCS.
 - ii. Please indicate whether each factor identified in subpart i. with respect to automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces weighing one ounce has a positive or negative impact on throughput when processed on the DBCS, MPBCS and CSBCS. Please explain the basis for indicating any positive or negative impact.
 - iii. Please separately rank the positive and negative impacts indicated in subpart ii. from most important to least important for the DBCS, MPBCS, and CSBCS.
 - iv. Please identify which (if any) of the positive and negative impacts from subpart iii. have been specifically estimated, quantified, or modeled by the Postal Service in the calculation of throughputs with respect to automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces weighing one ounce processed on the DBCS, MPBCS, and CSBCS.
- g. Refer to the response to part a. To what extent are automation compatible, barcoded "First-Class Mail and Standard Mail [letter-shaped pieces weighing one ounce] sometimes processed on different sort plans" on the DBCS, MPBCS, and CSBCS? Please provide the frequency, or an estimate of the frequency, with which this occurs for DBCS, MPBCS, and CSBCS processing.
- h. Refer to the response to part a. To what extent do "The First-Class sort plans [for automation compatible, barcoded letter-shaped pieces weighing one ounce] likely involve the use of more stackers" as compared to automation compatible, barcoded Standard Mail letter-shaped pieces weighing one ounce? Please provide the frequency, or an estimate of the frequency, with which this occurs for DBCS, MPBCS, and CSBCS processing.
- i. Refer to the response to part a., where it states that "First-Class Mail and Standard Mail are sometimes processed on different sort plans." Would the use

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

- of different sort plans for automation compatible, barcoded First-Class letter-shaped pieces weighing one ounce vs. automation compatible, barcoded Standard Mail letter-shaped pieces weighing one ounce produce a small or large impact on the throughputs of the DBCS, MPBCS, and CSBCS? Please explain and provide copies of any studies, reports, other documents, or communications that support the explanation.
- j. Refer to the response to part a. In the absence of "any testing conducted to quantify the impacts of these differences on equipment throughputs," please provide copies of any studies, reports, other documents, or communications that discuss the impact of different First-Class Mail and Standard Mail sort plans on throughput.
 - k. Refer to the response to part a. Please confirm that it is possible for two groups of 10,000 automation compatible, barcoded letter-shaped pieces weighing one ounce to be identical in every respect (including content and mailing addresses), except that one group paid a First-Class rate and the other paid a Standard Mail Regular rate. If you do not confirm, please explain.
 - l. Refer to the response to part a. Would your response to the hypothetical posed in part a. change if the group that paid the First-Class rate were entered in bulk? Please explain.
 - m. Refer to the response to part b. Please confirm that "the differences spelled out in part (a)" refer to the "inherent differences in piece characteristics between First-Class Mail and Standard Mail." If you do not confirm, please explain.
 - n. Refer to the response to part b. "[A]bsent testing," please provide copies of any studies, reports, other documents, or communications that discuss the impact of different First-Class Mail and Standard Mail sort plans on productivities.
 - o. Refer to the response to part c. Please confirm that it is possible for two groups of 10,000 automation compatible, barcoded letter-shaped pieces weighing one ounce and identical in every respect (including content and mailing addresses), with one group paying a First-Class rate and the other paying a Standard Mail Regular rate, to be processed on the same tour. If you do not confirm, please explain.
 - p. Refer to the response to part d. Refer also to the hypothetical posed in OCA/USPS-145(a). Please quantify the effect on the unit cost of automation compatible, barcoded First-Class and Standard Mail letter-shaped pieces weighing one ounce caused by the changes in throughput cited in response to part a. when such mail is processed on the DBCS. Please quantify the effect on the unit cost when such mail is processed on the MPBCS and CSBCS.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

- q. Refer to the response to part d. Refer also to the hypothetical posed in OCA/USPS-145(b). Please quantify the effect on the unit cost of automation compatible, barcoded First-Class and Standard Mail letter-shaped pieces weighing one ounce caused by the changes in productivity cited in response to part b. when such letter-shaped pieces are processed on the DBCS. Please quantify the effect on the unit cost when such letter-shaped pieces are processed on the MPBCS and CSBCS.
- r. Refer to the response to part d. Refer also to the hypothetical posed in OCA/USPS-145(c). Assuming the automation compatible, barcoded First-Class and Standard Mail letter-shaped pieces weighing one ounce are processed in one tour, please quantify the effect on the unit cost when such letter-shaped pieces are processed on the DBCS. Please quantify the effect on the unit cost when such letter-shaped pieces are processed on the MPBCS and CSBCS.

Response:

- a. Yes. The responses cannot be reconciled, since they cover different topics. The response to OCA/USPS-145 (a – i) relates to piece distribution operations, and the response to UPS/USPS-T39-3 covers the differences in culling and opening operations for incoming letters from each of the points of origin.
- b. i. See footnote 7 on page 4 of my testimony (USPS-T-39) for a definition of throughput. ii. & iii. If 120,000 pieces were fed on a single machine in four hours, the throughput would be 30,000 pieces per hour (equals pieces fed divided by machine run hours or, in this example => 120,000/4). iv. No.
- c. Confirmed.
- d. i. First-Class letters tend to be white, enclosed envelopes with minimal extraneous information on the address side. Standard Mail tends to include more pieces that are glossy, non-white, not fully enclosed (e.g., tri-folds, self-mailers, small bound

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

booklets), extraneous information on the address side and is thicker and heavier on average.

ii. Based strictly on experience, the characteristics described in subpart i. associated with First-Class Mail letters tend to have a positive impact on throughput, while the characteristics associated with Standard Mail letter-shaped pieces tend to have negative impacts. The characteristics listed in subpart i. either make barcode application and subsequent readability more difficult or reduce throughput by slowing down the feeder. Even though there are general differences, I believe the difference in throughput is small. See response to OCA/USPS-163.

iii. I have not conducted, nor know of, a comparison study to determine which of these factors has the greatest or least impact on throughput.

iv. None.

e. Not confirmed. The first pass of DPS may be run at different times but it *must* be run on the same sort program.

f. i. None that I am aware of.

ii.-iv. NA

g. It is expected that the use of different sort plans on the DBCSs and MPBCSs would vary significantly from plant to plant based on their service commitments. I am unaware of a specific frequency or information on which to base an estimate. See response to OCA/USPS-163.

h. Outgoing operations, which contain very little Standard Mail volume, typically utilize the maximum number of stackers to sort to other plants as well as local zones and firms. Incoming operations containing both First-Class and Standard Mail may use

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

less than the maximum number of stackers depending on the number of associate offices, city zones, or delivery routes in the sort. Also, sort plans dedicated specifically for Standard Mail would not contain courtesy reply or business reply holdouts. As mentioned in sub-part e, DPS runs do not have separate sort plans by class. I am unaware of a specific frequency or information on which to base estimates.

- i. I would estimate a small impact.
- j. I am unaware of any such studies, reports, other documents, or communications correlating the relationship of sort plans and throughput.
- k. Confirmed. It is possible for two groups of 10,000 pieces to be identical in every respect except for class.
- l. No.
- m. Not confirmed. It refers to both the inherent differences in piece characteristics and the fact that they are sometimes processed on different sort plans.
- n. I am unaware of any such studies, reports, other documents, or communications. However, based on the calculations for throughput and productivity, differences in throughput will impact productivity. See footnote 7 on page 4 of my testimony (USPS-T-39) for definitions of throughput and productivity.
- o. Confirmed. It is possible, but not frequent, that two classes of mail are processed on the same tour except for the second pass of DPS processing. Also see response to OCA/USPS-42(b).
- p. The effect would be similar.
- q. The effect would be similar.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

r. The effect would be similar.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

OCA/USPS-T39-2 Please refer to the response to OCA/USPS-149, parts d and h.

- a. Do you agree with the response of the Postal Service to OCA/USPS-149? If you do not agree with any response thereto, please provide your response.
- b. Refer to the response to part d. Please confirm that the identical mail flow densities for First-Class and Standard Regular letter-shaped pieces assumes, for purposes of USSP-LR-J-60, that the sort schemes and mail processing operations for First-Class and Standard Regular letter-shaped pieces are the same. If you do not confirm, please explain.
- c. Refer to the response to part d. Please confirm that the identical marginal volume variable productivities for First-class and Standard Regular letter-shaped pieces assumes, for purposes of USSP(sic)-LR-J-60, that the costs for First-class and Standard Regular letter-shaped pieces undergoing the same mail processing operations are the same. If you do not confirm, please explain.

RESPONSE:

- a. Yes.
- b. Confirmed. These values are averages of all the mail run on those programs.

MODS does not differentiate by class or subclass. See response to OCA/USPS-40.

- c. It is my understanding that this is confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

OCA/USPS-T39-3 Please refer to the response to OCA/USPS-165(a), where it states that "experience in operations indicates that cards jam less frequently than letters."

- a. Do you agree with the response of the Postal Service to OCA/USPS-165? If you do not agree with any response thereto, please provide your response.
- b. Please provide the frequency, or an estimate of the frequency, of jams for automation compatible, barcoded cards weighing one ounce and automation compatible, barcoded letters weighing one ounce for the DBCS, MPBCS, and CSBCS.

RESPONSE:

- a. Yes.
- b. Jam rates by weight or by cards verses letters are not available. The average jam rates for FY 2001 were 11.5 per run hour for DBCSs, 10.5 for MPBCSs, and 5.9 for CSBCSs. As mentioned in the response to OCA/USPS-165, subparts (e – f), it is unlikely that a card would weigh one ounce.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

OCA/USPS-T39-4 Please refer to the response to OCA/USPS-167.

- a. Do you agree with the response of the Postal Service to OCA/USPS-167? If you do not agree with any response thereto, please provide your response.
- b. Refer to the response to part l. Please confirm that full trays of manual letters from bulk mailers marked for manual processing pursuant to DMM M130.1.5 will not be separated into trays of non-machinable letter-shaped pieces subject to the proposed surcharge and trays of other manual letter-shaped pieces. If you do not confirm, please explain.
- c. Refer to the response to part o., where it states that "The Test Year Before Rates volume includes only the nonstandard pieces and the Test Year After Rates [volume] includes both the nonstandard and non-machinable [pieces]." For the Test Year After Rates, please provide volume of pieces that are nonstandard and the volume of pieces that are non-machinable. Show all calculations.
- d. Refer to the response to part p. Please confirm that neither the feeder nor the sweeper will separate non-machinable letter-shaped pieces subject to the proposed surcharge from other manual letter-shaped pieces. If you do not confirm, please explain.
- e. Refer to the response to part p. Please confirm that non-machinable letter-shaped pieces subject to the proposed surcharge will not be marked "Postage Due" by the feeder or the sweeper. If you do not confirm, please explain.
- f. Refer to the response to part r., which states that "Even though a barcode may appear on a non-standard piece, that does not imply that it was processed successfully through the entire automated system." Is it the Postal Service's position that every nonstandard (current definition) piece is "captured" during automated mail processing operations? Please explain.
- g. Refer to the response to part u. Please identify all "processing personnel" by job title that have, or could have, responsibility for handling and processing manual letter-shaped pieces.
- h. Refer to the response to part u. Please identify the "processing personnel" identified in part f. above by job title that have responsibility for marking "Postage Due" on nonstandard/non-machinable letter-shaped pieces subject to the proposed surcharge. Please provide any documentation assigning responsibility, or providing instruction, to the identified processing personnel that supports any claimed identity.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

RESPONSE:

- a. Yes.
- b. Confirmed.
- c. Redirected to witness Robinson, USPS-T-29.
- d. Confirmed.
- e. Confirmed. The pieces will be sent to a clerk who could mark the piece, if appropriate.
- f. No, assuming "captured" means identified and manually removed from automated processing.
- g. For processing (sortation or piece distribution), manual clerks have the responsibility. For handling containers or in the 010/AFCIS operations, it could be mailhandlers, Supervisors Distribution Operations (SDOs), automation clerks (pulling out manual pieces at the feeders of automation), and manual clerks.
- h. I know of no restriction on whom is allowed to identify mail as short paid. However, it is my understanding that the mark-up is limited to accountable clerks or postage-due clerks in delivery units. For example, if a letter carrier identifies short paid mail on a route, it must be brought back and "officially" marked up and then returned to the carrier. Individuals collecting "postage due" postage cannot be the same individuals marking the piece as postage due. See section 261.22 in Handbook M-41 (attached) for more information. In mail processing facilities, postage due mark up is performed on an as needed basis by designated distribution clerks.

26 Accountable Items

261 Accountability Procedures

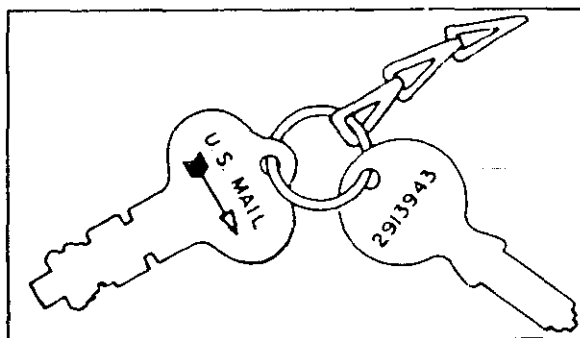
261.1 Acquiring Accountable Items

- 261.11 Accountable items are keys, postage due, customs duty, and special services mail.
- 261.12 Generally, carriers are required to call at the finance cage for accountable items. They may be called in groups by call of route numbers or by passing a paddle (see glossary for paddle system). At some offices, the items are delivered to the carrier at his/her case.

261.2 Receipting for Accountable Items

261.21 Keys

A numbered check is issued to each employee. When you surrender the check, you will be given a set of Arrow and/or padlock, and/or truck keys. (In some instances, a signature is used in place of a numbered check.) The keys are on a chain which must be securely fastened to a belt or clothing. Keys must be returned at the end of the tour of duty. The two most common type of keys are pictured below:



261.22 Postage Due (Exhibit 261.22)

All postal employees are expected to protect postal revenue. All postage-due items found in the mail should be brought to the finance window for postage accounting. Count the amount of postage due represented by the postage-due stamps or meter strips on the envelope or on Form 3582-A. Give the finance clerk cash or sign Form 3584 for the amount due.

Office Time — Preparation

261.232

Exhibit 261.22 (p. 1)

U. S. Postal Service POSTAGE DUE BILL									
<div style="display: flex; justify-content: space-between;"> <div style="width: 80%;"> <p>Name of Customer and Address</p> <p style="margin-top: 20px;">Kaplan Electric 22 St. Marys Lane</p> </div> <div style="width: 15%; text-align: center; padding-top: 20px;"> <p>Class</p> <p>Postmark</p> </div> </div>									
<p>Postage due attaches amounting to <u>4</u> dollars and <u>32</u> cents are delivered upon payment of this amount. Equivalent postage is attached to this and the necessary follow sheets that form a part of the bill. If you have deposited a sum in advance for postage due mail, the amount of this bill is being deducted from your account. Please see that the value of the attached postage corresponds with the amount stated.</p>									
Number of Follow Sheets to This Bill		Signature of Postmaster				For			
1		Bob Pinson				- George Pierce			

P3 Form 3582-A December 1986

Abstract

Exhibit 261.22 (p. 2)

[illegible]

PS Form 3504
Dec. 1980

* U.S. GOVERNMENT PRINTING OFFICE: 1993 342-722/83795

261.23 Customs Duty (Exhibit 261.23)

261.231 Check name and address as for registers (see section 261.24).

261.232 Check mail entry number and verify number of articles received with entry on Form 2944 and, if correct, sign in lower left corner.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE

OCA/USPS-T39-8 Please refer to the response to the following interrogatories:
OCA/USPS-146, 147, 162, 163, 166, and 168-171. Do you agree with the response of
the Postal Service to interrogatories listed above? If you do not agree with any
response thereto, please provide your response.

RESPONSE:

Yes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

✓

OCA/USPS-T39-9 Please refer to the response to OCA/USPS-167.

- a. Refer to the response to part c.i. Please describe the duties of "retail acceptance personnel."
- b. Refer to the response to part c.i. Please confirm that "retail acceptance personnel" do not mark nonstandard/nonmachinable letter-shaped mail "Postage Due." If you do not confirm, please explain.
- c. Refer to the response to part c.i. Please confirm that carriers retrieving mail from "collection boxes" do not mark any nonstandard/nonmachinable letter-shaped mail collected "Postage Due." If you do not confirm, please explain.
- d. Refer to the response to part c.i. Please confirm that where carriers make "pick-ups at delivery points" which include nonstandard/nonmachinable letter-shaped mail, carriers do not mark such letter-shaped mail picked-up "Postage Due." If you do not confirm, please explain.
- e. Refer to the response to part c.i. Please confirm that carriers making stops on "collection routes" to collect mail do not mark nonstandard/nonmachinable letter-shaped mail collected "Postage Due." If you do not confirm, please explain.
- f. Refer to the response to part t., where it states that "Clerks and carriers also mark pieces postage due." Please confirm that the term "clerks" as used in the statement above has the same meaning as the term "retail acceptance personnel" as used in the response to OCA/USPS-63. If you do not confirm, please explain.
- g. Refer to the response to part t., where it states that "Clerks and carriers also mark pieces postage due." At the carrier station, please confirm that letter-shaped pieces presented to carriers for delivery will not be separated into trays of letter-shaped pieces subject to the proposed nonmachinable surcharge and trays of other letter-shaped pieces. If you do not confirm, please explain.
- h. Refer to the response to part u., where it states "nonstandard/non-machinable mailings." (emphasis added) Where "nonstandard/non-machinable" letter-shaped pieces are not entered as mailings, please confirm that supervisors, nixie clerks, and carriers will not separate nonstandard/non-machinable letter-shaped pieces subject to the proposed surcharge from other manual letter-shaped pieces. If you do not confirm, please explain.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

- i. Refer to the response to part u., where it states that "processing personnel (e.g., supervisors, nixie clerks, etc.) and carriers handling nonstandard/non-machinable mailings could mark the pieces postage due." Please confirm that "processing personnel (e.g., supervisors, nixie clerks, etc.) and carriers handling nonstandard/non-machinable mailings" must place the "Postage Due" marking on letter-shaped pieces by hand stamp. If you do not confirm, please explain.

RESPONSE:

- a. The duties of the retail acceptance personnel as they relate to the acceptance of letters at the retail window include determining the weight and postage of the letter, special services (Express Mail, Certified Mail, return receipts, etc.) if desired, and whether the letter is of a nonstandard size. A template is used to determine if the letter is a nonstandard size and if so, then the appropriate nonstandard surcharge is added to the postage by means of a PVI (postal validator indicia) which is printed from the POS ONE computer.
- b. Confirmed. Retail acceptance personnel would charge the correct rate, if identified, when brought to the retail window.
- c. Confirmed.
- d. Not confirmed. Carriers have returned mail for additional postage when picked up at customer's mail box.
- e. Confirmed.
- f. Not confirmed. The term "clerks" also included manual clerks at plants and delivery units.
- g. Confirmed.
- h. Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

- i. The hand stamp "Postage Due" is the usual method to mark up a non-standard/non-machinable piece of mail, however, if a carrier is on the street and notices a postage due letter, he or she may write "postage due" on it.

See response to OCA/USPS-T-39-4h.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T39-10 Please refer to the response to OCA/USPS-168.

- a. Refer to the response to part a., where it states that "Many Standard Mail flats are catalogs with bound edges." Please confirm that many Standard Mail flats are "enveloped." If you do not confirm, please explain.
- b. Refer to the response to part a., where it states that "Many Standard Mail flats are catalogs with bound edges, while most First-Class Mail flats are enveloped." Would the use of envelopes with automation compatible, barcoded First-Class flat-shaped pieces weighing two ounces vs. the use of bound-edged automation compatible, barcoded Standard Mail flat-shaped pieces weighing two ounces produce a small or large impact on the throughputs of the Advanced Flat Sorting Machine (AFSM) 100, the Flat Sorting Machine (FSM) 881, and the Flat Sorting Machine (FSM) 1000? Please explain and provide copies of any studies, reports, other documents, or communications that support the explanation.
- c. Refer to the response to part a.
 - i. Please provide the base year and test year volume, or an estimate of the volume, of First-Class and Standard Mail flat-shaped mail that is "enveloped;"
 - ii. For the base year and test year, please provide the percent, or an estimate of the percent, of total First-Class and Standard Mail flat-shaped mail that is "enveloped;"
- d. Refer to the response to part a., where it states "Though not specifically studied, these differences are likely to have an impact on the AFSM 100 operation." Please confirm that the term "differences" refers to physical differences in mailpiece characteristics. If you do not confirm, please explain.
- e. Refer to the response to part a., where it states "Though not specifically studied, these differences are likely to have an impact on the AFSM 100 operation."
 - i. Please identify any physical differences (other than bound edges and "enveloped") for automation compatible, barcoded First-Class and Standard Mail flat-shaped pieces weighing two ounces that affect throughput when processed on the AFSM 100, FSM 881, and FSM 1000.
 - ii. Please indicate whether each physical difference in mailpiece characteristics identified in subpart i. with respect to automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces weighing two ounces has a

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

positive or negative impact on throughput when processed on the AFSM 100, FSM 881, and FSM 1000. Please explain the basis for indicating any positive or negative impact.

- iii. Please separately rank the positive and negative impacts indicated in subpart ii. from most important to least important for the AFSM 100, FSM 881, and FSM 1000.
 - iv. Please identify which (if any) of the positive and negative impacts from subpart iii. have been specifically estimated, quantified, or modeled by the Postal Service in the calculation of throughputs with respect to automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces weighing two ounces processed on the AFSM 100, FSM 881, and FSM 1000.
- f. Refer to the response to part a.
- i. Please identify any factors (other than physical differences in mailpiece characteristics) for automation compatible, barcoded First-Class and Standard Mail flat-shaped pieces weighing two ounces that affect throughput when processed on the AFSM 100, FSM 881, and FSM 1000.
 - ii. Please indicate whether each factor identified in subpart i. with respect to automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces weighing two ounces has a positive or negative impact on throughput when processed on the AFSM 100, FSM 881, and FSM 1000. Please explain the basis for indicating any positive or negative impact.
 - iii. Please separately rank the positive and negative impacts indicated in subpart ii. from most important to least important for the AFSM 100, FSM 881, and FSM 1000.
 - iv. Please separately rank the positive and negative impacts indicated in subpart ii. from most important to least important for the AFSM 100, FSM 881, and FSM 1000.
- g. Refer to the response to part a. Please confirm that automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces weighing two ounces are processed on different sort plans. If you do not confirm, please explain.
- h. Refer to the response to part a. To what extent are automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces weighing two ounces processed on different sort plans on the AFSM 100, FSM 881, and FSM 1000? Please provide the frequency, or an estimate of the frequency, with which this occurs for AFSM 100, FSM 881, and FSM 1000 processing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

- i. Refer to the response to part a. Please confirm that First-Class sort plans for automation compatible, barcoded flat-shaped pieces weighing two ounces involve the use of more stackers as compared to automation compatible, barcoded Standard Mail flat-shaped pieces weighing two ounces. If you do not confirm, please explain.
- j. Refer to the response to part a. To what extent do First-Class sort plans for automation compatible, barcoded flat-shaped pieces weighing two ounces involve the use of more stackers as compared to automation compatible, barcoded Standard Mail flat-shaped pieces weighing two ounces? Please provide the frequency, or an estimate of the frequency, with which this occurs for AFSM 100, FSM 881, and FSM 1000 processing.
- k. Refer to the response to part a. Would your response to the hypothetical posed in part a. change if the group that paid the First-Class rate were entered in bulk? Please explain.
- l. Refer to the response to part b. "[A]bsent testing," please provide copies of any studies, reports, other documents, or communications that discuss the impact of different First-Class Mail and Standard Mail sort plans on productivities.
- m. Refer to the response to part d. Refer also to the hypothetical posed in OCA/USPS-168(a). Please quantify the effect on the unit cost of automation compatible, barcoded First-Class and Standard Mail flat-shaped pieces weighing two ounces caused by the changes in throughput cited in response to part a. when such mail is processed on the AFSM 100. Please quantify the effect on the unit cost when such mail is processed on the FSM 881 and FSM 1000.
- n. Refer to the response to part d. Refer also to the hypothetical posed in OCA/USPS-168(b). Please quantify the effect on the unit cost of automation compatible, barcoded First-Class and Standard Mail flat-shaped pieces weighing two ounces caused by the changes in productivity cited in response to part b. when such flat-shaped pieces are processed on the AFSM 100. Please quantify the effect on the unit cost when such letter-shaped pieces are processed on the FSM 881 and FSM 1000.
- o. Refer to the response to part d. Refer also to the hypothetical posed in OCA/USPS-168(c). Assuming the automation compatible, barcoded First-Class and Standard Mail flat-shaped pieces weighing two ounces are processed in one tour, please quantify the effect on the unit cost when such letter-shaped pieces are processed on the AFSM 100. Please quantify the

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

effect on the unit cost when such letter-shaped pieces are processed on the FSM 881 and FSM 1000.

RESPONSE:

- a. I would agree that there are some Standard Mail flats in envelopes but the majority are not.
- b. See response to OCA/USPS –168a, which states that these differences have not been specifically studied at the ounce level.
- c.
 - i. Unknown
 - ii. Unknown
- d. Confirmed.
- e.
 - i. Some physical differences are weight, thickness, height, length, polywrap, and rigidity.
 - ii. – iv. A mail characteristics study has recently been completed for AFSM 100 compatibility. Data are being analyzed which takes the above qualities into account. Results are expected to be released in January, 2002. There are extreme variances for each physical difference that would limit any generalization (e.g., regarding thickness, pieces may either be too thin or too thick for AFSM compatibility). There are no other studies that I am aware of that address FSM 881 and FSM 1000 throughputs by varying levels of each of the criteria mentioned in subpart e. i. above, other than the machinability requirements found in the DMM.
- f.
 - i. I am not aware of any other factors that affect FSM throughputs.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

ii. - iv. N/A

- g. Except for incoming *secondary* schemes to carrier route, First-Class Mail flats and Standard flats are generally processed on different sort plans.
- h. I do not have any quantitative basis for estimating the frequency. MODS volumes are not accumulated by class much less by ounce increment. See response to OCA/USPS-40.
- i. Generally confirmed, especially for outgoing sort plans.
- j. I lack any basis for a quantitative estimate.
- k. Please note that OCA/USPS-168 was a USPS response. However, in my personal judgement, that response would not change if the FCM was entered in bulk.
- l. I am not aware of any such documents.
- m. – n. The response in OCA/USPS-168(b) and (d) were not confirmed stating that these differences have not been specifically studied. Therefore, the Postal Service is unable to quantify the effect on unit costs.
- o. Letter-shaped pieces are not processed on the FSMs, nor has any testing been done to estimate the throughput, productivity, or cost of doing so.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T39-11 Please refer to the response to OCA/USPS-169. Refer to the response to parts a. and b. In part a., it is stated that because "there are no mechanical differences in how the AFSM 100 feeds, transports, and sorts pieces of different weights, there should be no significant difference in the throughputs and velocities." However, in part b., the response does not confirm that the productivities for each group of 10,000 automation compatible, barcoded First-Class flat-shaped pieces, with one group weighing two ounces and the other weighed three ounces, would be the same. Given the response to part a., please explain why the productivities would not be the same. ✓

RESPONSE:

Absent empirical data or a specific study, this cannot be confirmed. However, based on the response to subpart (a), intuitively it would be expected that the productivity for each group would not differ significantly at the two and three ounce levels. However, for thicker flats, I would expect a slight productivity difference since flat trays would fill up faster requiring more frequent sweeping and the feeder may have a more difficult time keeping the ledge full of mail when compared to thinner flats.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE**

2318

OCA/USPS-T39-12 Please, refer to page 3 of 4 of the attachment to the response to interrogatory OCA/USPS-175.

- a. Please provide copies of the spreadsheets referred to at the bottom of that page.
- b. Please provide all data on the "damage to the equipment" caused by 3.3, 3.5, and 3.7 ounce mail.
- c. Please provide tables similar to the table on page 3 of 4 comparing 100 percent test decks of 3.5 and 3.7 ounce mail.
- d. Please provide tables similar to the table on page 3 of 4 comparing two percent test decks of 3.3 and 3.5 ounce mail.
- e. Please provide tables similar to the table on page 3 of 4 comparing two percent test decks of 3.5 and 3.7 ounce mail.

RESPONSE:

- (a) See attached.
- (b) See attached. It is my understanding that data on "Damage to Equipment" are not extensive partly due to fact that the test team concluded that excessive audible noise created by 3.7oz pieces was causing an excessive impact to machine components and, therefore, terminated Test Deck 5 runs. In addition, the poor throughput and high jam rate of Test Deck 5 also factored into the decision to terminate. The two data sheets for Test Deck 5 showing damage events must be taken in context that only a small portion of the available Test Deck 5 was run.
- (c) – (e) See attached.

2312

Average 2% 33 oz

Average	2% 33 oz
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4/21/98	11:11	100
Avg 298		2% 33 00

Average	2% 33 d
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Average 2% 3.30

Average	2% 3.3
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Average	2% 3.5
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Average	2% 3.5
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Average	2% 3.5
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Average	2% 3.
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OCA/USPS - T-39-12
page 2 of 8

Heavy Mail Test Data

Site	TestDeck	Machine	EORTP	OPSTP	AR	MecRegr	MecRegrH	ARH	ErrR	ErrRH	FlyoutsR	DamR	DmRH	JamPcR	JamHpcR	StopsR	StopsRH
M	TD-2	SBCS	33232	30,997	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%	33,990.0%
4/23/99 FM	TD-2	SBCS	34816	34,615	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%	34,816.0%
4/23/99 FM	TD-2	SBCS	36159	36,159	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%	36,159.0%
4/26/99 FM	TD-2	SBCS	31335	27,810	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%	31,335.0%
4/27/99 FM	TD-2	SBCS	31260	28,351	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%	31,260.0%
Average	2% 3.5 oz																
5/4/99 SEPA	TD-2	SBCS	29074	25,957	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%	29,074.0%
5/5/99 SEPA	TD-2	SBCS	30669	28,334	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%	30,669.0%
5/6/99 SEPA	TD-2	SBCS	30722	26,396	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%	30,722.0%
5/7/99 SEPA	TD-2	SBCS	32688	32,452	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%	32,688.0%
5/10/99 SEPA	TD-2	SBCS	27388	22,245	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%	27,388.0%
5/11/99 SEPA	TD-2	SBCS	28407	26,522	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%	28,407.0%
Average	2% 3.5 oz																
5/5/99 Blue Bell	TD-3	CSBCS 3	20270	1,601	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%	20,270.0%
5/5/99 Blue Bell	TD-3	CSBCS 4	15654	2,563	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%	15,654.0%
5/6/99 Blue Bell	TD-3	CSBCS	17843	3,373	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%	17,843.0%
5/6/99 Blue Bell	TD-3	CSBCS	15938	3,146	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%	15,938.0%
Average	100% 3.3 oz																
4/22/99 FM	TD-3	CSBCS	19681	2,562	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%	19,681.0%
4/26/99 FM	TD-3	CSBCS															
4/23/99 FM	TD-3	CSBCS	23624	3,180	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%	23,624.0%
4/23/99 FM	TD-3	CSBCS	23055	2,304	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%	23,055.0%
Average	100% 3.3 oz																
4/21/99 FM	TD-3	DBCS	25596	10,088	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%	25,596.0%
4/22/99 FM	TD-3	DBCS	19942	11,873	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%	19,942.0%
4/23/99 FM	TD-3	DBCS	25688	12,255	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%	25,688.0%
4/26/99 FM	TD-3	DBCS	24670	20,937	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%	24,670.0%
Average	100% 3.3 oz																
5/5/99 SEPA	TD-3	DBCS	13568	13,901	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%	13,568.0%
5/5/99 SEPA	TD-3	DBCS	14846	14,644	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%	14,846.0%
5/6/99 SEPA	TD-3	DBCS	15706	18,312	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%	15,706.0%
5/7/99 SEPA	TD-3	DBCS	13594	14,119	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%	13,594.0%
5/10/99 SEPA	TD-3	DBCS	15184	15,084	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%	15,184.0%
5/11/99 SEPA	TD-3	DBCS	9635	9,792	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%	9,635.0%
Average	100% 3.3 oz																
FM	TD-3	SBCS	21247	10,947	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%	21,247.0%
FM	TD-3	SBCS	22196	12,592	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%	22,196.0%
4/23/99 FM	TD-3	SBCS	21396	20,457	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%	21,396.0%
4/26/99 FM	TD-3	SBCS	17943	13,178	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%	17,943.0%
Average	100% 3.3 oz																
5/4/99 SEPA	TD-3	SBCS	19364	7,088	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%	19,364.0%
5/5/99 SEPA	TD-3	SBCS	18000	12,381	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%	18,000.0%
5/6/99 SEPA	TD-3	SBCS	15720	13,290	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%	15,720.0%
5/7/99 SEPA	TD-3	SBCS	16439	14,394	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%	16,439.0%
5/10/99 SEPA	TD-3	SBCS	17201	14,412	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%	17,201.0%
5/11/99 SEPA	TD-3	SBCS	14253	10,300	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%	14,253.0%
Average	100% 3.3 oz																
5/5/99 Blue Bell	TD-4	CSBCS	19417	2,793	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%
5/5/99 Blue Bell	TD-4	CSBCS	19417	2,793	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%	19,417.0%
5/5/99 Blue Bell	TD-4	CSBCS	14850	2,342	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%	14,850.0%
5/6/99 Blue Bell	TD-4	CSBCS	19442	3,505	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%	19,442.0%
5/6/99 Blue Bell	TD-4	CSBCS	15436	2,196	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%	15,436.0%
Average	100% 3.5 oz																
4/23/99 FM	TD-4	CSBCS	21212	3,065	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%	21,212.0%
4/27/99 FM	TD-4	CSBCS	21659	1,535	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%	21,659.0%
4/26/99 FM	TD-4	CSBCS	21997	1,618	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%	21,997.0%
4/27/99 FM	TD-4	CSBCS	22504	3,097	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%	22,504.0%
4/27/99 FM	TD-4	CSBCS	22685	3,058	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%	22,685.0%
Average	100% 3.5 oz																
4/22/99 FM	TD-4	DBCS	20879	11,445	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%	20,879.0%
4/23/99 FM	TD-4	DBCS	29317	9,851	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%	29,317.0%
4/27/99 FM	TD-4	DBCS	20767	12,512	20,767.0%	20,767.0%	20,767.0%										

OCA/USPS-T-39-12
Page 3 of 8

2321

Heavy Mail Test Data

Site	TestDeck	Machine	EOR TP	OPS TP	AR	MecRefR	MecRefRH	ARH	EnR	EnRH	FlyoutsR	DamR	DmRH	JamPcR	JamHpcR	StopsR	StopsRH
SEPA	TD-4	SBCS	18014	8,453	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/27/99	SEPA	TD-4	SBCS	17264	13,519	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/6/99	SEPA	TD-4	SBCS	15942	14,554	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/7/99	SEPA	TD-4	SBCS	16476	14,527	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/10/99	SEPA	TD-4	SBCS	17748	14,715	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/11/99	SEPA	TD-4	SBCS	14538	13,336	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			100% 3.5 oz														

4/27/99	FM	TD-5x	CSBCS	20265	1,431	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/26/99	FM	TD-5x	CSBCS	21625	2,914	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			100% 3.7 oz														

4/23/99	FM	TD-5x	DBCS	22975	9,893	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/26/99	FM	TD-5x	DBCS	19942	13,088	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			100% 3.7 oz														

5/6/99	SEPA	TD-5x	DBCS	15727	16,786	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			100% 3.7 oz														

4/20/99	FM	TD-5x	SBCS			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/20/99	FM	TD-5x	SBCS	19025	11,050	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/26/99	FM	TD-5x	SBCS	16318	11,687	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			100% 3.7 oz														

5/6/99	SEPA	TD-5x	SBCS			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			100% 3.7 oz														

5/5/99	Blue Bell	TD-6x	CSBCS	31707	7,958	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/5/99	Blue Bell	TD-6x	CSBCS	31707	7,958	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/5/99	Blue Bell	TD-6x	CSBCS	29252	7,433	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			2% 3.7 oz														

4/21/99	FM	TD-6x	CSBCS	32861	5,965	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/23/99	FM	TD-6x	CSBCS	32811	5,712	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/27/99	FM	TD-6x	CSBCS	32702	5,712	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/21/99	FM	TD-6x	CSBCS	35286	6,896	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/22/99	FM	TD-6x	CSBCS	35725	6,394	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			2% 3.7 oz														

4/9/99	FM	TD-6x	DBCS	34756	33,905	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/21/99	FM	TD-6x	DBCS	34793	34,455	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			2% 3.7 oz														

5/4/99	SEPA	TD-6x	DBCS			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			2% 3.7 oz														

4/20/99	FM	TD-6x	SBCS	33327	32,840	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/21/99	FM	TD-6x	SBCS	34051	36,960	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/22/99	FM	TD-6x	SBCS	32969	28,099	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/23/99	FM	TD-6x	SBCS	33814	33,688	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/26/99	FM	TD-6x	SBCS	31054	31,055	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
4/20/00	FM	TD-6x	SBCS	35574	35,503	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			2% 3.7 oz														

5/4/99	SEPA	TD-6x	SBCS			100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Average			2% 3.7 oz														

4/26/99	FM	TD-6		34267	30,954	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
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Site	TestDeck	Machine	TP	TP1	AR	MecRefR	MecRefRH	ARH	EnR	EnRH	FlyoutsR	DamR	DmRH	JamPcR	JamHpcR	StopsR	StopsRH
SEPA	TD-3 FAN	SBCS		14,335	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
SEPA	TD-3 VOL	CSBCS		22099	14,825	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/13/99	SEPA	TD-3A-8F	SBCS		16,098	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/13/99	SEPA	TD-3A-8S	DBCS		15644	17,029	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
5/4/99	SEPA	TD-3SPC	SBCS		20180	5,846	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

OCA/USPS-T-39-12
page 4 of 8

2322

Heavy Mail Test Data

Site	TestDeck	Machine	EOR TP	OPS TP	AR	MecRejR	MecRejRH	ARH	ErrR	ErrRH	FlyoutsR	DamR	DmRH	JamPcR	JamHpcR	StopsR	StopsHR	
Site	TestDeck	Machine	TP	TP1	AR	MecRejR	MecRejRH	ARH	ErrR	ErrRH	FlyoutsR	DamR	DmRH	JamPcR	JamHpcR	StopsR	StopsHR	
4/29/99	FM	TD-4 VOL	CSBCS	21688	16,852	99.99%	99.88%	99.85%	99.99%	0.00%	0.00%	0.01%	0.00%	0.00%	0.05%	0.05%	0.00%	
5/12/99	SEPA	TD-4 VOL	DBCS	12334	13,907	100.00%	100.00%	100.00%	100.00%	0.00%	0.00%	0.02%	0.00%	0.00%	0.34%	0.34%	0.00%	
5/12/99	SEPA	TD-4 VOL	SBCS	15797	11,573	98.8%	100.00%	100.00%	98.4%	0.00%	0.00%	0.04%	0.00%	0.00%	0.72%	0.72%	0.00%	
5/12/99	SEPA	TD-4Spec	SBCS	15618	15,592	99.8%	100.00%	100.00%	99.8%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
Date	Site	TestDeck	Machine	TP	TP1	AR	MecRejR	MecRejRH	ARH	ErrR	ErrRH	FlyoutsR	DamR	DmRH	JamPcR	JamHpcR	StopsR	StopsHR
4/20/99	FM	?	DBCS	35725	36,609	100.00%	99.02%	99.01%	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

HEAVY MAIL TEST SUMMARY

4/20/99 - 5/13/99

	TD-1 2% 3.3 oz	TD-2 2% 3.5%	TD-6x 2% 3.7%	TD-3 100% 3.3 oz	TD-4 100% 3.5 oz	TD-5x 100% 3.7 oz
CSBCS						
Fort Meyer						
Thruput	6,368	5,746	6,136	2,682	2,474	2,724
AccptRate	99.80%	99.70%	95.40%	96.90%	97.70%	96.70%
Err Rate	0.00%	0.00%	0.00%	1.02%	0.06%	0.06%
JamPcsRate	0.00%	0.00%	0.00%	0.34%	0.55%	0.00%
Blue Bell						
Thruput	7,473	7,831	7,783	2,671	2,726	
AccptRate	98.60%	98.70%	98.70%	97.80%	98.60%	
Err Rate	0.00%	0.00%	0.00%	0.02%	0.00%	
JamPcsRate	0.00%	0.00%	0.00%	0.22%	0.82%	
DBCS						
Fort Meyer						
Thruput	34,973	34,323	33,819	13,738	11,269	11,269
AccptRate	99.70%	99.60%	99.30%	97.70%	96.90%	96.90%
Err Rate	0.00%	0.00%	0.00%	0.00%	0.06%	0.06%
JamPcsRate	0.00%	0.00%	0.00%	0.20%	0.24%	0.00%
SEPA						
Thruput	28,615	33,484	32,689	14,075	15,347	15,347
AccptRate	99.30%	99.30%	99.40%	98.50%	98.80%	98.80%
Err Rate	0.00%	0.04%	0.00%	0.00%	0.00%	0.00%
JamPcsRate	0.04%	0.04%	0.00%	0.10%	0.11%	0.00%
MPBCS						
Fort Meyer						
Thruput	32,078	31,587	33,024	14,293	9,906	9,906
AccptRate	99.80%	99.70%	99.90%	98.30%	98.60%	98.60%
Err Rate	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
JamPcsRate	0.05%	0.15%	0.10%	1.47%	0.92%	0.00%
MPBCS						
SEPA						
Thruput	28,462	26,985	25,492	11,977	13,184	13,184
AccptRate	99.10%	99.10%	99.50%	96.70%	98.70%	98.70%
Err Rate	0.00%	0.48%	0.00%	0.01%	0.00%	0.00%
JamPcsRate	0.06%	0.07%	0.00%	0.92%	0.43%	0.75%

Thruput: (Pieces Fed)/[(Wall Clock Time) - (USPS Stops)]
Wall Clock Time: Start Time - Stop Time
Start Time: Time first piece is fed
Stop Time: Time last piece is in stacker
USPS Stops: Machine stoppages attributable to a USPS fault or procedure, e.g., operator break time, mail starvation.
Accept Rate: (Pieces in Accept Stackers)/(Pieces Fed) x 100
Error Rate: (Sort errors)/(Pieces in Accept Stackers) x 100
JamPcsRate: (Number of jam pieces)/Pieces Fed x 100

Shaded blocks indicate data is based on one or two test deck runs.

Test Sites:
Fort Meyers PDC
Fort Meyers Beach Delivery Unit
South East Pennsylvania PDC
Blue Bell Delivery Unit

CCA/USPS - T-39-12
page 6 of 8

1324

STACKER DATA SHEET HEAVY MAIL TEST

Test Day	1
Date	4/20/99
Site	Fl. Myers
Mail Type	TD-5x
Machine Type	SBCS
Run Number	4

3.7

Test Director	T. Crotty
Contractor	

Total Fed		Rates
Tot Acpts	Acpt Rate	#VALUE!
MechRejects	Mech R Rate	#VALUE!
Mech Rej Heavy	Mech R H	#VALUE!
Total Pcs Heavy		
Tot Heavy Acpts	Acpt R H	#VALUE!
Total Errors	Tot Err Rate	#VALUE!
Total Errors Heavy	Err Rate H	#VALUE!

Stacker No	Total Pcs	Heavy Pieces	Total Errors		Damaged			
			S	H	S	H	S	H
2								
3								
4								
5								
6		NO DATA DUE TO TERMINATED RUN						
7								
8								
9								
10								
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								
21								
22								
23								
24								
25								
26								

Stacker No	Total Pcs	Heavy Pieces	Total Errors		Damaged			
			S	H	S	H	S	H
27								
28								
29								
30								
31								
32								
33								
34								
35								
36								
37								
38								
39								
40								
41								
42								
43								
44								
45								
46								
47								
48								
49								
50								
51								

Mech Rej	
Read Rej	
OutOfSch	

Flyouts		
Jam Pc		

Page	
Tot Pages	

OCA/USPS-T-39-12
page 7 of 8

2325

0:00:00

JAM STOP SHEET HEAVY MAIL TEST

Test Day	1
Date:	4/20/99
Site:	Ft. Myers
Mail Type	TD -5x
Mach Typ	SBCS
Run No.	4

Test Director	T. Crotty
Contractor	

	Total	Heavy
Flyouts		
Damaged		
Jam Pieces		
Jam BC		

Wall Clock	HH MM SS
Start	14:22:00
Stop	14:45:20
Total	0 23:20
EOR Time	

PcsFed EOR	
PcsFedCounter	
Throughput	

	Event	Loca-Tion	Total JamP	Heavy JamP	Standard Dam		Heavy Dam		Duration HH:MM:SS	Comments
					L	M	L	M		
1	S									
2	JO	ST	5	5			1	2	:50	Bin #28
3	JO	ST	6	6			1	2	:49	Bin #38
4	JO	ST	4	4					:33	Bin #10
5	JO	ST	5	5				3	:1:26	Bin #95
6	JO	ST	10	10			2		:52	Bin #27
7	JO	ST	6	6			3		:1:22	Bin #26
8	JO	ST	9	9			1	3	:57	Bin #28
9	JO	ST	8	8			3	2		Bin #35 and
		ST	4	4				2	:54	Bin #32
	JO	ST	3	3				1	:57	Bin #57
12	JO	ST	5	5			3		:1:40	Bin #95
13	JO	ST	7	7			1	3	:51	Bin #16
14	JO	ST	8	8			2	2	:1:16	Bin #3
15	E									Run terminated due to destruction of the machine, belts off and broken auger belt at bin 95.
16										
17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28										
29										
30										
31										
32										
33										
34										
35										

Events: S Start
JM Jam/Stop Maintenance
JO Jam Stop/Operator
M Maintenance
MX Maintenance in excess of 15 Min
U USPS Stop
O Other
E End of Run

Location: BC Jam before counter
ST Stacker
FD Feeder
TR Transport

Page	
Tot Pages	

04/11/2012 1-34-12
 Page 8 of 8
 3.502

HEAVY MAIL TEST

2126

Test Day	1
Date:	5/4/99
SEPA	
TD-4	
Macn Typ	SBCS
Run No.	5

Test Director	T. Crotty
Contractor	

	Total	Heavy
Flyouts	0	0
Damaged	108	108
Jam Pieces	74	74
Jam BC	0	0

Wall Clock	HH:MM:SS
Start	12:59:00
Stop	13:33:40
Total	0 34:40
EOR Time	

PcsFed EOR	4884
PcsFedCounter	4884
Throughput	18014

Event	Loca-Tion	Total JamP	Heavy JamP	Standard Dam		Heavy Dam		Duration	omments
				L	M	L	M		
1	S								
2	JO ST	9	9				2	1:03	Bin 16
3	JO ST	5	5			1		:47	Bin 43
4	JO ST	4	4					:58	Bin 43
5	JO ST	6	6			1	1	:55	Bin 43
6	JO ST	6	6			1		:55	Bin 43
7	JM ST	2	2			1		:45	Bin 43 - Tighten guide fence screw
8	JO ST	2	2					:42	Bin 14
9	JO ST	7	7			1	1	:59	Bin 9
10	JO ST	8	8				2	:57	Bin 39
11	JO ST	5	5				3	:42	Bin 47
12	JM ST	3	3			1	1	:1:45	Bin 47
13	M ST	1	1				1	:1:50	Bin 47 - Replace auger belt
14	JO ST	4	4			1	1	:34	Bin 22
15	JO ST	2	2					:36	Bin 22
16	JO ST	10	10			1	3	:1:18	Bin 17
17									
18									
19									
20									
21									
22									
23									
24									
25									
26									
27									
28									
29									
30									
31									
32									
33									
34									
35									

- Events:

 - S Start
 - JM Jam/Stop Maintenance
 - JO Jam Stop/Operator
 - M Maintenance
 - MX Maintenance in excess of 15 Min
 - U USPS Stop
 - O Other
 - E End of Run
- Location:

 - BC Jam before counter
 - ST Stacker
 - FD Feeder
 - TR Transport

Page	
Tot Pages	

0:00:00

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

2327

OCA/USPS-T39-13 Please refer to the response to OCA/USPS-145.

- a. Refer to the response to part a., where it states that "First-Class sort plans likely involve the use of more stackers." Please explain how the "use of more stackers" for automation compatible, barcoded First-Class Mail letter-shaped pieces weighing one ounce as compared to automation compatible, barcoded Standard Mail letter-shaped pieces weighing one ounce affects throughput and productivity for First-Class and Standard Mail letter-shaped pieces.
- b. Refer to the response to part a., where it states that "First-Class and Standard Mail are sometimes processed on different sort plans" (emphasis added). Please assume First-Class and Standard Mail are processed on the same sort plans.
 - i. Holding all other factors constant, please confirm that automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces weighing one ounce would have the same throughput and productivity when processed on the Delivery Bar Code Sorter (DBCS), Mail Processing Bar Code Sorter (MPBCS), and Carrier Sequence Bar Code Sorter (CSBCS). If you do not confirm, please explain.
 - ii. Holding all other factors constant, please confirm that automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces that weigh two and three ounces would have the same throughput and productivity when processed on the DBCS, MPBCS, and CSBCS. If you do not confirm, please explain.
- c. Refer to the response to part a., where it states that "First-Class and Standard Mail are sometimes processed on different sort plans" (emphasis added). Please assume First-Class and Standard Mail are processed on the same sort plans. Holding all other factors constant, please confirm that automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces of the same thickness would have the same throughput and productivity when processed on the DBCS, MPBCS, and CSBCS. If you do not confirm, please explain.
- d. Refer to the response to part a., where it states that "First-Class and Standard Mail are sometimes processed on different sort plans" (emphasis added). Please assume First-Class and Standard Mail are processed on the same sort plans. Holding all other factors constant, please confirm that automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces of the same length would have the same throughput and productivity when processed on the DBCS, MPBCS, and CSBCS. If you do not confirm, please explain.
- e. Refer to the response to part b., where it states "These differences would likely impact productivity."
 - i. Please define the term "productivity" as used in the response.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

2328

- ii. Please provide a numeric example showing the calculation of productivity. If there are alternative calculations for productivity, please show these alternative calculations.
 - iii. Please identify the calculation of productivity from subpart ii. used, or used predominately, by the Postal Service.
 - iv. Does the calculation of productivity differ based upon the type of automated mail processing equipment? If yes, show the calculation of productivity for each type of automated mail processing equipment.
- f. Refer to the response to part h., where reference is made to "mail pieces that are rejected on the first pass." To what extent are automation compatible, barcoded First-Class Mail and Standard Mail letter-shaped pieces weighing one ounce "rejected on the first pass" on the DBCS, MPBCS, and CSBCS? Please provide the frequency, or an estimate of the frequency, with which this occurs for DBCS, MPBCS, and CSBCS processing.
- g. Refer to the response to part h., where reference is made to "mail pieces that are rejected on the first pass." To what extent are First-Class automation compatible, barcoded letter-shaped pieces weighing one ounce "rejected on the first pass" as compared to automation compatible, barcoded Standard Mail letter-shaped pieces weighing one ounce? Please provide the frequency, or an estimate of the frequency, with which this occurs for DBCS, MPBCS, and CSBCS processing.
- h. Refer to the response to part h., where reference is made to "mail pieces that are rejected on the first pass." To the extent there are different reject rates on the first pass for automation compatible, barcoded First-Class letter-shaped pieces weighing one ounce vs. automation compatible, barcoded Standard Mail letter-shaped pieces weighing one ounce, would the different reject rates produce a small or large impact on the throughput and productivity of such letter-shaped pieces on the DBCS, MPBCS, and CSBCS? Please explain and provide copies of any studies, reports, other documents, or communications that support the explanation.

RESPONSE:

- a. I would not expect an impact on throughput with the use of more stackers, however, productivity could be affected. A change in the number of stackers implies a change in the pattern and quantity of stackers filling up and requiring sweeping, labeling, and removal of full trays.
- b. – d. Not confirmed given the different physical characteristics between the two classes of letters. Theoretically, *if* everything about the two sets were constant, the throughput and productivity would be similar. See response to OCA/USPS-T39-1d.
- e. i. See footnote 7 on page 4 of my testimony (USPS-T39) for a definition of productivity. ii. & iii. If 120,000 pieces were *finalized* on a single machine and it took ten workhours, including scheme setup, run time, break time, and sweeping, productivity would be 12,000 pieces per workhour. iv. No.
- f. See USPS-LR-J-60, page 51.
- g. Machine processing statistics are not tracked by class or weight. See response to OCA/USPS-40.
- h. Based on my personal experience, to the extent there are different reject rates I would expect a small impact. I am not aware of any documents or studies addressing this topic.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

0330

OCA/USPS-T39-14 Please refer to the response to OCA/USPS-168.

- a. Refer to the response to part a., which references OCA/USPS-145(a) where it states that "First-Class sort plans likely involve the use of more stackers." Please explain how the "use of more stackers" for automation compatible, barcoded First-Class Mail flat-shaped pieces weighing two ounces as compared to automation compatible, barcoded Standard Mail flat-shaped pieces weighing two ounces affects throughput and productivity for First-Class and Standard Mail flat-shaped pieces.
- b. Refer to the response to part a., which references OCA/USPS-145(a) where it states that "First-Class and Standard Mail are sometimes processed on different sort plans" (emphasis added). Please assume First-Class and Standard Mail are processed on the same sort plans.
 - i. Holding all other factors constant, please confirm that automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces weighing two ounces would have the same throughput and productivity when processed on the Advanced Flat Sorting Machine (AFSM) 100, the Flat Sorting Machine (FSM) 881, and the Flat Sorting Machine (FSM) 1000. If you do not confirm, please explain.
 - ii. Holding all other factors constant, please confirm that automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces that weigh three and four ounces would have the same throughput and productivity when processed on the AFSM 100, FSM 881, and FSM 1000. If you do not confirm, please explain.
- c. Refer to the response to part a., which references OCA/USPS-145(a) where it states that "First-Class and Standard Mail are sometimes processed on different sort plans" (emphasis added). Please assume First-Class and Standard Mail are processed on the same sort plans. Holding all other factors constant, please confirm that automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces of the same thickness would have the same throughput and productivity when processed on the AFSM 100, FSM 881, and FSM 1000. If you do not confirm, please explain.
- d. Refer to the response to part a., which references OCA/USPS-145(a) where it states that "First-Class and Standard Mail are sometimes processed on different sort plans" (emphasis added). Please assume First-Class and Standard Mail are processed on the same sort plans. Holding all other factors constant, please confirm that automation compatible, barcoded First-Class Mail and Standard Mail flat-shaped pieces of the same length would have the same throughput and productivity when processed on the AFSM 100, FSM 881, and FSM 1000. If you do not confirm, please explain.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

2331

RESPONSE:

- a. See response to OCA/USPS-T39-13a.
- b. – d. See response to OCA/USPS-T39-13b-d.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T39-15 Please refer to the response to OCA/USPS-219(d).

- a. In your visits to postal mail processing facilities, have you personally observed the phenomenon of nonmachinable letter-shaped pieces impeding the mail flow on automated mail processing equipment so as to cause damage to subsequent machinable letter shaped pieces? If so, please estimate the number of times you have observed this phenomenon.
- b. Based upon your observations, or the observations/experience of operations or engineering personnel, how many subsequent machinable letter-shaped pieces on average are affected by the phenomenon of a nonmachinable letter-shaped piece impeding the mail flow on automated mail processing equipment.
- c. Based upon your observations, or the observations/experience of operations or engineering personnel, of the subsequent machinable letter-shaped pieces that are damaged, how many on average are only minimally damaged and can still be processed on automated mail processing equipment?
- d. Based upon your observations, or the observations/experience of operations or engineering personnel, of the subsequent machinable letter-shaped pieces that are damaged, how many on average are so damaged that they can no longer be processed on automated mail processing equipment and must be manually processed?

RESPONSE:

- a. Yes.
- b. I have not studied or kept track of these data. I would guess that the number would be fairly small.
- c. All automated letter equipment are equipped with a dynamic brake to stop the running equipment when a jam occurs. The vast majority of jams do not create mail damage. Some damage may occur but it is not always caused by non-automatable mail. I would estimate that most minimally damaged pieces can still be processed on automated mail processing equipment.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

- d. I would estimate that very few pieces are damaged to the point that manual processing is necessary.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T39-16 Please refer to the response to VP/USPS-4, Attachment A.

- a. Refer to the response to part a., where it references "manual sortation cost pools," "allied cost pools," and "mechanized sortation cost pools" in Attachment A.
 - i. Please list the "manual sortation cost pools" from Attachment A.
 - ii. Please list the "allied cost pools" from Attachment A.
 - iii. Please list the "mechanized sortation cost pools" from Attachment A.
- b. Refer to the table entitled "Percent Difference 2-3 oz. to 0-1 oz." Consider only the "FC Single Piece" column and the following cost pools: BCS/ and OCR/. Please explain why it is reasonable for unit mail processing costs for single-piece letters to increase 129 percent and 198 percent, respectively, from the 0-1 oz. to the 2-3 oz weight range.
- c. Refer to the table entitled "Percent Difference 2-3 oz. to 0-1 oz." Consider only the "FC Single Piece" column and the following cost pools: MANL, 1CANCMP, 10PPREF, 1 PLATFRM, and 1 POUCHNG. Please explain why it is reasonable for unit mail processing costs for single-piece letters to increase 389 percent, 556 percent, 451 percent, 482 percent, and 525 percent, respectively, from the 0-1oz. to the 2-3 oz. weight range.
- d. Refer to the table entitled "Percent Difference 2-3 oz. to 0-1 oz." Consider only the "FC Presort" column and the following cost pools: BCS/, BCS/DBCS and OCR/. Please explain why it is reasonable for unit mail processing costs for presort letters to increase 515 percent, 297 percent, and 167 percent, respectively, from the 0-1 oz. to the 2-3 oz weight range.
- e. Refer to the table entitled "Percent Difference 2-3 oz. to 0-1 oz." Consider only the "FC Presort" column and the following cost pools: MANL, 1CANCMP, 10PPREF, 1PLATFRM, and 1POUCHNG. Please explain why it is reasonable for unit mail processing costs for presort letters to increase 788 percent, 4,142 percent, 578 percent, 502 percent, and 718 percent, respectively, from the 0-1 oz. to the 2-3 oz. weight range.

RESPONSE:

- a. Redirected to the Postal Service.
- b. – e. I am not a costing witness, but see witness Schenk's response to ABA&NAPM/USPS-T43-14c. Further, I am told that the average 2-3 oz. FCM letter is

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

actually about 5 times heavier than the average 0-1 oz FCM letter (5.9 for single piece and 4.33 for presort), so these results are not that surprising to me.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T39-18 Please refer to your response to OCA/USPS-T39-11, where it states that you "would expect a slight productivity difference [for thicker flats] since flat trays would fill up faster requiring more frequent sweeping ." Also, please refer to the response to OCA/USPS-174(c), which states that

with the impact that [letter-shaped] piece thickness has on the rate at which trays are fed, stackers filled, trays filled and replaced it would be expected that thickness would have some impact on throughput/productivity.

Please explain how the processing of thicker letter-shaped and flat-shaped pieces would have some negative impact on automated letter- and flat-shaped mail processing throughput and productivity. For example, does the Postal Service assign additional employees in order to sweep the letter trays and flat tubs that are filling up more rapidly? Or, does the mail processing equipment automatically stop processing when some letter stackers and flat tubs are full, waiting to be emptied? Or, is there some other explanation?

RESPONSE:

On old MPBCS and OCR equipment, the feeder stops when a bin fills up. On the other letter and flat sorting equipment, mail pieces go to an overflow bin when the corresponding distribution stacker is full. These overflow pieces must then be re-run on the machine for distribution. Either occurrence negatively impacts productivity. If a bin near the feed station fills up, the loader may sweep that bin, but that action would, of course, increase the probability of the feeder running out of mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T39-19 Please refer to your testimony at page 7, lines 12-13, which states that the Carrier Sequence Bar Code Sorter (CSBCS) has a throughput of "approximately 19,000 pieces per hour with a staffing index of one." Also, please refer to USPS-LR-J-60 (revised 11-15 - 01) at page 46, and the "MODS Productivity" of 28,156 for "Incoming CSBCS Secondary DPS (3 Pass)." Please explain how the CSBCS, with a throughput of 19,000 pieces per hour and a staffing index of one, can have a MODS productivity of 28,156. Please show all calculations used to derive the MODS Productivity.

RESPONSE:

The latest information I have received from Engineering is that the minimum production throughput of a CSBCS would be 36,800 pieces. However, this is misleading since the CSBCS has a total capacity of only running 3,000 pieces on any one pass (on a 17 stacker machine). Therefore, it is not possible to run 36,800 pieces "straight" at one time. Given this information the MODS productivity of 28,156 is reasonable.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T39-20 Please describe the outgoing mail processing operations performed at Customer Service Units (CSUs). Is the depth of sort achieved at CSUs equivalent to that achieved at Processing and Distribution Centers (P&DCs)? If not, please explain.

RESPONSE:

If the facility has letter automation, it will sort outgoing letters and cards to the same depth of sort as P&DCs (to AADCs). CSUs without letter automation will instead sort to the ADC network. Outgoing flats and parcels at CSUs and P&DCs are sorted to the same depth of sort.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T39-21 Please describe the outgoing mail processing operations performed at Processing and Distribution Facilities (P&DFs). Is the depth of sort achieved at P&DFs equivalent to that achieved at P&DCs? If not, please explain.

RESPONSE:

The outgoing mail processing operations, including depth of sort, at P&DFs are similar to those performed at P&DCs. See my testimony for various outgoing descriptions (pages 2 –9 for letters, pages 14-17 for flats, pages 21-24 for parcels, bundles and sacks). See response to KE/USPS-T39-1, redirected to witness Miller, for a description of First-Class letter outgoing processing.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE

2340

OCA/USPS-T39-22 Please refer to your response to OCA/USPS-T39-9(o). Please respond to part o. based upon a rewriting of the last sentence as follows: "Please quantify the effect on the unit cost when such flat-shaped pieces are processed on the [Flat Sorting Machine] FSM 881 and FSM 1000."

RESPONSE:

Without diminishing the importance of the distinction between First-Class Mail and Standard Mail related to processing time, I would expect that the effect on unit cost would be minimal when processed on the FSM 881s or FSM 1000s.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T39-23 Please refer to your response to OCA/USPS-T39-13(a), concerning the processing of letter-shaped pieces

- a. Please explain what is meant by the phrase "a change in the pattern," and give examples.
- b. Will stackers fill up faster or slower for automation compatible, barcoded First-Class letter-shaped pieces as compared to automation compatible, barcoded Standard Regular letter-shaped pieces. Please explain.
- c. In the response to OCA/USPS-145(a), it is stated that First-Class sort plans likely involve the use of more stackers. Please confirm that each stacker on average will fill up more slowly for a given volume of letter-shaped pieces. If you do not confirm, please explain.
- d. Please define the term "sweeping," and describe what activities are involved in sweeping.
- e. What is the difference between "sweeping," and the "removal of full trays?"

RESPONSE:

- a. The "pattern" refers to the location of the stackers that fill up first, second, third, etc. If the high-density stacker pattern is widely separated on the machine, the sweeper will spend more time moving between stackers and thus there will be a greater average delay in emptying individual full stackers. Of course, when a stacker is full, the mail goes to an overflow bin to be rerun, thus lowering productivity.
- b. – c. If the mail pieces are otherwise identical and the First-Class scheme utilizes more stackers, then it is a mathematical certainty that on the average, stackers on the First-Class scheme will fill more slowly than stackers on the Standard scheme. However, as explained in my response to subpart a, the pattern is probably more important than a small change in the average fill rate. Furthermore, the average mail piece characteristics for First-Class and Standard mail are certainly different.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE

Standard Mail letters are heavier and thicker on average than First Class Mail and generally fill up stackers and trays at a faster rate.

- d. – e. Sweeping in this context means to remove mail from a stacker and place it in a tray. This also includes removing trays as they become full. "Sweeping out a machine" includes sweeping and removing all trays from automation.

REVISED OCTOBER 17, 2001

**REDIRECTED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF OFFICE OF CONSUMER
ADVOCATE TO WITNESS MAYO**

OCA/USPS-T-36-12 Please provide an explanation of all the mail processing steps a non-local destinating Certified Mail piece undergoes once it has been accepted by a USPS window clerk. Please include in your response an explanation of: (a) how the mail piece is processed on incoming and outgoing equipment, and (b) how the DPS equipment differentiates the routing of a non-Certified Mail piece versus a Certified Mail piece.

Response:

(a) Currently, Certified Mail is processed no differently than it would have been without the Certified tag until reaching incoming secondary operations.

(b) As explained in my testimony (USPS-T-39, page 8), Certified Mail Detectors on BCSs detect the fluorescent certified labels and sort them into a separate stacker during incoming secondary processing. Certified Mail volume for the delivery unit arrives segregated from the DPS volumes for further sortation to carrier route level and to be recorded as accountable mail.

A non-Certified Mail piece would be sorted to DPS trays. The DPS trays are then available for carriers to load into their vehicles for delivery and require no further sortation.

Starting in February 2002, the ability to pull-out and isolate Certified Mail will be available for all levels of BCS sortplans including outgoing.

REDIRECTED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF OFFICE OF CONSUMER
ADVOCATE TO WITNESS MAYO

OCA/USPS-T-36-13 Please explain how a mail carrier carries and is able to differentiate a Certified Mail piece from any other mail piece when the carrier is on the street. For example, is Certified Mail carried as a separate bundle? If so, in which of the carrier's three bundles is it?

Response:

It is my understanding that Certified Mail is not carried as a separate bundle. Certified Mail is accountable mail and therefore carriers must sign for the mailpieces. At the discretion of the local office, Certified Mail is generally sorted into delivery sequence with other letter/flat mail, and is usually placed as the first piece(s) for the delivery point, along with a salmon-colored PS Form 3849 (*Delivery Notice/Reminder/Receipt*). PS Form 3849 is completed for each Certified Mail piece and is completed before the carrier starts his/her route. At the delivery address the carrier fingers through the letter/flat mail, retrieves the Certified Mail piece(s) and the PS Form 3849, and completes delivery. Both PS Form 3849 and the green color of the label, that is folded over the top edge of the mailpiece to the right of the return address, act as flags that a Certified Mail piece is present for that delivery address. It is also my understanding that if a Certified Mail piece is occasionally found in the Delivery Point Sequence bundle, a carrier will complete a PS Form 3849 immediately and complete delivery.

REDIRECTED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF OFFICE OF CONSUMER
ADVOCATE TO WITNESS MAYO

OCA/USPS-T-36-15 Please provide an explanation of how a Delivery Confirmation mail piece is processed once it is accepted by a local USPS window clerk and is destined for a non-local destination. Please include in your response an explanation of: (a) how the piece is processed on incoming and outgoing equipment; (b) where and when the mail piece is scanned, and (c) how the information on the final scan is uploaded for public viewing. Provide specific cites to all source documents used in preparing your response and include a copy of each source document if one has not been previously filed in this docket.

Response:

(a) The equipment used would depend on the class and machinability characteristics of the piece. Regardless, the Delivery Confirmation mailpiece is processed to carrier route no differently than it would have been without Delivery Confirmation.

REDIRECTED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF OFFICE OF CONSUMER
ADVOCATE TO WITNESS MAYO

OCA/USPS-T-36-16 The following question refers to the way in which a mail carrier handles a Delivery Confirmation mail piece once the carrier is on the street. Is a Delivery Confirmation mail piece carried as a separate bundle? If not, please explain how a Delivery Confirmation mail piece is handled on a carrier's route.

Response:

It is my understanding that a Delivery Confirmation mailpiece is not carried as a separate bundle unless it is a parcel. Even for parcels, Delivery Confirmation parcels are kept with other parcels, rather than as a separate Delivery Confirmation bundle. Since Delivery Confirmation does not make a mailpiece accountable, and since parcels/Priority Mail are not sorted to DPS by equipment, no flags are necessary for the carrier. Once the carrier is on the street, a Delivery Confirmation mailpiece is handled like any other piece except that the barcode on the Delivery Confirmation label is scanned upon delivery.

REVISED OCTOBER 17, 2001

**REDIRECTED RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KINGSLEY TO INTERROGATORIES OF OFFICE OF CONSUMER
ADVOCATE TO WITNESS MAYO**

OCA/USPS-T-36-17 The following refers to the USPS Delivery Confirmation product offering.

(h) Why hasn't the Postal Service extended the Delivery Confirmation offering to First-Class letters?

Response:

(h) My testimony, USPS-T-39, pages 8 and 28, which explains the problems that would occur in identifying and extracting letters with Delivery Confirmation and how it is practical for carriers to identify parcels and Priority Mail with Delivery Confirmation, unlike other mail.

Another major factor is that many customers print their own Delivery Confirmation labels, so it would be impractical to rely on and require taggants (such as fluorescence on the paper stock as used on Certified Mail labels) to pick out pieces on sortation equipment.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE ASSOCIATION FOR POSTAL COMMERCE**

2748

POSTCOM/USPS-T39-1. Please confirm that there is a difference in address quality between automation mail and nonautomation mail. If you do not confirm, please explain.

- (a) Please describe why there is a difference in address quality between automation flats and nonautomation flats.
- (b) Please provide any studies, reports, or analyses addressing address quality issues including, but not limited to, the *Undeliverable as Addressed* report and Address Quality Study.
- (c) Please provide the underlying data used to produce the studies, reports, and analyses in subpart (b) of this interrogatory and provide documentation of the methodology used by the Postal Service to analyze the data.

Response:

In most instances I would expect there to be a difference in address quality.

- (a) It is my understanding that the software used to match customer address lists with ZIP+4 and delivery point barcodes typically results in improved overall address quality. In addition, complete addresses on Automation flats are required to be matched using certified software within 180 days prior to the mailing date, while Presorted flats are only required to be matched once a year simply to ensure accurate 5-digit ZIP Codes.
- (b) and (c) Redirected to USPS.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE ASSOCIATION FOR POSTAL COMMERCE**

2349

POSTCOM/USPS-T39-3. Please list and describe the level of clerks by flats mail processing operations including, but not limited to, mechanized package handling, manual package handling, AFSM 100 automated, AFSM 100 VCS keying, FSM 881 automated, FSM 1000 automated, FSM 1000 keying, and manual flats casing operations.

Response:

<u>Activity</u>	<u>Clerk/MH Level</u>
Mechanized package handling SPBS keyer/sweeper	5
Mechanized package handling SPBS feeder-Mailhandler	4
Manual package handling – Mailhandler	4
AFSM 100 feeder/sweeper	4
AFSM 100 DCO (keyer)	4
FSM 881/1000 automated (BCR/OCR)	4
FSM 881/1000 keyer (non-scheme incoming secondary)	5
FSM 881/1000 keyer (incoming secondary scheme)	6
Manual (scheme and non-scheme)	5
Expeditor	6

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE ASSOCIATION FOR POSTAL COMMERCE**

2350

POSTCOM/USPS-T39-5. Please refer to page 18 at 16-28 of your testimony where you discuss the significant processing concern related to the OCR on the FSMs.

- (a) Please provide any reports, studies, field instructions, analyses, or data that address or quantify this concern. If reports, studies, field instructions, analyses, or data do not exist, please discuss the incidence of this significant processing concern.
- (b) Please describe the typical mailflows and list the typical mail processing, allied, and delivery operations for a nonbarcoded, machinable 3-digit flat where an OCR interprets the return address as the delivery address during incoming primary processing and for a barcoded, machinable 3-digit flat where the BCR successfully interprets the delivery address.

Response:

- (a) Plants send copies of the mailpieces that they have found, where the FSM OCR reads the return address, to Headquarters, Processing Operations for review of potential causes. These are reviewed and shared with Engineering to work on potential enhancements to the software to address specific problems (e.g., when the machine printed return address is directly above the hand written destination address). No summary exists for this constant and continuing flow of examples.
- (b) 1. If the FSM OCR reads the return address during incoming primary processing of a non-barcoded flat, and:
 - (i) the return address is outside of the incoming primary service area it would go to an "out of sort scheme" bin which is sent to be keyed on an FSM 881 or 1000 or to a manual unit where it would be correctly sorted. Or,

- (ii) the return address is within the service area and it is part of a larger mailing, then a clerk sweeping the machine most likely will catch the error since multiple pieces that look alike would quickly fill a bin with all of the same mail. Then these pieces would either be keyed on an FSM 881 or 1000 along with the other AFSM 100 rejects. Or,
 - (iii) the return address is within the service area and there are very few pieces (i.e., not part of a larger mailing), then the piece will be sorted to the wrong 5-digit bin. If the 5-digit zone is automated, it will be caught as out of scheme during incoming secondary and be sent back to incoming primary processing to either be keyed on an FSM 881 or 1000 or sent to manual and sorted to the correct 5-digit. If the 5-digit zone is non-automated, then the piece will go to the delivery unit where a clerk sorting to carrier route will find the missort and will send it back to the plant for resort. Missorts from delivery units are usually reprocessed manually at the plant.
2. Barcoded machinable flats successfully interpreted by a BCR and processed on incoming primary will be sorted to 5-digits.

For automated zones, the 5-digit volumes in flat trays will be separated by incoming secondary scheme for subsequent FSM processing to carrier route before being sent to the delivery unit.

For non-automated zones, the 5-digit volumes in flat trays will be separated by delivery unit before being sent to the delivery unit to sort to carrier route.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE ASSOCIATION FOR POSTAL COMMERCE**

2352

Regardless of whether the piece has a barcode or if the zone is automated, carriers then case flats into walk sequence and pull them down from the case to take to the street for delivery.

POSTCOM/USPS-T39-7. Please identify and discuss the mailflow of missorted flats including, but not limited to, mail processing, allied, and delivery operations. Please identify and describe the scheme and operation where missorted flats can be noticed and the rework required for accurate distribution.

Response:

Flats could be missorted due to one of many reasons; it could be due to an inaccurate barcode, inaccurate ZIP Code, inaccurate address, mis-keyed result by a DCO, wrong tray label, OCR read error, etc. Each one of these has different degrees of impact. A missort could be as small as to the wrong carrier within the same delivery unit, which can be corrected by the carrier and delivered without service implications, or as great as being sent across the country incurring significant costs and service delays. Missorted flats are noticed and reworked anywhere in the system.

In outgoing processing, whether manual, mechanized or automated, the "out of scheme" holdout and diligent quality checks by all employees are the primary methods of identifying missorts.

See response to POSTCOM/USPS-T39-5(b) for how different incoming missorted flats would be handled.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE ASSOCIATION FOR POSTAL COMMERCE**

J. 384

POSTCOM/USPS-T39-8. Please refer to your discussion on sorting flats to DPS on page 20 at 2-20 of your testimony.

- (a) Please confirm that the Postal Service generally sorts 5D automation letters to DPS in two passes on automated sorting equipment. If not confirmed, please explain. Does the Postal Service expect to implement a similar approach to DPSing flats? If no, please explain fully.
- (b) Please confirm that the Postal Service does not expect to sort nonbarcoded flats to DPS. If you confirm, please explain why. If you do not confirm, please explain.
- (c) How does the Postal Service sort nonmachinable letters to DPS? Does the Postal Service expect to implement a similar approach to sorting nonbarcoded flats to DPS?
- (d) Please identify the expected mail processing, allied, and delivery operations incurred or avoided due to sorting flats to DPS.

Response:

- (a) Confirmed. To a lesser extent, we also use CSBCSs, which require three passes to sort to DPS. As stated on page 20 of my testimony, many specifics related to delivery point sequencing flat-shaped mail have not yet been resolved. The current view is that an approach similar to letters would be the most likely method to DPS flats.
- (b) Not confirmed. As explained on pages 15 and 16 of my testimony, non-barcode flat-shaped mail is currently sorted to the carrier-route level when an address match can be achieved through either the OCR or on-line video coding. A similar concept could be envisioned in a delivery point sequencing environment. Engineering is also looking at various alternatives of placing a barcoded ID code on non-prebarcoded flats in order to use an OCR or keying result more than once.

(c) If appropriate, operations will attempt to process otherwise non-machinable letters to DPS by first processing the letters through the LMLM or tabbing equipment described on pages 7 and 8 of my testimony. Letters that cannot be made machinable using this equipment are not candidates for DPS.

See response to subpart (b) regarding the DPS approach to non-barcoded flats.

(d) As stated in my testimony, DPSing flats is still being evaluated, including what process and type of equipment would be used. Therefore, we do not know what mail processing, allied, and delivery operations may be incurred. Carrier-in-office casing would expect to be avoided for DPS flats.

POSTCOM/USPS-T-39-9. Please refer to the operations estimates of the incoming secondary machinable flats coverage factors in USPS-LR-J-61.

- (a) Please provide the data, analyses, and assumptions underlying these estimates.
- (b) Please explain if and how these estimates vary by mail piece characteristics (including, but not limited to, class, piece weight within machinability requirements, piece size within machinability requirements, uniformity of mail to be processed, and presence of a barcode), plant, tour, operating window, flats volume, and other factors you deem appropriate.

Response:

- (a) Operations estimated 65 percent of incoming secondary machinable flats would be sorted on automation and 35 percent would continue to be sorted in manual operations. These values were based on processing automated incoming secondary for zones with 10 or more carrier routes (page 17 at 11-13 of my testimony). The amount of FSM incoming secondary volume before AFSM deployment (approximately 3 billion pieces) was added to the additional incoming secondary volumes plants were to achieve with full AFSM deployment (approximately 14 billion). The total was then divided by the total non-carrier route presorted volume (approximately 26 billion) for a value of 65 percent. This includes an approximate 10 percent incoming secondary reject rate (e.g., missing directional, suffix, unreadable by the keyer) that must be sorted to carrier manually.

These values appear valid given other considerations, such as those mentioned in subpart b, which also impact the percentage.

(b) These estimates would be expected to vary by:

Class/Tour/Operating Window – Yes. These three are intertwined.

If volume arrived after Critical Entry Time for the tour 1 FSM incoming secondary operating window for that zone and the volume for that day's delivery missed automated processing, it would be sent to the delivery unit to be manually sorted. This usually would only affect First-Class Mail and Periodicals Mail. Standard Mail is often sorted to incoming secondary on tours 2 and 3. However, data are unable to be disaggregated to provide separate incoming secondary coverage factors by class.

Plant – Yes. Some plants are more urban and all of their zones have 10 or more carriers per zone and are located fairly close by. Other facilities serve more rural areas and will have fewer zones with 10 or more carriers that are located farther away, thereby reducing the operating window to run an incoming secondary program. Therefore, one plant may process 75 percent on automation and another 55 percent.

Flats volume – Yes. If volumes were exceptionally heavy, some volumes would likely be sent to manual sortation to carrier route.

Piece weight or size within machinability, uniformity of mail, presence of a barcode – No.

It is my understanding that even if the automated incoming secondary percentage increased 5-10 percent in the cost models, that given the CRA adjustment factors and the greater than 100 percent pass-

throughs for the discount, the cost difference would still be much less than the proposed flats automation discounts.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF THE ASSOCIATION FOR POSTAL COMMERCE**

2359

POSTCOM/USPS-T-39-11. Please refer to the Federal Register proposed rule on August 28, 2001 concerning Domestic Mail Manual Changes to Allow Co-Packaging of Automation Rate and Presorted Rate Flats. Please provide and describe the "Postal statistics [that] show that barcoded flats sort at a higher rate than nonbarcoded flats in primary processing operations."

Response: Please refer to POSTCOM/USPS-T-39-2a which was redirected to witness Miller.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T-39-12 Please refer to page 19 of your testimony where you state, "This supports limiting the proposed BPM flats barcode discount and the flat and parcel rate distinction (witness Kiefer, USPS-T-33) to AFSM 100 compatible criteria."

(a) Please list all "AFSM 100 compatible criteria".

(b) In FY 2000, what percentage of Bound Printed Matter pieces met the criteria for AFSM 100 compatibility identified in your response to subpart (a) of this interrogatory? Please also identify and describe the data source that you used to develop this estimate. If you cannot provide a precise estimate, please provide your best guess.

(c) In FY 2000, what percentage of Bound Printed Matter flats met the criteria for AFSM 100 compatibility identified in your response to subpart (a) of this interrogatory? Please also identify and describe the data source that you used to develop this estimate. If you cannot provide a precise estimate, please provide your best guess.

Response:

- a. At the present time, the "AFSM 100 compatible criteria" have not yet been determined. A mail characteristics' test conducted by an outside consulting firm is expected to be completed soon. The Postal Service is awaiting the final results.
- b. and c. See response to subpart a. Without final definition of the AFSM 100 compatibility criteria, there is no reasonable basis to determine the percentages requested. For the purposes of projecting revenues in the test year, witness Kiefer (USPS-T-33) has assumptions about what percentage of BPM pieces would consist of flats (hence eligible to use BPM flats rates), and what percentages of BPM presort and single-piece flats would be eligible and would use the BPM automatable flats barcode discount. These percentages were developed in his workpaper SWP2-1. The flats volume data are from library reference USPS-LR-J-112. See also responses to POSTCOM/USPS-T-33-1 and POSTCOM/USPS-T-33-2.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T-39-13 Please refer to your response to POSTCOM/USPS-T39-9(b) where you state, "If volumes were exceptionally heavy, some volumes would likely be sent to manual sortation to carrier route." In these situations, is the Postal Service more likely or less likely to send nonbarcoded flats to manual sortation than to send barcoded flats that are similar in every way other than the presence of a barcode to manual sortation? Please explain your response fully.

Response: *If volume was exceptionally heavy and some volume had to be sent to the manual operation, it would not matter whether the mail had a barcode or not. The goal would be to ensure that the mail gets processed, either by machine or in manual operations.*

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T-39-14 Please refer to your response to POSTCOM/USPS-T39-5 where you discuss the mailflows of pieces where the OCR reads the return address as the delivery address. Please confirm that the MODS system counts these pieces as being "handled" and therefore these missorts are included in TPH.

Response: *Confirmed.*

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

2363

POSTCOM/USPS-T-39-15 Please refer to your response to POSTCOM/USPS-T39-8(b) where you state, "As explained on pages 15 and 16 of my testimony, non-barcode flat-shaped mail is currently sorted to the carrier-route level when an address match can be achieved through either the OCR or on-line video coding. A similar concept could be envisioned in a delivery point sequencing environment. Engineering is also looking at various alternatives of placing a barcode ID code on non-prebarcode flats in order to use an OCR of keying result more than once."

(a) How likely do you think it is that the Postal Service will adopt the approach of placing a barcode ID code on nonbarcode Standard Regular mail? Please explain your response fully.

(b) How likely do you think it is that the Postal Service will sort flats to DPS by matching addresses through either the OCR or on-line video coding?

(c) What do you expect the OCR read rate will be for sorting nonbarcode flats to DPS? Please explain your answer fully and provide any underlying data you used to develop your estimate.

Response:

a) We continue to evaluate the feasibility and benefits of placing ID codes on flat mail.

The value of the ID code is to prevent flat mail pieces from having to be read by an OCR or keyed in a keying operation multiple times within our postal system. In today's environment, where the majority of non-barcode Standard mail flats are presorted to 3/5 digit level and require only one or two handlings to be sorted to the carrier level, the value of the ID code sort is limited. The benefit of the ID code will increase when automating flat processing to the delivery point level which will require more automation handlings.

b) Although we are in the research and development stages of the Delivery Point Sequencing of flats, we expect to utilize OCR and on-line video coding technology for mail which does not have a barcode.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

- c) Without having operational experience in Delivery Point Sequencing flat mail it is difficult to estimate the OCR read rate for nonbarcoded flats. Current data indicate that the finest depth of sort rate for all machinable flats to vary between 63-75 percent (depending on the operation). We expect that this rate will be lower for nonbarcoded flats. However similar to letter recognition technology, improvement is anticipated as experience is gained with the mailbase.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

2365

POSTCOM/USPS-T-39-16 Please refer to your response to POSTCOM/USPS-T39-8(c) where you state, "Carrier in-office casing would be expected to be avoided for DPS flats."

(a) What is the Postal Service's average productivity for carrier in-office casing of flats? Please describe the data source that you used to develop this figure.

(b) If you are unable to respond to (a), do you expect that the average productivity for carrier in-office casing is similar to the manual flat sorting productivity for clerks at delivery units?

Response:

(a) See response to VP/USPS-T39-17 redirected to the USPS. The productivity provided in this response is the minimum standard for carrier in-office casing of flats.

I am unaware of any other casing productivity data for carrier in-office casing of flats.

(b) No.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF ASSOCIATION OF POSTAL COMMERCE

POSTCOM/USPS-T39-17. In your answer to Postcom/USPS-T-39-12 (b) and (c) you referred to witness Kiefer's SWP2-1. Do you agree with his "Estimated Share of Presort Flats that would use clients barcode"?

- (a) If your answer is affirmative, why do you think that the correct percentage is "Eligible Presorted Flats Divided by Total Presorted bpm Flats"?
- (b) If you do not agree with Mr. Kiefer's estimation, what is yours?

Response:

I have no reason to question witness Kiefer's estimates and found no need to investigate the basis or development of the assumptions when putting together my testimony.

(a) – (b) The discount can provide significant rate savings with minimal marginal costs for the mailer that is most likely already barcoding Standard mail flats. Based on that alone, it appears to me to be reasonable to assume that customers will take advantage of the discount when eligible.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF ASSOCIATION OF POSTAL COMMERCE

2357

POSTCOM/USPS-T39-18 Please refer to your answer to PostCom/USPS-T-39-9. What is the source for the "additional incoming secondary volume plants were to achieve with full AFSM deployment" referred to in your answer in subpart (a) of that answer.

Response: See page 17, lines 5-13, of my testimony.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T39-19 Your answer to DMA/USPS-T-39-3 recites that an "average number of AFSM100 run hours per day for AP13, FY2001," of approximately "21.2" and "average total pieces handled (TPH) per machine per day" of "220,306 pieces." Is it appropriate to divide the average TPH by the average hours per day to derive an average number of pieces handled per hour of 10,392? If not, why not?

Response:

No. As stated in response to DMA/USPS-T-39-3, run hours per day is not an accurate measurement of equipment utilization since it includes time when the machine was on but not processing mail such as during crew breaks or sweeping between sort scheme changes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T39-20 Please refer to your response to POSTCOM/USPS-T39-15(a) where you discuss ID codes for flat mail. Please discuss how you expect the Postal Service will place the ID code on non-prebarcoded flats. In your discussion, please describe the mail processing operations and equipment that will be used as well as personnel and material requirements. If the Postal Service has not determined the preferred method for placing ID codes on non- prebarcoded flats, please describe all alternatives being considered.

Response: The process to apply ID codes for flat mail is still being tested and evaluated. The solution being worked on would tag only those pieces that do not contain a readable or complete barcode. The technologies now being developed and evaluated include applying fluorescent and photochromic inks, and developing a system to track the ID tags and results.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

POSTCOM/USPS-T39-21 Please refer to your response to POSTCOM/USPS-T39-15(c) where you state, "Current data indicate that the finest depth of sort rate for all machinable flats to vary between 63-75 percent (depending on the operation). We expect that this rate will be lower for nonbarcoded flats,"

(a) Please define "finest depth of sort" as used in your response to POSTCOM/USPS-T39-15(c).

(a) (*sic*) Please describe the current data and the source of the data that you refer to in your response to POSTCOM/USPS-T39-15(c).

(b) Did any of the machinable flats referred to in your response to POSTCOM/USPS-T39-15(c) have 11-digit barcodes on them?

(c) What proportion of the machinable flats referred to in your response to POSTCOM/USPS-T39-15(c) were nonbarcoded?

(d) How much lower do you expect the accept rate for nonbarcoded flats to be? Please explain your response fully and provide any underlying data you used to develop your estimate.

(e) What do you expect the accept rate will be for sorting flats with 11-digit barcodes to delivery point sequence? Please explain your answer fully and provide any underlying data you used to develop your estimate.

Response:

(a) "Finest depth of sort rate" in this response refers to the finest level of sort that can be achieved on our automation equipment when the address on the mail piece is processed using the information contained in our address database. The finest depth of sort may be only 5-digits for a non-automated zone, 9-digits for a firm or PO Box, and, usually, 11-digits to the delivery point – for example, not to a building default.

(a) The percentages cited were obtained by running the AFSM-100 OCR First Article Test image set through the latest AFSM-100 OCR hardware/software configuration.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF ASSOCIATION FOR POSTAL COMMERCE

- (b) I would expect that some percentage of flats contained 11-digit barcodes given the mail I receive.
- (c) Approximately 50 percent were nonbarcoded.
- (d) I would expect the accept rate for nonbarcoded flats to be somewhat lower than for barcoded flats but I do not have an exact figure. Refer to USPS LR-J-61, page 84 for current BCR and OCR accept rates for Standard Mail.
- (e) At this time, we do not have accept rate projections for 11-digit barcoded pieces in a DPS environment. It would depend on a number of factors, such as whether barcodes and/or ID codes are applied to flats as part of the DPS process. Also, future improvements in readability will impact the accept rate.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF RECORDING INDUSTRY ASSOCIATION OF AMERICA
REDIRECTED FROM WITNESS SCHENK

RIAA/USPS-T-43-5 Please refer to your response to PostCom/USPS-T43-20, in which you refer to instructions for Question 22 in USPS-LR-I-14/R2000-1 for "provid[ing] documentation on how the In-Office Cost System (IOCS) defines a flat, an automation flat, a parcel, and an IPP." Please further refer to your response to PostCom/USPS-T43-2p, in which you refer to sections C050 and C820 of the Domestic Mail Manual for "provid[ing] documentation on how the Domestic Mail Manual defines a flat, an automation flat, a parcel, and an IPP."

- (b) Please confirm that section C050.3.2 of the current Domestic Mail Manual refers to section C820 for "dimensional criteria" for "automation-compatible flat-size mail." If not confirmed, please explain fully.
- (c) Please confirm that section C820.1.0 of the current Domestic Mail Manual states that pieces may qualify as automation-compatible flat-size mail under either the FSM 881 or FSM 1000 requirements. If not confirmed, please explain fully.
- (d) Please confirm that an item with a length between 4 and 13 inches, a height between 4 and 12 inches, and a thickness greater than 0.75 inch but less than 1.25 inches satisfies the size definitions of an automation-compatible flat-size mail piece according to the FSM 1000 requirements in section C820.3.3 of the current Domestic Mail Manual. If not confirmed, please explain fully.
- (f) Please confirm that the current definition of the size requirements for FSM 1000 automation-compatible flat-size mail became effective on October 4, 1998.

Response:

- (b) Confirmed. However, the definition of a flat in DMM C050.3.1 is more limited in scope and is more consistent with how the piece is handled in mail processing and delivery operations. There are pieces that meet the FSM 1000 automation compatible definitions on C820.3 yet are handled as parcels in mail processing and delivery operations. See page 19, lines 1-31 of my testimony, USPS-T-39.
- (c) Confirmed.
- (d) Confirmed.
- (f) Confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-1 List by category the sources of origin for all letter-shaped mail processed at MODS facilities (e.g., Associate Offices, BMCs, drop shipment by bulk mailers, etc.)

Response:

- Collection Mail
 - Collection boxes
 - Collection routes
 - Carrier pick-ups at delivery points
 - Retail Units
 - Bulk Mail
 - Bulk Mail Entry Units at postal facilities (associate offices, plants, etc.)
 - Plant loaded onto postal transportation at mailer plants
 - Drop shipped by mailers into postal facilities
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-2 For each source of origin for letter-shaped mail processed at MODS facilities, indicate the fraction of incoming letters at MODS facilities arriving from that source in the base year. If exact figures are not available, provide approximate estimates.

Response:

It is my understanding that data are not collected based on the source of entry. I am unaware of any data on which to base an estimate.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-3 Are incoming letters from the various points of origin for letter-shaped mail processed at MODS facilities processed in the same way? If not, describe the culling and opening operations for incoming letters from each of the points of origin.

Response:

Once mail arrives at the plant, the general source is usually irrelevant. There are no consistent processing differences within the categories of collection mail letters and bulk mail letters based on the source of entry. There are, however, differences in the mail prep and opening operations between the categories of collection mail letters and bulk mail letters. Collection mail must be dumped onto culling belts and processed on canceling equipment (unless metered and already placed in trays by the customer) prior to piece distribution operations to be faced and cancelled, if necessary. For most bulk mail letter trays, it is simply necessary to remove the sleeves and sort the trays based on the target piece distribution operation. Some trays of presorted letters do contain bundles of letters, which also need to be sorted prior to piece distribution.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-4 List by category the sources of origin for all flats processed at MODS facilities (e.g., Associate Offices, BMCs, drop shipment by bulk mailers, etc.)

Response:

See response to UPS/USPS-T-39-1.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-5 For each source of origin for all flats processed at MODS facilities, indicate the fraction of incoming flats at MODS facilities arriving from that source in the base year. If exact figures are not available, provide approximate estimates.

Response:

See response to UPS/USPS-T-39-2.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-6 Are incoming flats from the points of origin for all flats processed at MODS facilities processed in the same way? If not, describe the culling and opening operations for incoming flats from each of the points of origin.

Response:

Once mail arrives at the plant, the general source is usually irrelevant. There are no processing differences within the categories of collection mail flats and bulk mail flats based on the source of entry. There are, however, differences in the mail prep and opening operations between the categories of collection mail flats and bulk mail flats. Collection mail must be dumped onto culling belts and processed on canceling equipment (unless metered and already placed in trays by the customer) prior to piece distribution operations. Bulk mail flats are prepared in trays (First-Class Mail) or in sacks or on pallets (Periodicals, Standard Mail, and BPM). For bulk mail flats trays, it is simply necessary to remove the lids and sort the trays based on the target piece distribution operation. Some bundle sort may be required. For sacks and pallets, the packages must be dumped from the sacks and off the pallets. Subsequently, the packages must be sorted to the appropriate piece distribution operation or to another downstream facility. Ultimately, the packages are opened and the pieces are distributed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-7 List by category the sources of origin for all parcels processed at MODS facilities (e.g., Associate Offices, BMCs, drop shipment by bulk mailers, etc.).

Response:

See response to UPS/USPS-T-39-1.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-8 For each of the sources of origin for parcels processed at MODS facilities, indicate the fraction of incoming parcels at MODS facilities arriving from that source in the base year. If exact figures are not available, provide approximate estimates.

Response:

See response to UPS/USPS-T-39-2.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-9 Are incoming parcels from the various points of origin for parcels processed at MODS facilities processed in the same way? If not, describe the culling and opening operations for incoming parcels from each of the points of origin.

Response:

No. Parcels entered through retail units are typically separated into containers at the time of acceptance by class (e.g. Express Mail, Priority, Parcel Post, etc.) for downstream processing. Containers of Package Services parcels will typically be transferred through a processing and distribution center to a Bulk Mail Center for processing. Containers of First-Class Mail, Priority Mail, and Express Mail are usually processed separately at processing and distribution centers. Some Priority Mail and Express Mail may be processed at an Air Mail Center. In certain geographic areas, Priority Mail parcels are processed in dedicated Priority Mail processing facilities.

There are no consistent processing differences within the category of bulk mail parcels based on the source of entry, however, the mail prep and opening operations for bulk mail parcels differ from parcels entered through retail units. Bulk mail parcels are likely to be prepared in sacks, on pallets, or bedloaded. A sack containing parcels is either sorted to a downstream operation/facility or dumped for piece distribution. A pallet containing parcels is either cross-docked to a downstream facility or dumped for piece distribution. Bedloaded parcels are unloaded and the pieces distributed. The facility at which these operations occur is based on the class of mail and consistent with the above paragraph.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-10 Refer to page 2, lines 19-20, of your testimony, in which you describe "stamped mail" and "[hampers of single-piece collection mail." Is all single piece collection mail stamped mail? If not, what other types of mail are included in the hampers?

Response: No. Metered mail is also included in single piece collection mail.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-11 Does all of the stamped mail get processed through the Advanced Facer Cancellation System (AFCS), as described on page 2, lines 19-22, of your testimony?

Response: No. The vast majority of letters and cards do get processed on the AFCS. Flats are cancelled on a flats canceller. Thick, rigid, and "hand-stamp only" pieces are hand cancelled. Also see response to USP/USPS-T-39-14.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-12 Refer to page 2, section A of your testimony ("Letter and Card Mail Processing"), in which you describe mail processing operation "010." On page 2, lines 17 through 18, you state that, "This operation is where letters, flats, and parcels are separated for subsequent handling." Does the discussion on page 2, lines 15 through 24, of your testimony apply to sections B and C of your testimony, where you discuss flats and parcel processing?

Response:

Yes, though only for First-Class flats and parcels. Other classes of mail (except for Express Mail and Priority Mail), regardless of shape, do not go through the "010" operation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-13 Is the Advanced Facer Cancellation System part of the allied operations? If so, explain why it is not discussed in section D of your testimony, titled "Allied Operations." If not, explain the distinction between the allied operations described in section D of your testimony (page 26, lines 20-21) and the facing and canceling described in section A of your testimony (page 2, lines 19-24).

Response:

Yes. The AFCS is specific to letter/card processing and mailflows while allied is generally not shape specific. Therefore, Section A seemed a more appropriate place within my testimony to discuss the AFCS.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-14 Do all letters, flats, and parcels -- even those that are eventually sorted in the manual operations -- first get processed through the Advanced Facer Cancellation System?

Response:

No. Given the description of AFCS on page 2, lines 22 through 23, of my testimony, flats and parcels would not fit through the AFCS for processing.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-15 Refer to page 3, line 17 through page 4, line 7, of your testimony. Are all rejects from the Advanced Facer Cancellation System subsequently processed in manual operations? If not, how are rejects processed?

Response: All rejects from the Advanced Facer Canceller System are faced and reoriented to run a second time through the AFCS. Letters sometimes stick together when run through initially. Rejects from the second run are then sent to a downstream operation such as the outgoing OCR/ISS or manual operation depending upon if the piece is machinable or lacks postage.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-16 Refer to your testimony at page 14, footnote 15, where you state that, "An opening unit is the operational area within a processing facility where sacks and containers of mail are opened and prepared for distribution." Does all incoming mail go through an opening unit operation, including collection mail and all mail incoming from a BMC? If not, describe all types of mail that go through an opening unit operation.

Response:

Yes, of one kind or another at a mail processing facility or delivery unit.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-17 Does all collection mail arriving at MODS facilities come from local post offices?

Response: Collection mail comes from local post offices and retail units or drop boxes at the plant.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-18 Describe the types of mail arriving at a MODS facility that are first processed on a Bar Code Sorter (BCS) and hence are counted as part of BCS First Handling Pieces.

Response:

Any machineable letter could have its first distribution handling on a BCS and receive FHP credit. If the BCS is in BCS mode, the letter would have to have a barcode.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-19 How is First Handling Pieces measured for the mail streams that arrive at a MODS facility and are first processed on a Bar Code Sorter?

Response:

Mail coming directly from the AFCS is counted for FHP on the BCS using the AFCS machine count. Almost all other FHP counts are derived from scale transactions using a pounds-to-pieces conversion factor. On a few occasions, the piece count is obtained from the mailing statement and entered in MODS.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-20 Describe the types of mail that are processed in the Bar Code Sorter ("BCS") operation but do not get counted as First Handling Pieces in the BCS operation.

Response:

Any mail that has already been sorted within that facility would not get an FHP credit.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-21 Indicate the MODS operations in which the mail streams that are processed in the Bar Code Sorter ("BCS") operation but do not get counted as First Handling Pieces ("FHP") in the BCS operation might get counted as FHP?

Response:

They would have been sorted in a prior BCS operation or on a MLOCR.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-22 Describe the types of mail arriving at a MODS facility that are first processed on a Bar Code Sorter/Delivery Bar Code Sorter (BCS/DBCS) and hence are counted as part of BCS/DBCS First Handling Pieces.

Response:

See UPS/USPS-T-39-18. Within the BCS family, the machine type is immaterial for FHP.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-23 How is First Handling Pieces measured for the mail streams arriving at a MODS facility that are first processed on a Bar Code Sorter/Delivery Bar Code Sorter?

Response:

See UPS/USPS-T-39-19. Within the BCS family, the machine type is immaterial for FHP.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-24 Describe the types of mail that are processed in the Bar Code Sorter/Delivery Bar Code Sorter ("BCS/DBCS") operation but do not get counted as First Handling Pieces in the BCS/DBCS operation.

Response:

See UPS/USPS-T-39-20. Within the BCS family, the machine type is immaterial for FHP.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-25 Indicate the MODS operations in which the mail streams that are processed in the Bar Code Sorter/Delivery Bar Code Sorter (BCS/DBCS) operation but do not get counted as First Handling Pieces (FHP) in the BCS/DBCS operation might get counted as FHP?

Response:

See UPS/USPS-T-39-21. Within the BCS family, the machine type is immaterial for FHP.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-26 Describe the types of mail arriving at a MODS facility that are first processed on a Flat Sorting Machine ("FSM") and hence are counted as part of FSM First Handling Pieces.

Response:

Any machinable flat mail could be sorted first on an FSM and receive FHP credit.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-27 How is *First Handling Pieces* measured for the mail arriving at a MODS facility that are first processed on a Flat Sorting Machine ("FSM")?

Response:

Almost all FHP counts are derived from scale transactions using pounds-to-pieces conversion factors. On occasion, the piece count is obtained from the mailing statement and entered in MODS.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-28 Describe the types of mail that are processed in the Flat Sorting Machine ("FSM") operation but do not get counted as First Handling Pieces in the FSM operation.

Response:

Any mail that has already been sorted within the facility would not get an FHP credit.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-29 Indicate the MODS operations in which the mail that is processed in the Flat Sorting Machine ("FSM") operation but does not get counted as First Handling Pieces ("FHP") in the FSM operation might get counted as FHP?

Response:

It would have received FHP credit in a prior FSM operation within the facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-30 Describe the types of mail arriving at a MODS facility that are first processed on a FSM 1000 and hence are counted as part of FSM 1000 First Handling Pieces.

Response:

Any flats that are machinable on the FSM-1000 could be first distributed and receive FHP credit on the FSM-1000. However, if the flats were machinable on the FSM-881 or AFSM 100, it is more likely that they would be first distributed and receive FHP credit on those machines.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-31 How is First Handling Pieces ("FHP") measured for the mail arriving at a MODS facility that is first processed on a Flat Sorting Machine/1000 ("FSM/1000") and hence is counted as part of FSM/1000 FHP?

Response:

See UPS/USPS-T-39-27. Within the FSM family, the machine type is immaterial for FHP.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-32 Describe the types of mail that are processed in the FSM/1000 operation but do not get counted as First Handling Pieces ("FHP") in the FSM/1000 operation.

Response:

See UPS/USPS-T-39-28. Within the FSM family, the machine type is immaterial for FHP.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-33 Indicate the MODS operations in which the mail that is processed in the FSM/1000 operation but does not get counted as First Handling Pieces ("FHP") in the FSM/1000 operation might get counted as FHP?

Response:

See UPS/USPS-T-39-29. Within the FSM family, the machine type is immaterial for FHP.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-34 Describe the types of mail arriving at a MODS facility that are first processed on an Optical Character Reader (OCR) and hence are counted as part of OCR First Handling Pieces.

Response:

I assume you are referring to a MLOCR or DIOSS in OCR or ISS mode. Any machinable letter mail could be first processed on this equipment. The majority of this mail would not have a barcode.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-35 How is First Handling Pieces ("FHP") measured for the mail arriving at a MODS facility that is first processed on an Optical Character Reader (OCR) and hence is counted as part of OCR FHP?

Response:

Mail coming directly from the AFCS is counted for FHP on the OCR using the AFCS machine count. Almost all other FHP counts are derived from scale transactions using a pounds-to-pieces conversion factor. On a few occasions, the piece count is obtained from the mailing statement and entered in MODS.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-36 Describe the types of mail that are processed in the Optical Character Reader ("OCR") operation but do not get counted as First Handling Pieces in the OCR operation.

Response:

Mail that was rejected by another distribution operation, generally due to a non-read of the barcode, could be distributed on an OCR but would not receive FHP credit. Also, mail distributed on an OCR could get a second handling on an OCR if an appropriate BCS operation is not available.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-37 Indicate the MODS operations in which the mail that is processed in the Optical Character Reader ("OCR") operation but does not get counted as First Handling Pieces ("FHP") in the OCR operation might get counted as FHP?

Response:

Any prior BCS or OCR operation within the facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-38 Describe the types of mail arriving at a MODS facility that are first processed on a Small Parcel and Bundle Sorter (SPBS) and hence are counted as part of SPBS First Handling Pieces.

Response:

Only Priority mail gets FHP credit on the SPBS.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-39 How is First Handling Pieces measured for the mail arriving at a MODS facility that is first processed on a Small Parcel and Bundle Sorter (SPBS) and hence is counted as part of SPBS First Handling Pieces?

Response:

The SBPS machine count of pieces fed is entered in MODS to record FHP for Priority mail.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-40 Describe the types of mail that are processed in the Small Parcel and Bundle Sorter ("SPBS") operation but do not get counted as *First Handling Pieces* in the SPBS operation.

Response:

Small parcels, bundles or irregular parcel post that are not Priority Mail do not get FHP credit on the SPBS. For FHP purposes, the SPBS is not considered a distribution operation for anything but Priority Mail.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-41 Indicate the MODS operations in which the mail that is processed in the Small Parcel and Bundle Sorter ("SPBS") operation but does not get counted as First Handling Pieces ("FHP") in the SPBS operation might get counted as FHP?

Response:

These pieces do not receive FHP credit unless they are Priority Mail which could receive FHP credit in a prior SPBS or flat sorting machine operation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-46 Describe the types of mail arriving at a MODS facility that are first processed in the Manual Flats operation and hence are counted as part of Manual Flats First Handling Pieces.

Response:

Any flats that are sent to the Manual Flats operations without being previously distributed in another distribution operation within the same facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-47 How is First Handling Pieces measured for the mail arriving at a MODS facility that are first processed in the Manual Flats operation?

Response:

Almost all FHP counts are derived from scale transactions using a pounds-to-pieces conversion factor. On a few occasions, the piece count is obtained from the mailing statement and entered in MODS.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-48 Describe the types of mail that are processed in the Manual Flats operation but do not get counted as First Handling Pieces in that operation.

Response:

Flats that were previously processed in another distribution operation, including machinable flats that were rejected by a flat sorting machine operation.

2417

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-49 Indicate the MODS operations in which the mail that is processed in the Manual Flats operation but does not get counted as First Handling Pieces ("FHP") in that operation might get counted as FHP?

Response:

Any other flats distribution operation within the same facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-50 Describe the types of mail arriving at a MODS facility that are first processed in the Manual Letters operation and hence are counted as part of Manual Letters First Handling Pieces.

Response:

Any letters sent to the manual letter operations without being previously distributed in another distribution operation within the same facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-51 How is First Handling Pieces ("FHP") measured for the mail arriving at a MODS facility that is first processed in the Manual Letters operation?

Response:

See UPS/USPS-T-39-47.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-52 Describe the types of mail that are processed in the Manual Letters operation but do not get counted as First Handling Pieces in that operation.

Response:

Letters that were previously distributed in another letter distribution operation,
including machinable letters that were rejected by a letter sorting machine.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-53 Indicate the MODS operations in which the mail that is processed in the Manual Letters operation but does not get counted as First Handling Pieces ("FHP") in that operation might get counted as FHP?

Response:

Any other letter distribution operation within the same facility.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-54 Describe the types of mail arriving at a MODS facility that are first processed in the Manual Priority operation and hence are counted as part of Manual Priority First Handling Pieces.

Response:

Any Priority mail could be first distributed and receive FHP credit in a Manual Priority operation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-55 How is First Handling Pieces ("FHP") measured for each type of mail arriving at a MODS facility that is first processed in the Manual Priority operation and hence is counted as part of Manual Priority FHP?

Response:

FHP counts for Priority mail are derived from scale transactions, from the mailing statement, or from container conversion factors.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-56 Describe the types of mail that are processed in the Manual Priority operation but do not get counted as First Handling Pieces in that operation.

Response:

Any Priority mail that has already been distributed by another distribution operation within the same facility, including rejects from the SPBS or flat sorting machines.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-57 Indicate the MODS operations in which the mail that is processed in the Manual Priority operation but does not get counted as First Handling Pieces ("FHP") in that operation might get counted as FHP.

Response:

It could have been distributed in any SPBS or flat sorting operation

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-58 Explain the differences between a BMC and an Auxiliary Service Facility (ASF) and what determines whether a parcel is processed at a BMC or an ASF.

Response:

ASFs are Processing and Distribution Centers (P&DCs) that process all classes of mail. Therefore, the designation "ASF" is more of a label to represent that some P&DCs serve as an "auxiliary" or "subsidiary" operation to BMCs.

Each ASF has a "parent" BMC. For example, the "parent" BMC for the Salt Lake City ASF is Denver. Therefore, the service areas for the Salt Lake City ASF and the Denver BMC overlap, with the Salt Lake City ASF service area consisting of a small portion of the Denver BMC service area. So, each BMC has a dedicated service area that is only served by the BMC, but may also have some ZIP Code ranges within its service area also served by a "child" ASF. ASFs were added to assist BMCs that had large service areas or covered considerable distances (such as, Denver BMC).

BMCs and ASFs play a similar role in the processing of Package Services and Standard Mail. Both BMCs and ASFs process parcels as well as sacks and pallets of Standard and BPM Mail for specific ZIP Code ranges. Customers dropship mail into both BMCs and ASFs based, again, on these ZIP Code ranges. BMCs use large-scale parcel and sack/tray sorting equipment, while ASFs typically use smaller systems or possibly manual sortation, for parcel, sack,

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

and tray distribution. Both BMCs and ASFs typically use Small Parcel and Bundle Sorters (SPBSs) to sort flat bundles from sacks or pallets. See DMM L601 and L602.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T-39-59 When was the first Auxiliary Service Facility ("ASF") introduced into the postal network?

Response:

The plants began assuming the responsibilities of an ASF network facility in late 1975.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2429

UPS/USPS-T39-69 (a) Describe the types of mail arriving at a MODS facility that are first processed in the Manual Parcel operation and hence are counted as Manual Parcel First Handling Pieces ("FHP").

(b) How is the FHP measured for each type of mail that is first processed in the Manual Parcel operation and hence are counted as Manual Parcel FHP?

(c) Describe the types of mail that are processed in the Manual Parcel operation but do not get counted as FHP in that operation.

(d) Indicate the MODS operation in which the mail that is processed in the Manual Parcel operation but does not get counted as FHP in that operation might get counted as FHP.

Response:

(a) The primary types of mail processed in manual parcel operations at a MODS facility are First-Class Mail parcels, nonmachinable Parcel Post, irregular parcels, and international parcels.

(b) Parcel FHP are determined by actual piece counts or conversion rates per container.

(c) & (d) All first handled pieces processed within the same MODS facility in a manual parcel operation should receive an FHP credit in the operation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2430

UPS/USPS-T39-70 Is Priority Mail ever processed in BCS cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the BCS cost pool.
- (b) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Yes. Some Priority Mail letters can occasionally become mixed with FCM letters being processed on a BCS. However, Priority Mail letters are not generally processed on a BCS. Priority Mail is processed as a separate mailstream.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2431

UPS/USPS-T39-71 Is Priority Mail ever processed in BCS/DBCS cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the BCS/DBCS cost pool.
- (b) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Yes. See UPS/USPS-T39-70.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2432

UPS/USPS-T39-72 Is Priority Mail ever processed in OCR cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the OCR cost pool.
- (b) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Yes. See UPS/USPS-T39-70.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

4423

UPS/USPS-T39-73 Is Priority Mail ever processed in FSM cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the FSM cost pool.
- (b) Is Priority Mail processed as a part of a mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

- a. Priority Mail flats may be processed in an FSM cost pool if there is a sufficient volume that is already separated from Priority Mail parcels.
- b. Priority Mail is processed as a separate dedicated sort run.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2434

UPS/USPS-T39-74 Is Priority Mail ever processed in FSM 1000 cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the FSM 1000 cost pool.
- (b) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Yes. See UPS/USPS-T39-73.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2435

UPS/USPS-T39-75 Is Priority Mail ever processed in the "SPBS Other" cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the SPBS Other cost pool.
- (b) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

- a. It would occur when SPBS operation personnel forget to switch the MODS operation and sort plan from "SPBS Other" to "SPBS Priority". Also, some Priority Mail may occasionally be mixed with other mail in an "SPBS Other" run.
- b. Priority Mail should be in a separate dedicated sort run.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2436

UPS/USPS-T39-76 Is Priority Mail ever processed in the Manual Letter cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the Manual Letter cost pool.
- (b) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Yes, some Priority Mail letters can occasionally become mixed with FCM letters. When Priority Mail is deliberately processed manually, it is processed in the Manual Priority cost pool regardless of shape.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2437

UPS/USPS-T39-77 Is Priority Mail ever processed in Manual Flats cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the Manual Flats cost pool.
- (b) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Yes. See UPS/USPS-T39-76.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

0438

UPS/USPS-T39-78 Is Priority Mail ever processed in the "Manual Parcel" cost pool? If yes:

- (a) Explain the conditions under which Priority Mail will be processed in the Manual Parcel cost pool.
- (b) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Yes. See UPS/USPS-T39-76.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

04/19

UPS/USPS-T39-79 Is Priority Mail the only type of mail that gets processed in SPBS Priority cost pool? If not:

- (a) List all other types of mail that may get processed in the "SPBS Priority" cost pool.
- (b) Explain the conditions under which mail other than Priority Mail will be processed in the SPBS Priority cost pool.
- (c) Is Priority Mail processed as a part of mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Some other mail may occasionally get mixed in with Priority Mail in the dedicated "SPBS Priority" runs. See Table 3 in the testimony of witness Van-Ty-Smith (USPS-T13) for a list of other types of mail that are occasionally found among the Priority Mail pieces in this operation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2440

UPS/USPS-T39-80 Is Priority Mail the only type of mail that gets processed in Manual Priority cost pool? If not:

- (a) List all other types of mail that may get processed in the Manual Priority cost pool.
- (b) Explain the conditions under which mail other than Priority Mail will be processed in the Manual Priority cost pool.
- (c) Is Priority Mail processed as a part of the mixed mail stream or as a separated sort run dedicated to the priority operation?

Response:

Yes. See UPS/USPS-T39-79.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE REDIRECTED FROM
WITNESS KIEFER

3441

UPS/USPS-T33-6 Describe in detail all differences in the processing and delivery of Priority Mail pieces and Parcel Post pieces upon reaching the DDU.

Response:

Under normal circumstances, processing will be the same. However, if there are more parcel-shaped volume than the carrier can deliver that day, the carrier will deliver all the Priority Mail and handle the Standard Parcels and Parcel Post in accordance with local procedures. Frequently, this results in leaving the Standard Parcels and Parcel Post for delivery the next day. In addition, if Priority Mail arrives late at the DDU, expedited procedures (e.g., special transportation to the carrier on the route) may be used to ensure delivery the same day. Similar treatment would not be given to parcel post.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE REDIRECTED FROM
WITNESS KIEFER

UPS/USPS-T33-7 What percentage of Parcel Post pieces are delivered by the next business day upon reaching the DDU?

Response:

To the best of my knowledge, quantitative data to answer this interrogatory are not available. However, it is certainly less than 100 percent. See UPS/USPS-T33-6.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF UNITED PARCEL SERVICE REDIRECTED FROM
WITNESS KIEFER**

2443

UPS/USPS-T33-8 What percentage of Priority Mail pieces are delivered by the next business day upon reaching the DDU?

Response:

It is my understanding that it is virtually 100 percent. Exceptions would be in the event of extreme weather or if the business is closed on a normal business day (e.g., a restaurant closed on Monday).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2444

VP/USPS-T39-1 Although Detached Address Labels ("DALs") are not required to be pre-barcoded, it seems conceivable that some mailers nevertheless might barcode their DALs voluntarily.

- a. Is this ever known to occur?
- b. If so, what is the best estimate of the percentage of DALs that are pre-barcoded?
- c. Would having barcodes on DALs facilitate processing? Please explain.

Response:

- a. I have not personally seen or heard of pre-barcoded DALs.
- b. N/A
- c. No. Running DALs into DPS is inconsistent with keeping DALs matched up with the matching host piece. If DALs were put into DPS, then the carriers would have to check through the DPS volumes to see what DALs were run that day by the plant to see what host pieces were to go out that day. This is inconsistent with the DPS process of carriers taking DPS volumes right to their route/vehicle as well as providing an opportunity for curtailing the mail if it is a heavy volume day.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

445

VP/USPS-T39-2

- a. Are the specifications for DALs such that they could be processed on Delivery Bar Code Sorters ("DBCSs"), Carrier Sequence Bar Code Sorters ("CSBCSs"), or other automation equipment if the Postal Service so desired? That is, do the thickness, height, length, etc. of DALs conform with the specifications for processing on the Postal Service's automation equipment described in your testimony?
- b. Can the Postal Service apply barcodes to DALs by running them through the various pieces of automation equipment described in your testimony that are equipped with Optical Character Readers ("OCRs")?
- c. If Standard ECR flats with DALs are entered at a destinating P&DC, or upstream of a destinating P&DC, to what extent is automation equipment likely to be used to sort the DALs into delivery point sequence?
- d. Unless the answers to preceding parts of this interrogatory are to the effect that DALs are never sorted on automation equipment, of those DALs that are sorted on automation equipment, please provide your best estimate of the percentage of DALs that are pre-barcoded and the percentage of DALs that the Postal Service must first barcode before sorting on automation equipment.

Response:

- (a) It depends on the size of the DAL. Automation standards (DMM C810.2.1) require that pieces over 4 ½ inches high or 6 inches long, or both, must be at least 0.009 inches thick, while standards allow DALs (DMM A060.2.1) to be as high 5 inches and as long as 9 inches with a minimum thickness requirement of only 0.007 inches thick.
- (b) In theory, this could be done for DALs that fall within the automation standards, but this is not what occurs. Processing the DALs through automation would necessitate separating the DALs from the host mailing, making it extremely difficult to guarantee that both are delivered together. Assuming they could be matched back together, sorting the DALs in with the automation letters would also remove the delivery unit's

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2446

ability to determine the appropriate delivery day, which is important for these saturation-type mailings. See response to VP/USPS-T39-1.

- (c) Highly unlikely, if ever. The requirements for DALs state that pallets of items must be palletized with the DALs, specifically to ensure that for mailings entered upstream from a delivery office, the DALs will remain with the host pieces all the way through to the delivery office, bypassing mail processing operations.
- (d) As stated above, DALs are highly unlikely, if ever, sorted on automation equipment.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

VP/USPS-T39-3

a. When Standard ECR flats with DALs are entered at Destination Delivery Units ("DDUs"), are the DALs sometimes returned to the P&DC to be Delivery Point Sequenced ("DPS'd") on automation equipment?

b. If so, please describe the circumstances under which this is likely to occur, and indicate whether pre-barcoding of DALs is a significant consideration in whether they are processed on automation equipment?

Response:

(a) Not to my knowledge. Putting DALs into DPS is inconsistent with standard procedures. See response to VP/USPS-T39-1c.

(b) N/A

VP/USPS-T39-15

a. With respect to the Automated Flats Sorting Machine 100 ("AFSM 100") and the Multi-Position Flats Sorting Machine 1000 ("FSM 1000") described in your testimony, could either of these sort pieces of the type that typically accompany DALs (i.e., untabbed "wraps"), assuming that those pieces were to have an address printed on them?

b. With respect to any type of sequencer (discussed at page 20, line 6 of your testimony) which the Postal Service has evaluated, could any models of those machines sort pieces of the type that typically accompany DALs (i.e., untabbed "wraps"), assuming that those pieces were to have an address printed on them?

Response:

(a) With the AFSM 100 and the FSM 1000, flat-shaped mail with DALs could not be processed on equipment since no address exists on the piece. Regardless, these operations would provide no added benefit since this is carrier-route presorted mail. Currently, the finest sort performed in these FSM operations is to the carrier-route level.

(b) It is my understanding that evaluation of the sequencer is in the early stages and actual units have not yet been tested. Therefore, the sort capabilities of the sequencers are not known at this time. If the sequencer is deemed justified, it is expected that the equipment will at least have the capability to sort a mail base similar to the AFSM 100. The ability to sort pieces beyond the AFSM 100 specifications will be determined based on an analysis of the benefits offset by the added cost and the expected negative impacts to the performance (e.g. jams, rejects) and throughput.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2449

VP/USPS-T39-18

Please refer to your testimony at page 12, lines 17-18, and explain more fully why "Automation ECR continues to have value for zones processed manually," with special attention to the value of the barcode for mail that carriers case manually.

Response:

The entire sentence is "Automation ECR continues to have value for zones processed either manually or on CSBCSs to DPS." The barcode provides no added value for manual zones. However, automation ECR provides value to manual zones through the carrier route presort requirements and to CSBCS zones through both the carrier route sort requirements and the barcodes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2450

VP/USPS-T39-19

Your testimony at page 4, footnote 7, explains the difference between throughput and productivity. When a DBCS is used to DPS barcoded ECR letters that are presorted to carrier route:

- a. How many sorts are required?
- b. What is the average productivity for one sortation?
- c. What is the average productivity for the entire DPS operation, including sweeping and any time required to change sort plan, scheme changes, etc. (as described in your testimony at page 31).

Response:

(a) Two.

(b) and (c) A non-class specific DBCS two-pass marginal productivity of 10,145 is in

USPS-LR-J-60, page 81. This productivity is for each pass and includes time

required to sweep the machine, change the *sort scheme* from the first to the second pass, etc.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2451

VP/USPS-T39-20

Please refer to your testimony at page 25, lines 20-21, and (i) explain more fully how letter trays are sorted on sack sorting machines ("SSMs"), and (ii) indicate whether SSMs can be used as an alternative to a tray management system.

Response:

- (i) Standard Mail letter trays entered at BMCs, typically on BMC pallets, are often loaded onto belts that transport the trays to the SSM keying stations. The trays are keyed, then inducted onto the tilt trays, and finally sorted to the various run outs. Letter trays are typically sorted to the 3-digits ZIP Code level at the BMCs and then transported to the appropriate plants. Lines 21 to 23 also state that "(c)ertain BMCs sort all or a portion of the trays on other mechanized equipment that in certain cases is also used to sort NMOs." Therefore, not all BMCs use the SSM for sorting letter trays.
- (ii) No. As referenced on pages 24 and 25 of my testimony, SSMs are at BMCs and TMS is at non-BMC processing plants.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2452

VP/USPS-T39-21

Please refer to your testimony at page 25, lines 17-18.

- a. Please explain why the Postal Service has no further plans for additional tray management systems ("TMSs") at this time.
- b. Please discuss the effectiveness and shortcomings of the TMSs that were fully deployed in 28 plants at the end of FY 2001.
- c. Of the 28 TMSs described in your testimony, how many different models, or systems, or vendors did they include? That is, were they basically the same, or did they represent different approaches to tray management systems?
- d. Does the Postal Service have any estimate of when it will have developed an effective tray management system that it can deploy widely to its P&DCs? Please state what it is.

Response:

- (a) It is my understanding that the equipment was cost prohibitive based on the actualized savings.
- (b) It is my understanding the equipment effectively transported, sorted, and stored letters trays to, from, and between operations; however, the equipment was quite expensive and proved difficult to justify based on the workhours saved within operations. In addition, TMS was intended to be the backbone for a more elaborate integrated system, where the full savings potential would not be realized until all systems were deployed. However, in order to obtain approved capital funding through the Board of Governors, each individual project must meet the criteria for economic justification, rendering TMS difficult to justify.
- (c) It is my understanding that they included three vendors. Functionally the systems from the three vendors were similar.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2453

(d) It is my understanding that we are no longer exploring Tray Management Systems.

However, there are R&D efforts underway to evaluate low-cost material handling alternatives.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2454

VP/USPS-T39-22

Please refer to your testimony at page 36, lines 17-18.

- a. Does the Postal Service also staff to workload week-to-week? Please explain why or why not.
- b. Please explain the extent to which the Postal Service adjusts mail processing staff for weeks that have predictably lower or higher average mail volume (Christmas excepted).
- c. Does the Postal Service also staff to workload month-to-month? Please explain why or why not.
- d. Please explain the extent to which the Postal Service adjusts mail processing staff for months that have predictably lower mail volume, such as the summer months.

Response:

a. – d. As I explained in R2000-1, (USPS-T10, page 29), "Staffing plans are usually developed to support the operating plan's 'average week'...." Christmas excepted, expected deviations from the average for any week or month are accommodated by adjusting schedules of casual and Part Time Flexible (PTF) employees. In addition, vacation schedules are arranged to accommodate seasonal staffing needs, especially in the summer.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

VP/USPS-T39-25.

- a. For all classes of mail, what types of mailings must include DALs?
- b. For all classes of mail, what types of mailings may include DALs?

RESPONSE:

- (a) See DMM A060.1.3.
- (b) See DMM A060.1.0.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

VP/USPS-T-39-31

- a. Does the Postal Service allow letter-shaped mail to be accompanied by DALs? If not, why not?
- b. Does the Postal Service allow enveloped flats to be accompanied by DALs? If not, why not?
- c. Does the Postal Service allow unaddressed catalogs to be accompanied by DALs? If not, why not?

Response:

- (a) The intent of the rules is to exclude the use of DALs for letters. It would not be efficient to allow the option of using DALs, which need to be distributed at each carrier's case, with letter mail when the host letters would be sorted and delivered in a similar fashion as the DALs, if they contained the address. DALs with letters would result in additional costs while providing little or no benefit. On the other hand, saturation mailings of addressed flat mail can result in cumbersome bundles and more casing time for the carrier, so DALs can be beneficial.
- (b) Yes, but only with saturation mailings of Standard Mail and Periodicals Mail and with Bound Printed Matter mailings that meet the additional requirements listed in DMM A060.1.4.
- (c) Yes, but only with saturation mailings of Standard Mail and with Bound Printed Matter mailings that meet the additional requirements listed in DMM A060.1.4.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

2457

VP/USPS-T-39-38

When the Postal Service develops the ability to DPS flats, approximately how many households or delivery points, on average, does the Postal Service expect that a single city carrier will be able to serve on a single route, assuming that all automatable letter and flat mail is DPS'd?

Response:

As mentioned in page 20 of my testimony, the Postal Service is in the evaluation stage for DPSing flats beyond the Test Year of FY 2003. What portion of flats will be in DPS is still unknown. Many outstanding items related to DPSing flats are still yet to be determined, which would impact the estimated number of delivery points the average city carrier could serve.

VP/USPS-T39-46

- a. Please refer to the response to VP/USPS-T39-15 and provide a responsive answer to part a, which asks whether the AFSM 100 or the FSM 1000 could process untabbed "wraps" **assuming that those pieces were to have an address printed on them**. That is, are such pieces within the current handling capabilities of the AFSM 100 or the FSM 1000?
- b. When the Postal Service develops the ability to DPS flats, what will be benefit of having carrier-route presorted flats?

Response:

- (a) The previous response attempted to convey that the machinability of Enhanced Carrier Route untabbed "wraps" with addresses printed on them would be irrelevant since the AFSM 100s or FSM 1000s do not perform sorts below the carrier route level. If a mailer attempted to qualify these wraps for automation rates, the criteria for automation compatibility is spelled out in DMM C820 for both FSM 881 and FSM 1000 processing. The mail characteristics of the AFSM 100 are currently being finalized. Once completed, the FSM 881 criteria will be replaced with the AFSM 100 criteria in the DMM. In addition, I am unaware of any specific testing that has determined the extent to which these carrier-route sorted "wraps" would be automation compatible if moved to either FSM.
- (b) Refer to page 20 of my testimony.

VP/USPS-T39-47

Please refer to your response to VP/USPS-T39-22.

- a. During the summer months, does the Postal Service eliminate casual and Part Time Flexible ("PTF") employees? If not, to what extent are their schedules (and costs) reduced?
- b. During the summer months, can the Postal Service reduce the hours of full-time employees who have not been employed by the Postal Service for six years, and who do not have job security guaranteed?
- c. During the summer months, can the Postal Service temporarily lay off full-time employees who have not been employed by the Postal Service for six years, and who do not have job security guaranteed?
- d. How much flexibility does the Postal Service have to adjust its work force to the "average week" operating plan for summer months, which usually exhibit a decline in mail volume?
- e. If a postal facility has more employees than its needs for, say two or three months, to what kinds of activities are those extra employees assigned?

Response:

- a. The casual and PTF schedules could be reduced all the way to zero if necessary.

However, the light volume period occurs in the summer, and the use of annual leave for summer vacations generally avoids any such necessity.
- b. No.
- c. Yes. However, the unions must be given 90 days notice, the affected individuals must be given 60 days notice, and civil service procedures must be followed for "preference eligible" employees.
- d. The Postal Service has sufficient flexibility to adjust staffing to workload.
- e. NA

VP/USPS-T39-50

According to Handbook F-45, at page 12-10, the IOCS sampler is to identify the shape of a single piece of mail handled by the postal employee as Detached Address Card—Parent Piece Unidentifiable” if “the employee is handling a detached address card (see description below) without an accompanying parent piece, and it is not possible to identify the parent piece.” Emphasis in original. What are the activities a postal employee would be engaged in where that employee is handling a detached address card without the accompanying parent piece available for identification?

Response:

It is my understanding that IOCS has this option in case a detached card is found without an accompanying piece, regardless of what activity it occurs in. Potentially, it could occur in any activity in which a detached card is handled.

If this occurs, the employee would inform his supervisor of the situation and set the DAL aside until the accompanying parent piece is provided.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

VP/USPS-T39-51 In order for an ECR mailing of flat-shaped pieces with Detached Address Labels ("DALs") specifically addressed to an individual customer or residence to qualify for the Saturation rate, what is the minimum percentage of addresses on the route that must receive mail?

Response:

See DMM A060.1.2 for the percentage of total addresses and residential addresses. If simplified addressing is used when eligible, every family on a rural route or every box holder must receive mail (see DMM A040.1.1).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

VP/USPS-T39-52

Please see the exhibit attached to this interrogatory, which is a copy of a First-Class hand-written envelope posted in the borough of Manhattan in New York City to ZIP code 11374, which is in the borough of Queens (the name and street address of the sender and recipient have been redacted). The barcode, however, is for an entirely different ZIP code, 10022-1185, which caused the envelope to be mis-delivered. Inasmuch as the address on the envelope is hand written, the envelope presumably was barcoded by the Postal Service.

- a. In your opinion, was the barcode applied by equipment designed to read hand-written addresses, or was it likely applied by a remote barcoding operation?
- b. Does the Postal Service have any data on the percentage of envelopes to which it applies barcodes that do not correspond to the address? If so, please provide.

Response:

- (a) The piece was barcoded by the Postal Service through RBCS by a keyer. One likely possibility for this piece was that it was "double-fed" when the image was lifted and the ID Tag was sprayed. So, when the two pieces were fed together, the image from the top piece was lifted, however, the bottom piece received the ID Tag on the back and consequently, the incorrect barcode when it was separated from the top piece on the BCS/OSS.
- (b) I am unaware of data indicating the percentage of incorrect barcodes that are applied.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO INTERROGATORY OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

VP/USPS-T39-53

In order for an ECR mailing of flat-shaped pieces with Detached Address Labels ("DALs") specifically addressed to an individual customer or residence to qualify for the Saturation rate, what is the minimum percentage of addresses on the route that must receive mail?

Response:

See response to the exact same question in VP/USPS-T39-51.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

POIR 4/14. To aid understanding of network operations, please provide a description of the elements of the Postal Service network. The description should describe the facility types (for example, Processing and Distribution Centers (P&DC), Processing and Distribution Facilities (P&DF), Automated Distribution Centers (ADC), Sectional Sorting Facilities (SCF), Hub and Spoke System facilities (HASPS), Customer Service Facilities (CSF), Delivery Units (DU) and the number of each facility type in FY2000. Please include an explanation of what distinguishes the different types of facilities, such as P&DF versus a P&DC, and how they typically relate to each other in the network. In Docket No. C2001-3, the Postal Service has referred to an "Organizational Structure List" as mapping the relationships between facilities. Please make that list available as a library reference.

RESPONSE:

P&DCs, P&DFs, CSFs, and DUs are actual physical facilities. While ADCs, AADCs, and SCFs concern sort plans, networks, and mail flows as per the labeling lists in the DMM.

Node definitions:

1. Processing and Distribution Centers (P&DCs) perform originating and destinating processing for their own service areas. There are approximately 180 P&DCs. P&DCs exchange mail directly with other P&DCs as well as to their own subordinate P&DFs (if they have any) and delivery units.
 2. Sectional Center Facility (SCF) is an older organizational term that describes a mail processing facility serving originating or destinating mail in a single or multiple 3-digit ZIP Code area. SCFs can be P&DCs, P&DFs, and CSFs. DMM list L003, column c lists the SCF facilities and the ZIP Code ranges they are responsible for processing. There are approximately 470 SCFs.
 3. A Processing and Distribution Facility (P&DF) is smaller than a P&DC yet will generally perform similar outgoing and incoming distribution activities for all
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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

mail coming from and going to all delivery units. There are 89 P&DFs. Each P&DF is subordinate to a designated P&DC.

4. Customer Service Facility (CSF) is a facility which performs secondary distribution to its subordinate delivery units and may perform originating mail processing. CSFs are processing facilities that did not have an MLOCR when named during the 1992 Postal reorganization. There are approximately 130 CSFs. Each CSF is subordinate to a designated P&DC.
5. Delivery unit (DU) refers to the local post office or detached box section. It can be a station (within the city), branch (associated with a station) or associate office (usually a suburban or rural office). It is the facility from which mail is delivered to customers. There are roughly 37,000 delivery units. Delivery units have a child-to-parent relationship to CSFs, P&DFs and P&DCs.
6. Automated Distribution Centers (AADCs) are P&DCs or P&DFs that receive mail destined for specific ZIP Code areas under the Managed Mail Program (MMP) for letters. Not all PDCs and PDFs are AADCs for the Managed Mail Program. There are 93 AADCs for domestic First Class Mail. See DMM list L801.
7. Hub and Spoke facilities (HASPs) do not perform originating or destinating distribution operations on mail. HASPs serve as central consolidation points and transfer points (hubs) for containers of mail for multiple P&DCs and P&DFs (spokes), where originating mail is massed for distribution to particular destinations. There are 12 HASPs.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 4**

7. The "Organizational Structure List" referenced in Docket No. C2001-3 was submitted as USPS-LR-C2001-3.1 OCS-12B2.xls.
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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KINGSLEY
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6**

2467

13. Is Alaska bypass mail eligible for the Parcel post DSCF and DDU rates?

RESPONSE: Yes.

1 CHAIRMAN OMAS: Is there any additional written
2 cross-examination for Witness Kingsley?

3 (No response.)

4 CHAIRMAN OMAS: This brings us to oral cross-
5 examination. Two parties have requested oral cross-
6 examination, Amazon.com, Inc., Val-Pak Direct Marketing
7 Systems, Inc. and Val-Pak Dealers Association, Inc.

8 Is there any other party who would like to cross-
9 examine Witness Kingsley?

10 (No response.)

11 CHAIRMAN OMAS: That brings us to oral cross-
12 examination. Would you please begin?

13 MR. MILES: Thank you, Mr. Chairman. John Miles
14 on behalf of Amazon.com. Mr. Chairman, we have no oral
15 cross-examination of Witness Kingsley, so we would waive
16 that at this time.

17 CHAIRMAN OMAS: Thank you.

18 MR. MILES: On behalf of Val-Pak Direct Marketing
19 Systems, Inc. and Val-Pak Dealers Association, Inc., I have
20 the following cross-examination of Witness Kingsley.

21 CHAIRMAN OMAS: Mr. Miles, just for the record,
22 would you state you're counsel for both Amazon.com and --

23 MR. MILES: Mr. Chairman, I, with William Olson,
24 represent both Amazon.com Inc. in this proceeding and the
25 Val-Pak companies.

1 CHAIRMAN OMAS: Thank you.

2 CROSS-EXAMINATION

3 BY MR. MILES:

4 Q Ms. Kingsley, you're appearing as the operations
5 witness for the Postal Service in this case. Is that
6 correct?

7 A Yes. That's correct.

8 Q Did you perform a similar function in Docket
9 Number R-2000-1?

10 A Yes, I did.

11 Q Prior to Docket R-2000-1 and aside from Docket
12 Number R-90-1, did you appear in any cases before this
13 Commission on behalf of the Postal Service?

14 A None other than the ones you mentioned.

15 Q In Docket R-90-1 you appeared but not as an
16 operations witness. Is that correct?

17 A Correct.

18 Q What did you do in that case?

19 A In that case I sponsored automation letter
20 discounts and presort discounts for letters for first and
21 standard mail.

22 Q Subsequent to Docket Number R-2000-1, did you
23 appear in any cases prior to this one for the Postal
24 Service, any classification cases or other cases?

25 A As an operations witness?

1 Q Yes.

2 A No, I have not.

3 Q As in any other kind of witness?

4 A No, other than R-90.

5 Q As I understand it from your autobiographical
6 sketch, you joined the Postal Service in 1985, became
7 involved in operations in approximately 1998.

8 A No. As an industrial engineer, I was involved in
9 operations from Day One.

10 Q So in 1998 you became involved in your present
11 capacity.

12 A Correct.

13 Q What is that, your present function?

14 A I currently am the manager of operational
15 requirements and operations, and you were asking for the
16 responsibilities of what that function is.

17 Q Yes.

18 A We are the operational liaison to deal with rate
19 case initiatives or mail prep. initiatives to ensure they
20 are consistent with our operations.

21 Q Is it standard operating procedure for the person
22 employed in your function to appear as the operations
23 witness for the Postal Service in an omnibus rate case?

24 A This position first began during the reclass
25 proceedings, and the person that had the job before me was

1 Ralph Moden, and he was the operational witness prior to me.

2 Q Rumor has it that you probably will not be the
3 operations witness in the next omnibus rate case. Is that
4 correct?

5 A Hopefully, that is correct.

6 Q You're moving on?

7 A I'm taking a new job as of tomorrow.

8 Q And what will that be?

9 A That will be in finance as a manager of activity-
10 based costing.

11 Q Congratulations.

12 A Thank you.

13 Q Ms. Kingsley, in preparing your testimony as the
14 operations witness for the Postal Service, and take this
15 case, for example, when do you get involved in the case? At
16 what point in time relative to the filing of the case?

17 A We're involved trying to get ideas, solicit ideas,
18 from our field people, from customers that we interact with
19 all the time. So there are things even that happened
20 probably in the prior case that influenced some of the
21 proposals in this case that are group was involved in.

22 Q With respect to the testimony that you actually
23 file with the Postal Service's request, do you put that
24 together after meeting with the other witnesses in the case,
25 or do you simply start writing the testimony at a certain

1 point in time to update more or less from one case to the
2 next on Postal Service operations?

3 A Well, we start updating and look at what types of
4 things that may be needed to support proposals or support
5 other witnesses' proposals.

6 Q And is that done in the context of a general
7 meeting where you meet with all the witnesses in the rate
8 case and say what are you proposing and what kind of
9 support do you need, that kind of thing?

10 A No.

11 Q No.

12 A It's more a one-on-one or issue-by-issue meetings.

13 Q Do you read the entire Postal Service's case,
14 including the testimony of other witnesses, before it's
15 filed?

16 A No, I do not.

17 Q Have you yet in this case?

18 A No, I have not.

19 Q Are you aware in this case of the various
20 instances where witnesses have said they rely on your
21 testimony to support their proposals?

22 A Yes, I do.

23 Q How does that come about if you haven't read it?

24 A Well, you asked me if I read the entire case, and
25 I have not. I've read various other testimonies or parts of

1 other testimonies that people have supplied me where they
2 refer to my testimony.

3 Q Now, as the operations witness for the Postal
4 Service, are there certain aspects of Postal Service
5 operations with which you're not familiar yourself
6 personally?

7 A I may be familiar on an overall level with some of
8 the basics, but I do not know the nitty gritty, nor do I
9 know anyone who knows the nitty gritty of every aspect of
10 postal operations.

11 Q So you haven't necessarily worked with all of the
12 processes or equipment that you've described in your
13 testimony. Is that correct?

14 A Could you be more specific?

15 Q Sure.

16 A I think I'm fairly familiar with most of the
17 equipment.

18 Q Well, at pages four through nine of your testimony
19 with respect to letter-processing equipment, for example,
20 have you worked with all of those pieces of equipment that
21 are set apart and described there?

22 A I have worked directly with all with the exception
23 of the direct-connect system. I've seen it, but I have not
24 worked with it.

25 Q Have you ever worked --

1 A Just one second.

2 Q Excuse me. Sure.

3 A I'm continuing. The ID code-sortation system;
4 again, I've seen it, but I've not had to work on
5 implementing or work with it on a day-to-day basis, nor am I
6 familiar with PARS or have worked with that at this point
7 because that has not been deployed.

8 Q Have you ever worked in the destinating delivery
9 unit?

10 A I've worked there doing various different audits.

11 Q But not as an operations person, per se.

12 A Not as a supervisor or station manager, no.

13 Q Are you familiar with the delivery bar code sorter
14 expanded capability modification equipment that you
15 described at pages 10 through 11 of your testimony?

16 A I have, again, not worked with it on a daily basis
17 but get updated information from other people responsible
18 for the program at headquarters.

19 Q Has one of those actually been deployed yet by the
20 Postal Service?

21 A According to the description on page 13 of my
22 testimony, it's talking about all 106 DBCS ECs are currently
23 planned. So as far as I know, there are none currently
24 deployed other than just the test machines that they have
25 been evaluating.

1 Q Have you actually seen the test machines operate?

2 A No, I have not.

3 Q Do you know, of your own knowledge, going back
4 again to the destinating delivery units, or DDUs, do you
5 know, of your own knowledge, how the DDU personnel make
6 determinations, for example, as to when to or whether to DPS
7 certain letters on automation, for example, ECR high-density
8 and saturation letters.

9 A So you're asking when would a delivery unit decide
10 to send ECR saturation letters back to the plant for DPS
11 processing? How would they know?

12 Q Yes.

13 A One, we generally have commitments between the
14 delivery units and the plants, and in most situations I've
15 personally been involved in you train the people in the
16 delivery units to an extent to basically inform them of what
17 would be machinable so they aren't returning nonmachinable
18 pieces back that we would, in fact, not be able to put into
19 delivery-point sequence.

20 Q There are certain choices, though, at least with
21 respect to letters in those categories, are there not, about
22 whether they need to be, even if they are prepared for
23 automation, whether they should be automated?

24 A What do you mean by whether they should be versus
25 whether they could be?

1 Q Are there situations with respect to ECR high-
2 density and saturation letters where the DDU might decide
3 not to run the letters on automation?

4 A The delivery unit is not the one actually running
5 the letters on automation. They would be sending it back to
6 the plant, and the plants would be the ones making the final
7 decision. But yes, for example, you might have, like, this
8 is an ECR piece that's poly wrapped, no bar code. The
9 delivery unit would know this is not something that's
10 compatible with the delivery bar code sorters. There is no
11 bar code. The poly wrap isn't able to be bar coded and ID
12 tagged, so this is something that they would not send back
13 to the plant. And if they did send it back to the plant,
14 the plant would return it to the delivery unit.

15 Q Aside from instances like that, are there also
16 situations where something could be sent back to the plant,
17 again, an ECR high-density letter, for example, --

18 A Yes.

19 Q -- but the DDU unit would determine not to do that
20 because of the way they wanted to deliver the letter?

21 A It is possible the delivery unit would not send it
22 back to the plant. It might depend upon how far away the
23 plant is, you know, the turnaround times, some agreements
24 they may have with the plant. There are other factors that
25 I'm sure come into play.

1 Q Is there a certain value to the Postal Service in
2 having the option about whether automation-compatible mail
3 is run on automation or not?

4 A Yes, but in most of those instances we would want
5 to get that mail piece if it is bar coded and automation
6 compatible sent back to the plant to be put into DPS
7 sequence, yes.

8 Q Ms. Kingsley, in this case Val-Pak filed quite a
9 few interrogatories directed to you that were redirected
10 mostly to the Postal Service for an institutional response.
11 Are you aware of that?

12 A Yes, I am.

13 Q How does that occur in a case like this where an
14 intervenor submits interrogatories directed to you? Do you
15 make a determination that you're not the appropriate
16 witness, or does someone else?

17 A Usually working with -- on this case I worked with
18 the delivery operations people, and working with the
19 attorneys, we decided this is beyond the scope of my day-to-
20 day knowledge. Either I knew the basics of it or it was a
21 little bit more specific and detailed scenario that I didn't
22 have the day-to-day operational experience of how it would
23 actually be handled.

24 Q With respect to questions like that, just again
25 generally, day-to-day operational questions, in a situation

1 where an intervenor asks a question that goes beyond your
2 day-to-day experience is there a team that answers these?
3 Does it go out to a particular team in the field, or is it
4 someone at headquarters that prepares the answers?

5 A There were several people in headquarters delivery
6 operations that I worked with to come up with these
7 responses.

8 Q So in the case of institutional responses, even
9 though you're not the person signing under oath, you're
10 still involved in framing the responses --

11 A Yes, I am.

12 Q -- and forming the responses.

13 A Yes, I have been.

14 Q At pages two through 13 of your direct testimony,
15 Ms. Kingsley, concerning Postal Service operations you
16 testify, and I'll summarize, if I may, concerning letter and
17 card mail processing, and you described the operations and
18 equipment for preparation in both automated and manual
19 processing of such mail pieces. Is that a fair summary of
20 what you do?

21 A Yes.

22 Q I take it from your testimony that the Postal
23 Service is committed to trying to have as much automatable
24 letter mail as possible. Is that correct?

25 A Yes.

1 Q What's the different between automatable and
2 machinable, if any?

3 A It probably would depend on who you would ask that
4 question. Automatable may be that it's easy to get a bar
5 code on, it's easy to get an ID tag on. It's more than just
6 machinable. Most pieces, with some extra handling, we can
7 get it to become automation compatible by putting on lim-lim
8 labels or tabs or things like that.

9 Q Are you familiar with Postal Service Witness
10 Hope's proposal -- that's T-31 -- to require ECR high-
11 density and saturation letters to be bar coded and otherwise
12 automation compatible?

13 A Yes, I am.

14 Q Is that an example of the Postal Service's desire
15 to increase automation that you were discussing a minute
16 ago?

17 A Yes.

18 Q Are you familiar with the proposal advanced by
19 Postal Service Witness Moeller, T-28 in this case, the so-
20 called "heavy weight letter proposal," to, in effect, give a
21 discount to automated, standard, regular letters between 3.3
22 and 3.5 ounces so that they can be processed more or less
23 like letters?

24 A Yes. I'm familiar with the heavy letter discount.

25 Q Do you know, ball park, how many standard,

1 regular, heavy weight pieces like that are run through the
2 Postal Service annually?

3 A Today, no, I do not.

4 Q Do you know how those heavy weight letters that
5 Mr. Moeller is talking about are sorted by the Postal
6 Service?

7 A It would depend on how they are prepared today.
8 How are the pieces between 3.3 and 3.5 prepared today that
9 may look like a letter but are not paying the letter rates?

10 Q And what would the options be, depending on how
11 they were prepared? How would the Postal Service sort them,
12 let's say, at a plant? Would they be manually sorted, or
13 would they be run on automation?

14 A Again, I believe those pieces are considered
15 nonletters, but I'm not an expert on the mail makeup here.
16 So they would be prepared as a flat and not necessarily
17 presented in a letter tray for the operations to know it was
18 a letter.

19 Q In response to the presiding officer's Information
20 Request Number 2, Mr. Moeller -- this is number 13 -- said
21 this. This is part A of his response, 13A. "Under the
22 current rates and mail-preparation guidelines, there are no
23 heavy automation letters in standard mail. Automation
24 pieces that weigh more than 3.3 ounces are deemed nonletters
25 for rate and preparation purposes. They are likely to be

1 prepared as automation flats, since that is the best rate
2 available for pieces of this weight. As such, they are
3 typically processed in the flat-automation mail stream." Do
4 you agree with that? I didn't read the last sentence of
5 that response.

6 A Yes, I agree with that.

7 Q If they were not run on flat automation at a
8 plant, for example, how would they be sorted there?

9 A If they were prepared as a flat and put in with
10 other flats -- if they weren't run on a flat sorter, then
11 probably in a manual flat operation. It is possible they
12 would have showed up in a manual letter operation.

13 Q And at the plants of the Postal Service where you
14 have such an operation do you have another area or station
15 for sorting letters? In other words, these would be sorted
16 if they were manually as flats. Is that correct?

17 A Yes, since they had been prepared as a flat.

18 Q Would letters and flats be sorted separately at
19 the plant, manually?

20 A Letters and flats, manual operations, are sorted
21 separately at plants. They are not sorted separately by
22 carriers in the office.

23 Q Ms. Kingsley, are you aware of the 3.5 ounce,
24 heavy letter mail field evaluation report, dated April 6,
25 2001?

1 A I am.

2 Q It was submitted in this case as an attachment to
3 the Postal Service's response to OCA USPS-175. You say you
4 are familiar with it.

5 A I have reviewed it.

6 Q Do you believe that that report supports the
7 Postal Service's desire for increased automation of letter-
8 shaped pieces such as Mr. Moeller has advanced?

9 A The heavy weight pieces. Yes, I think that is
10 supportive.

11 Q Would the report also support to the same degree
12 extending such treatment to ECR high-density and saturation
13 letters?

14 A What I do know is from what I recall from the
15 report, since I don't have that in front of me, is it showed
16 how equipment throughput dropped off as the pieces got
17 heavier, and even though the equipment throughput maybe
18 dropped off quite dramatically towards the 3.5 ounces, if I
19 recall, it's still much more efficient than for us to handle
20 that in a manual operation or in a flat-type operation.

21 Q So am I fair in saying yes?

22 A But once you look at the ECR letters, you aren't
23 talking about any other plant processing required for those,
24 so I really don't know all the issues and haven't really
25 evaluated if it's reasonable to go to the 3.5 for ECR

1 letters as well.

2 Q I understand that. I just was referring to the
3 report, and with respect to that you would agree that it
4 supports such treatment for ECR letters as well as standard
5 regular --

6 A No. That is not what I said.

7 Q Okay.

8 A What I said is it supports the heavy letters for
9 mail-processing operations, that we would want that on
10 automation. ECR letters, we never touch in mail processing,
11 so they never see -- there is no manual sort. There is no
12 other mail-processing sort. The only sort for ECR letters,
13 if it doesn't go back for DPS processing, is for a manual
14 carrier case. So I don't know what the issues might be,
15 since that mail piece maybe never saw automation.

16 Q Well, with respect to whether an ECR piece should
17 be, if automated, an ECR letter-shaped piece between 3.3 and
18 3.5 ounces, whether the same rate that Mr. Moeller suggests
19 should be extended to -- in other words, whether ECR pieces
20 should be automated is supported by that report to the same
21 extent as standard, regular pieces being run on automation.
22 Isn't that true?

23 A I don't think that's -- what the report intended
24 to cover was ECR letters.

25 Q But why do you say that? Does the report

1 distinguish between standard regular and ECR letters?

2 A No, but you would have to look at the mail flows
3 and how we actually handle this mail and what the
4 alternatives and options are. And I have not evaluated that
5 to say whether that also makes sense for ECR letters.

6 Q Do you know when or under what circumstances
7 currently ECR high-density and ECR saturation letter-shaped
8 mail would be manually supported and under what
9 circumstances it would be run on automation?

10 A Again, whether it's run on automation is dependent
11 upon the machinability and the automation compatibility of
12 the mail piece. Is it something that is already pre-bar
13 coded? Is it something that we would have to bar code? Is
14 it likely if we have to bar code it that it will actually
15 have a high accept rate on the OCR? What is the service
16 standard of the mail piece? Would it be able to get to the
17 plant and be run and get back in time? The distance between
18 the plant and the delivery unit. So I really am not sure
19 what portion --

20 Q Let me ask you this, then. If all ECR high-
21 density and saturation mail were bar coded and automation
22 compatible, do you believe that the automation of such
23 letters would increase?

24 A Absolutely.

25 Q And do you think the same would follow with

1 respect to ECR high-density and saturation letter-shaped
2 pieces between 3.3 and 3.5 ounces?

3 A If the pieces between 3.3 and 3.5 ounces are
4 prepared as letters so they are in letter trays, they are
5 bar coded, they look like a letter, the people in operations
6 don't have a little scale at the machine to decide if this
7 piece is over 3.3 ounces or not. They are looking for
8 machine physical characteristics. So if it's prepared as a
9 letter, it looks like a letter, it's got a bar code, it will
10 most likely be run in an automated operation.

11 Q Thank you. At pages 10 and 11 of your testimony
12 you talk about the item that we mentioned before, the
13 delivery bar code sorter, the DBCS, and in particular the
14 expanded capability, or EC DBCS. So we're talking about the
15 expanded-capability machine again. Correct?

16 A Correct.

17 Q Beginning at line 28 of page 10 of your testimony,
18 you indicate that these DBCS EC machines -- that's an
19 accurate description, isn't it? --

20 A Uh-huh.

21 Q -- will allow a portion of the heavier, thicker
22 letter mail currently being sorted in manual operations to
23 be processed on these EC machines. Is that correct?

24 A That is correct.

25 Q What do you mean by "heavier and thicker"? Are we

1 talking here about letters only?

2 A These are pieces that may actually be outside the
3 current letter requirements in the DMM, so it may be
4 something that looks like a letter, but it's more than a
5 quarter of an inch thick, or it looks like a letter, but
6 it's heavier than 3.3 ounces.

7 Q When you say heavier and thicker, I guess my
8 question is then what? When you talk about letters or
9 letter-shaped pieces that have to be run on these EC
10 machines, are we talking about particular thicknesses and
11 particular weights?

12 A They have tested pieces that are thicker than the
13 current letter standard and heavier than the current 3.3
14 ounce, yes.

15 Q Would there be a maximum thickness and a maximum
16 weight for handling such letters on an EC machine?

17 A I would assume at some point, once we know we are
18 going to deploy these machines, we could study that and
19 determine what those are, yes. But, again, that is a
20 separate mail flow, and we will not be using the DBCS EC
21 machines to DPS that volume.

22 Q Oh, you won't be.

23 A We will not be, and that is said on page 11, lines
24 five to six. "These volumes will be a separate mail flow
25 and will not be combined with machinable, bar-coded letters

1 into DPS," again, since not all of the DBCSs will be able to
2 accept these heavier, thicker pieces. In order to have DPS,
3 it's got to be one set of DPS, and not every machine is
4 going to be able to handle these heavier pieces.

5 Q So the value in having these run on the DBCS
6 machines, these thicker, heavier letters, is that once
7 you're done with them, they are at least in order, but they
8 still have to be cased.

9 A No. The machines would be used throughout the
10 system to probably end up sorting just to five digits, and
11 then at that point it would be a manual sortation to sort to
12 carrier route.

13 Q What is the annual volume of these thicker,
14 heavier pieces approximately?

15 A I do not know.

16 Q According to your testimony, the Postal Service is
17 deploying 106 of these modified DBCS machines, these
18 expanded-capability machines. Is that correct?

19 A Yes. That's the current plan.

20 Q Does that mean 106 different plants with one in
21 each, or does that mean several in one plant?

22 A I do not know. I would guess they would be
23 distributed to separate plants.

24 Q At the current time, again relating to these
25 heavier, thicker pieces, how are they being processed at the

1 plant?

2 A In manual letter operations. Well, again, it
3 depends on how they were prepared, how they came in. If
4 they were thicker than a quarter of an inch, they had to be
5 prepared as a flat. They may be in manual flat operations
6 or FSM operations.

7 Q What does one of these EC-modified, DBCS machines
8 cost? Do you know?

9 A I do not know.

10 Q Did the Postal Service determine that the mail
11 flow of these heavier, thicker pieces justified purchasing
12 this additional equipment?

13 A Given how expensive our manual processing is, as I
14 explain in my testimony, that there definitely looked like
15 there was opportunity, but I'm not familiar with the cost
16 justification.

17 Q In 14 you indicate that manual letters are
18 considerably more costly to operations. I think you say
19 approximately 11 times more labor cost per handling.

20 A Correct.

21 Q In looking at your testimony -- would you turn to
22 page 35? I believe that's where you have a chart reciting
23 the various labor costs relative to processing certain
24 automated or manual sorts.

25 A Yes.

1 Q And on footnote 31 you indicate the source of
2 those figures that you used to calculate. Is that correct?

3 A Yes. I mainly provided that to show you it was
4 just work hours. It did not include anything overhead or
5 piggy back.

6 Q Looking at the chart on page 35, you say that
7 manual letters cost \$56 per 1,000 to process with respect to
8 labor as opposed to \$5 for automated letters. Is that
9 correct?

10 A That is correct.

11 Q Are those manual sortation charges averages? For
12 example, take the thicker, heavier letters that we've been
13 talking about; would they be encompassed within that if they
14 are manually sorted?

15 A I would assume if they were handled in a manual
16 letter operation, that would be included in here, yes.

17 Q And what about ECR high-density and saturation
18 letters? Would they be included within that if they were
19 manually sorted?

20 A These numbers come from processing facilities, so
21 ECR manual letters are already sorted to carrier route.
22 There would be no need for them to be sorted in manual
23 operations at the plant.

24 Q Thank you. Are the source documents and
25 calculations in footnote 31 included in this case as a

1 library reference?

2 A Not that I'm aware of.

3 Q Would you turn to your response to Val-Pak
4 Interrogatory Number 19 to you? Do you have that?

5 A Yes, I do.

6 Q In your response, 19A, you indicate that when a
7 DBCS is used to delivery-point sequence, or DPS, bar-coded
8 ECR letters that are presorted to carrier route, two sorts
9 are required. Correct?

10 A Correct.

11 Q Why are two sorts required?

12 A DPS, in order to get mail into delivery-point
13 sequence on a DBCS, you have to run it in two subsequent
14 passes, two passes.

15 Q Because each pass performs a different function.

16 A Yes.

17 Q When we asked you in Interrogatory Number 19 about
18 average productivity for the entire DPS operation, including
19 sweeping and other items that would have to be done, you
20 responded in 19B and C, citing Library Reference J-60 in
21 this docket, that average productivity is 10,415 pieces for
22 each of the two sorts. Is that correct?

23 A I have 10,145.

24 Q Sorry. I must have transposed a number here --
25 10,145 pieces for each of the two sorts. Is that correct?

1 A Correct.

2 Q Is that 10,145 pieces per hour?

3 A Again, this is productivity, so that would be
4 total pieces finalized per work hour.

5 Q Per work hour?

6 A Yes. Not machine hour, per work hour.

7 Q Per work hour. And for finalization of the
8 complete sorting process, you would divide that productivity
9 of 10,145 by two, would you not, because two sorts are
10 required? In other words, it would be half of 10,145 per
11 hour -- is that correct? -- for the finalization of sorting.

12 A I don't know. If that's the productivity, it
13 needs two passes.

14 Q So if it's 10,145 --

15 A If you wanted to do a rough estimate, that would
16 be in the ball park.

17 Q Thank you. And I take it, when you give these
18 productivity figures that you're referring to letter mail
19 that arrives at the plant already sorted to five digits.

20 A In order to run mail on a DBCS, you only need it
21 to five digits. Correct.

22 Q Another Val-Pak interrogatory, Ms. Kingsley,
23 number 67, was directed to you but was answered
24 institutionally by the Postal Service. Do you have that?

25 A No, I do not.

1 Q Okay. If I may, in general, in number 67 the
2 first four questions asked about how many carrier routes
3 already were DPS routes and how many were not, both at the
4 beginning of and at the end of base year 2000. Okay? Are
5 you with me?

6 A I'm with you.

7 Q This will be a short question. Although the
8 figures for city carrier routes at the beginning and end of
9 2000 apparently had not changed much, the rural routes on
10 DPS had increased from 31,900 to 37,700, according to the
11 response, if you will accept that. Now, I calculated that
12 increase at approximately 18 percent, if you can accept
13 that. Okay? Assuming that that's correct, an 18 percent
14 increase in rural EPS routes from the beginning to the end
15 of base year 2000, would you deem that a significant
16 increase?

17 A The 18 percent, subject to check, yes, is a
18 significant increase in one fiscal year.

19 Q Are you aware of any Postal Service efforts to
20 increase further the number of routes on DPS beyond the test
21 year?

22 A We are constantly reevaluating and looking at
23 trying to get as much volume on DPS as well as as many
24 routes as is feasible onto DPS. So as the number of routes
25 probably will grow as the number of delivery points, I would

1 expect to see more routes get on DPS long term.

2 Q Referring to what you said before about the DBCS
3 EC machines, that would not, however, enhance that effort,
4 would it?

5 A It would not. You are correct.

6 Q Ms. Kingsley, Val-Pak Interrogatory 39 is also one
7 that was directed to you but was answered institutionally by
8 the Postal Service. And I'd like to just ask you a couple
9 of questions to see what your knowledge is on the items that
10 were asked about. In Part B of the response to
11 Interrogatory 39 of Val-Pak to you the Postal Service's
12 answer indicates the number of each type of city carrier
13 route that the Postal Service had for base year 2000. And
14 if I may -- they are very brief -- foot routes were 13,513;
15 park and loop are 89,781; curb routes were 39,237; dismount
16 routes were 24,939; and other were 649. Are you familiar
17 with those various types of delivery routes?

18 A That's beyond the scope of my testimony. I'm not
19 comfortable going into the nuances of each.

20 Q Right, but are you generally familiar with what
21 they are, the differences between a foot route and a park-
22 and-loop route?

23 A That is beyond the scope of my testimony, beyond
24 what I've prepared for.

25 Q I understand that, and forgive me for asking

1 again, but I'm just asking you are you familiar. Do you
2 know what they are?

3 A I know general definitions, but I wouldn't know
4 the borderline where one crosses from one to another.

5 Q Do you know what a dismount route is?

6 A Only vaguely. Again, I'm not prepared --

7 Q Could you tell me what your understanding of it
8 is?

9 A That's beyond the scope of my testimony.

10 Q It's really just for information. You don't want
11 to venture forth.

12 A No.

13 Q Are you aware of any policy or practice of the
14 Postal Service with respect to carriers taking third or
15 extra bundles?

16 A I am vaguely familiar with the third-bundle issue.

17 Q Are you familiar with the restriction on the
18 Postal Service by contract in terms of carriers taking too
19 many bundles?

20 A Yes, I am.

21 Q And did those restrictions apply only to foot
22 routes and park-and-loop routes?

23 A I believe so, but definitely would be subject to
24 check.

25 Q Well, let me just pursue this for one second, Ms.

1 Kingsley, because I'm almost finished. The Postal Service
2 has indicated that in these institutional responses that I
3 was referring to. I'm just trying to verify that the
4 restrictions do not also apply to dismount routes because
5 the Postal Service responses don't allude to dismount
6 routes; they simply say that the restrictions apply to foot
7 routes and park-and-loop routes. Are you aware of whether
8 there are any restrictions on third bundles with respect to
9 dismount routes?

10 A I am not familiar with that.

11 Q Are you aware of any document that the Postal
12 Service has setting forth the restrictions with respect to
13 third or extra bundles and how many a carrier can take?

14 A Documentation provided in the rate case?

15 Q No. Are you aware that a document exists which
16 describes the restrictions?

17 A Given that it was part of an MOU, I would suspect
18 that there is a document there somewhere.

19 MR. MILES: Thank you. I have nothing further.

20 CHAIRMAN OMAS: Thank you. Is there any followup
21 cross-examination for Witness Kingsley?

22 (No response.)

23 CHAIRMAN OMAS: Are there any questions from the
24 bench?

25 (No response.)

1 CHAIRMAN OMAS: Mr. Moore, would you like some
2 time with your witness to review whether there is a need for
3 redirect?

4 MR. MOORE: Chairman Omas, could I have a couple
5 of minutes with my witness, please?

6 CHAIRMAN OMAS: Why don't we take about five
7 minutes?

8 (Whereupon, at 10:23 a.m., a brief recess was
9 taken.)

10 CHAIRMAN OMAS: Mr. Moore?

11 MR. MOORE: The Postal Service has no redirect.

12 CHAIRMAN OMAS: Thank you. Ms. Kingsley, that
13 completes your testimony here today. We appreciate your
14 appearance and your contribution to the record, and we thank
15 you for your appearance, and good luck in your new position.

16 THE WITNESS: Thank you very much.

17 (The witness was excused.)

18 CHAIRMAN OMAS: Mr. Tidwell, would you introduce
19 the final Postal Service witness?

20 MR. TIDWELL: Good morning, Mr. Chairman. The
21 Postal Service calls Joseph Moeller to the stand.

22 CHAIRMAN OMAS: Mr. Moeller, you can be seated.
23 You've already taken the oath, so, Mr. Counsel, we can
24 proceed to enter his testimony into evidence.

25 Whereupon,

1 JOSEPH D. MOELLER

2 having been previously sworn, was recalled as a
3 witness and further testified as follows:

4 (The document referred to was
5 marked for identification as
6 Exhibit No. USPS-T-28.)

7 DIRECT EXAMINATION

8 BY MR. TIDWELL:

9 Q Mr. Moeller, I've placed before you two copies of
10 a document entitled "The Direct Testimony of Joseph Moeller
11 on behalf of the United States Postal Service." It's been
12 designated for purposes of this proceeding as USPS-T-28.
13 Was that document prepared by you or under your supervision?

14 A Yes.

15 Q Are there any changes to that document from the
16 date on which it was filed on September 24th of last year?

17 A Yes. There are a few changes to clear up some
18 items. POIR Number 8, Question 8, was filed on January 9,
19 2002, which noted an inconsistency in my Exhibit B when
20 compared to USPS-T-32, page 28. I've rectified that
21 inconsistency in my Exhibit B, and at the same time I've
22 also incorporated errata from Witness Padalounis, which was
23 filed on October 31, 2001. The exhibit also reflects errata
24 from Witness Mayo, filed November 21, 2001.

25 The effect of the changes is minor. The total

1 revenues changed by less than \$1 million, and the cost
2 changed by about \$12 million. The net effect is to reduce
3 the test year after rate surplus from \$33 million to \$21
4 million.

5 Now these revenue changes ripple through to
6 Exhibit E, so we've prepared a revised version of it, too.
7 We've inserted these revised Exhibits B and E into the
8 copies of this testimony. And these changes ripple through
9 to the text of my testimony, so I have a few changes to tell
10 you about on the text of the testimony. On page 19, line
11 20, 37873 becomes 37869. On page 33, line five, 146.2
12 becomes 146.3. And on page 36, line six, 12707 becomes
13 12712. And on page 43, line nine, 114.9 becomes 115.0.

14 Today, I understand we've also filed a revised
15 response to POIR Number 2, Question 6, which includes the
16 revenue changes incorporated in Exhibit B that we've been
17 talking about. It also corrects a minor error in the
18 international volume, which was identified in POIR Number 5,
19 Question 4. That revised POIR response was designated by
20 one of the parties in the packet. We'll get to that in a
21 minute, but in the interrogatory packet we've made the
22 substitution with those revised pages.

23 Q You are also sponsoring -- you've prepared a
24 Category 2 library reference in connection with your
25 testimony. That will be Postal Service Library Reference J-

1 138. Is that correct?

2 A Yes.

3 Q And you're prepared to sponsor that library
4 reference as part of your testimony today?

5 A Yes.

6 MR. TIDWELL: With that, Mr. Chairman, the Postal
7 Service would move into evidence the direct testimony of
8 Witness Moeller, USPS-T-28, as revised, along with Library
9 Reference J-138.

10 CHAIRMAN OMAS: Is there any objection?

11 (No response.)

12 CHAIRMAN OMAS: Hearing none, I will direct
13 counsel to provide the reporter with two copies of the
14 corrected direct testimony of Joseph D. Moeller. That
15 testimony is received into evidence. However, as is our
16 practice, it will not be transcribed.

17 (The document referred to,
18 previously identified as
19 Exhibit No. USPS-T-28, was
20 received in evidence.)

21 CHAIRMAN OMAS: Mr. Moeller, have you had an
22 opportunity to examine the packet of designated written
23 cross-examination that was made available to you in the
24 hearing room this morning?

25 THE WITNESS: Yes.

1 CHAIRMAN OMAS: If the questions contained in that
2 packet were posed to you orally today, would your answers be
3 the same as those you previously provided in writing?

4 THE WITNESS: Yes, they would. We have made a few
5 changes, though. Should I describe them at this time?

6 CHAIRMAN OMAS: Yes. If there are any corrections
7 or additions, yes.

8 THE WITNESS: Yes. Val-Pak T-28-9 through 12, the
9 header was incorrect. Change "United Parcel Service" to
10 "Val-Pak." And on AAPS-T-28-3A and 3E, change "White" to
11 "Wilson." And on NAA-T-28-13, change "White" to "Wilson."
12 And then I have the aforementioned things I described
13 earlier. The response to POIR Number 2, Question 6, has
14 also been changed and put in here.

15 CHAIRMAN OMAS: Thank you. Counsel, would you
16 please provide two copies of the corrected designated
17 written cross-examination of Witness Moeller? That material
18 is received into evidence, and it is to be transcribed into
19 the record.

20 (The document referred to,
21 previously identified as
22 Exhibit No. USPS-T-28, was
23 received in evidence.)

24 //

25 //

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2001-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION
OF UNITED STATES POSTAL SERVICE
WITNESS JOSEPH D. MOELLER
(USPS-T-28)

Party

Interrogatories

Direct Marketing Association, Inc.

AAPS/USPS-T28-5
ABA&NAPM/USPS-T29-15, 19b-c, 26a-c
redirected to T28
ABM-MH/USPS-T28-1
DFC/USPS-T28-1, 2d, 8
DMA/USPS-T28-1-3
NAA/USPS-T28-4, 6-7, 14, 16
OCA/USPS-T28-1
VP/USPS-T28-11-12

Mail Order Association of America

AAPS/USPS-T28-1, 3-4, 6-7
DMA/USPS-T28-1
NAA/USPS-T28-4, 6, 8-13
VP/USPS-T28-8

Office of the Consumer Advocate

DFC/USPS-T28-2
NAA/USPS-T28-1
OCA/USPS-T28-1c-g, 2a, d-g, 3-10
UPS/USPS-T28-13, 18, 21

United Parcel Service

ABA&NAPM/USPS-T29-19b-c, 34 redirected to
T28

NAA/USPS-T28-1

OCA/USPS-T28-1c-g, 5-6, 9

UPS/USPS-T28-1-2, 4, 13, 16-17, 21, 31, 38-39,
47

POIR No. 2, Question 6 - 7

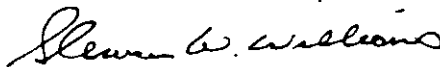
POIR No. 5, Question 4

Val-Pak Direct Marketing Systems,
Inc. and Val-Pak Dealers'
Association Inc.

NAA/USPS-T28-4-5, 10

VP/USPS-T28-1-12

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Steven W. Williams".

Steven W. Williams
Secretary

INTERROGATORY RESPONSES OF
UNITED STATES POSTAL SERVICE
WITNESS JOSEPH D. MOELLER (T-28)
DESIGNATED AS WRITTEN CROSS-EXAMINATION

<u>Interrogatory</u>	<u>Designating Parties</u>
AAPS/USPS-T28-1	MOAA
AAPS/USPS-T28-3	MOAA
AAPS/USPS-T28-4	MOAA
AAPS/USPS-T28-5	DMA
AAPS/USPS-T28-6	MOAA
AAPS/USPS-T28-7	MOAA
ABA&NAPM/USPS-T29-15 redirected to T28	DMA
ABA&NAPM/USPS-T29-19b redirected to T28	DMA, UPS
ABA&NAPM/USPS-T29-19c redirected to T28	DMA, UPS
ABA&NAPM/USPS-T29-26a redirected to T28	DMA
ABA&NAPM/USPS-T29-26b redirected to T28	DMA
ABA&NAPM/USPS-T29-26c redirected to T28	DMA
ABA&NAPM/USPS-T29-34 redirected to T28	UPS
ABM-MH/USPS-T28-1	DMA
DFC/USPS-T28-1	DMA
DFC/USPS-T28-2	OCA
DFC/USPS-T28-2d	DMA
DFC/USPS-T28-8	DMA
DMA/USPS-T28-1	DMA, MOAA
DMA/USPS-T28-2	DMA
DMA/USPS-T28-3	DMA
NAA/USPS-T28-1	OCA, UPS
NAA/USPS-T28-4	DMA, MOAA, Val-Pak
NAA/USPS-T28-5	Val-Pak
NAA/USPS-T28-6	DMA, MOAA
NAA/USPS-T28-7	DMA
NAA/USPS-T28-8	MOAA
NAA/USPS-T28-9	MOAA

NAA/USPS-T28-10	MOAA, Val-Pak
NAA/USPS-T28-11	MOAA
NAA/USPS-T28-12	MOAA
NAA/USPS-T28-13	MOAA
NAA/USPS-T28-14	DMA
NAA/USPS-T28-16	DMA
OCA/USPS-T28-1	DMA
OCA/USPS-T28-1c	OCA, UPS
OCA/USPS-T28-1d	OCA, UPS
OCA/USPS-T28-1e	OCA, UPS
OCA/USPS-T28-1f	OCA, UPS
OCA/USPS-T28-1g	OCA, UPS
OCA/USPS-T28-2a	OCA
OCA/USPS-T28-2d	OCA
OCA/USPS-T28-2e	OCA
OCA/USPS-T28-2f	OCA
OCA/USPS-T28-2g	OCA
OCA/USPS-T28-3	OCA
OCA/USPS-T28-4	OCA
OCA/USPS-T28-5	OCA, UPS
OCA/USPS-T28-6	OCA, UPS
OCA/USPS-T28-7	OCA
OCA/USPS-T28-8	OCA
OCA/USPS-T28-9	OCA, UPS
OCA/USPS-T28-10	OCA
UPS/USPS-T28-1	UPS
UPS/USPS-T28-2	UPS
UPS/USPS-T28-4	UPS
UPS/USPS-T28-13	OCA, UPS
UPS/USPS-T28-16	UPS
UPS/USPS-T28-17	UPS
UPS/USPS-T28-18	OCA
UPS/USPS-T28-21	OCA, UPS
UPS/USPS-T28-31	UPS
UPS/USPS-T28-38	UPS
UPS/USPS-T28-39	UPS
UPS/USPS-T28-47	UPS
VP/USPS-T28-1	Val-Pak
VP/USPS-T28-2	Val-Pak

VP/USPS-T28-3	Val-Pak
VP/USPS-T28-4	Val-Pak
VP/USPS-T28-5	Val-Pak
VP/USPS-T28-6	Val-Pak
VP/USPS-T28-7	Val-Pak
VP/USPS-T28-8	MOAA, Val-Pak
VP/USPS-T28-9	Val-Pak
VP/USPS-T28-10	Val-Pak
VP/USPS-T28-11	DMA, Val-Pak
VP/USPS-T28-12	DMA, Val-Pak
POIR No. 2, Question 6 - 7	UPS
POIR No. 5, Question 4	UPS

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

AAPS/USPS-T28-1. You state at page 8, lines 13-16, that criterion 4 (the effect on mail users and competitors) is especially important given the relatively short time between the most recent changes in rates and this case, in light of the "relatively large proposed rate increases." Wouldn't the portion of criterion 4 calling for consideration of the effects on competitors also take on heightened importance with the respect to the rate *decreases* you propose for much saturation ECR mail above the break point, in light of the recent rate decreases for this mail?

RESPONSE:

First, it is important to keep in mind that the 3622(b)(4) criterion directs Commission to consider the impact on competition. As witness O'Hara noted in Docket No. R2000-1, this factor actually favored the proposed change in the ECR pound rate:

Simply put, the 3622(b)(4) requirement that the Commission consider the effect on competition weighs in favor of the Postal Service's proposal, for it will enable competition to flourish in the market for high circulation advertising, to the benefit of advertisers. (Docket No. R2000-1, USPS-RT-19 at 4.)

It is also important to put the proposed change in the ECR pound rate in the proper perspective. While my consideration of criterion 4 is at the subclass level, it is my understanding that within the ECR subclass, only 5.69 percent of the pieces would experience a rate decrease under witness Hope's proposed rates, and that she explicitly considers the effect of her proposed rates on alternative providers. (See USPS-T-31 at 21; Exhibit USPS-31A).

The issue of the effect on competition is an important one and all too often addressed in too simplistic of terms. The Postal Service and the Postal Rate Commission are directed to consider the effect on "enterprises in the private sector of the economy...". That consideration does not consist of merely

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

Response to AAPS/USPS-T28-1 (continued):

looking at isolated rate elements to ensure that rates may never go down, or that certain rate cells never go down twice in a row. In fact, such an implicit criterion (against two reductions in a row) would mean that the Commission could not set about any long-term changes over a period of time with the goal of mitigating the impact, but instead would have to have more substantial decreases initially to in order to avoid the prospects of a second reduction.

In addition, my understanding is that many private enterprises compete in more than a few isolated rate elements. For instance, delivery firms may also compete for much of the 94 percent of commercial ECR where rates are not declining. (See Exhibit USPS-31A). Arguably, the Postal Service could have met the rule for competitor impact implied in the question by holding the pound rate constant and substantially reducing the overall rate increase for ECR classification as a whole. I am not convinced that the interests of competitors would be served by such a proposal. I believe that a balanced approach which entails an examination of the individual rates (by the rate design witness) and the overall rate change for a product line provide a more complete assessment.

At the same time, the effect on competition can not be considered in isolation.

The same criterion calls for consideration of the effect on customers. I do not believe customers are served by a structure where the rates are not reasonably aligned with costs. As witness Hope notes in her comparison of implicit cost

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

Response to AAPS/USPS-T28-1 (continued)

coverages, the proposed pound rate better aligns rates with costs. (See USPS-T-31 at 13).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

AAPS/USPS-T28-3. You state at page 9, lines 3-6, that you considered the impact of the proposed rates on "competitors." With respect to this statement and the ECR rates in particular, please:

- (a) Identify the competitors by name or description that you specifically considered.
- (b) Specify the manner in which you considered the impact of, especially, the proposed ECR Saturation rate decreases on alternate delivery companies of the type represented by AAPS.
- (c) List all sources of information that were or could have been available to you that contain information about the alternate delivery business and that would have assisted with an analysis of the impact on such business of postal rate reductions for ECR Saturation mail.
- (d) List all of the sources listed in part (c) above that you actually consulted.
- (e) Do you believe that there is price competition between companies like ADVO and members of AAPS for the delivery of saturation advertising material? Please provide an explanation of the basis for your answer.
- (f) Do postal rates affect the costs of companies like ADVO?

RESPONSE:

- a. The competitors considered include alternative providers of high-density advertising, particularly alternate delivery companies. I note that in Docket No. R2000-1, Newspaper Association of America witness ^{Wilson} ~~White~~ (NAA-RT-1) stated that "newspapers are not in direct competition with the Postal Service, but are in direct competition with companies that distribute local retail advertising—commonly on a saturation basis in either a shopper or shared mail format. The direct competition to the Postal Service is from alternate delivery. Newspapers should be viewed as postal competitors only when they run an alternate delivery of their own to deliver the [total market coverage] product.
- b. See my response to AAPS/USPS-T28-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS

Response to AAPS/USPS-T28-3 (continued)

- c. I am not aware of any sources that would explicitly address the impact of postal rate reductions for ECR Saturation mail. I am aware, however, of testimony in previous dockets that speaks generally of the alternate delivery industry and its concerns about changes in postal rates.
- d. I reviewed the testimony from Docket No. R2000-1.
- e. While I have not studied this issue in detail, I note that witness ^{Wilson}~~White~~ in Docket No. R2000-1 seems to believe that to be the case. See my response to subpart (a).
- f. Postage is a cost for companies like ADVO, and postal rates presumably have an impact on their costs.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS**

AAPS/USPS-T28-4. You testify at page 35, lines 3-7, that because the proposed increase is near the system-wide average (and citing the cost coverage), competitors are not unfairly targeted.

- (a) Do you agree that the extent of competition is not the same for all types of Standard mail?
- (b) If you were to determine that the average Postal Service headquarters employee is five feet, eight inches tall, would you conclude that all headquarters doorways could be reduced to six feet in height and that all employees would be safe from injury?

RESPONSE:

- a. Yes; in Classification Reform, Standard Mail was split into two subclasses, Regular and ECR, in part to recognize the market (and presumably competition) differences within what had been the Bulk Rate Regular subclass.
- b. No, but even if all postal employees were shorter than six feet in height, there is no guarantee that they would be safe from injury from causes other than the doorway height. For example, the employees could be victims of their own lack of coordination as they pass through the doorway. Thus, if they suffer injury while passing through the doorway, it may not be reasonable to attribute it to a Postal Service decision to alter the doorway height. The same is true for the alternate delivery industry. A myriad of factors could affect the health of the industry, and these may not be attributable to the Postal Service's prices for ECR saturation products.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS**

AAPS/USPS-T28-5. At page 37, lines 6-8, you state that the Postal Service "may be able to accommodate mailer requests for delivery within a specific time frame" for ECR mail. For approximately what percentage of ECR mail is an in-home date range requested, and in approximately what percentage of the time are such requests met?

RESPONSE:

I am not aware of any quantification of in-home date requests, or the ability to meet those requests.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS**

AAPS/USPS-T28-6:

At page 37, line 16, you refer to the "above inflation increase" for the ECR subclass. (a) Please compare the proposed rate change with the inflation rate for an eight-ounce piece of ECR Saturation mail entered at the SCF and for an eight ounce piece entered at the DDU. (b) Please provide the same comparison for the rates for such pieces proposed in the two most recent rate cases and for the rates recommended in the two most recent rate cases.

RESPONSE:

- (a) The percentage of ECR that would be subject to such a decrease is very small, as discussed in witness Hope's testimony (USPS-T-31 at 19). The overall average per piece increase proposed in this docket is 6.2 percent for the ECR subclass. For an 8-ounce saturation piece, the difference between the proposed rate and the rates that went into effect in January 2001 is -1.3 percent for DSCF entry and -2.5 percent for DDU entry. (I am assuming that the question does not refer to a piece subject to the residual shape surcharge.) It is my understanding that the expected inflation rate for the January 2001-October 2002 period is 4.9 percent. (USPS-T-28 at 8).
- (b) In Docket No. R2000-1, the proposed rate change for an 8-ounce saturation piece was -6.5 percent for DSCF entry and -6.8 percent for DDU entry. The PRC recommended a 2.6 percent decrease for DSCF entry and a 2.8 percent decrease for DDU entry. The inflation rate over that time period - i.e., from January 1999 to January 2001 - was estimated at 4.8 percent (see response to DMA/USPS-T9-16, Docket No. R2000-1).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS**

In Docket No. R97-1, the proposed rate change for an 8-ounce saturation piece was -12.5 percent for DSCF entry and -12.3 percent for DDU entry. The PRC recommended -1.6 percent for DSCF entry and -1.6 percent for DDU entry.

The inflation rate over the time period since the previous change was 4.7 percent.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS**

AAPS/USPS-T28-7. *Since you conclude that an above-inflation increase demonstrates a lack of unfair competition, would you also conclude that a below inflation increase, or even a rate decrease, demonstrates the existence of unfair competition? If not, would you agree that heightened scrutiny is called for in such situations?*

RESPONSE:

No. Comparisons to the inflation level simply assist in the evaluation of the effect of rate increases on competition. All else equal, a higher-than-inflation rate increase seems less likely to be vulnerable to charges that the rates are unfair to competition. However, lower-than-inflation increases, or rate decreases, do not, in isolation, indicate "unfair competition," especially if those rates are intended to better reflect the underlying cost of the service.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION &
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS ROBINSON

ABA&NAPM/USPS-T29-15

- a. In your testimony on pages 4-5 you have reported that from 1991 to 2000 the FCM volume and revenue grew by an annual rate of 1.5% and 2.9%, respectively. Please confirm that the corresponding numbers for Standard mail are 3.7% and 5.4%.
- b. Please confirm that for FCM the ratio of revenue growth to volume growth is 1.93 (2.9%/1.5%) and for Standard Mail it is 1.45 (5.4%/3.7%).
- c. Please explain why FCM's contribution to USPS revenue growth relative to its volume should be 33% [(1.93/1.45)%] higher than Standard Mail's despite the fact that Standard Mail's volume has been growing more than twice as much as FCM's.
- d. Did you take into account this important fact in your rates design and cost coverages as a matter of "fairness" to FCM? If not, please explain why not. If yes, then explain how.
- e. Do you know of any other USPS witness(s) who might have considered this matter? If so, please identify them.

RESPONSE:

- a. Not confirmed. For the 9 year period from 1991 to 2000, the annual growth in volume and revenue for First-Class Mail was 1.5% and 3.2%, respectively. For Standard, it was 4.2% and 6.0%.
- b. The ratio for FCM is 2.13; for Standard it is 1.43.
- c. No "explanation" is available as to why the *ratio of ratios of percentage growth rates* (despite the fact that one of the growth rates is more than double the other, as if that is not accounted for in the growth rates themselves) have a particular

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION &
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS ROBINSON

RESPONSE to ABA&NAPM/USPS-T29-15 (continued):

relationship, much less an explanation of whether the relationships between this myriad of percentages and ratios is appropriate. Rather than attempt to untangle the meaning of the various measures in this interrogatory and their relationships (which could be affected by mail mix changes as well as rate changes, and other factors), one should recognize that the rates underlying these measures are the result of a number of rate and classification proceedings. Presumably, the rates recommended as a result of those proceedings met the pricing criteria specified in section 3622(b) of the Postal Reorganization Act. Incidentally, based on the figures provided in subpart b), the 33% figure referenced in this subpart is actually 49%.

- d. Although I would not characterize this particular figure as an "important fact," I did consider the drivers of the figure (i.e., previous cost coverage recommendations, mail mix changes, historical percentage rate changes) in the context of the nine pricing criteria.
- e. No.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION &
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS ROBINSON

ABA&NAPM/USPS-T29-19

- b. Please confirm that the Postal Service is proposing the following pass through values for Standard Mail, and if you do not confirm, please provide the correct pass through values as well as the unit cost savings and proposed discounts:

Mixed AADC	194%
AADC	169%
3-Digit	142%
5-Digit	139%

- c. Explain in detail and provide any studies or analyses conducted to justify the reasons the pass through values (proposed discounts relative to work-sharing related savings) for Standard Mail are substantially larger than those for First- Class Mail.

RESPONSE:

- b. Not confirmed.

	<u>Cost difference</u>	<u>passthrough</u>	<u>discount</u>
Mixed-AADC	5.6	87%	4.9
AADC	0.8	95%	0.7
3-digit	6.0	76%	4.5
5-digit	1.0	130%	1.3

Sources: USPS-T-32, page 29. USPS-LR-J-132, WP1, p. M. USPS-LR-J-60.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION &
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS ROBINSON

RESPONSE to ABA&NAPM/USPS-T29-19 (continued):

- c. The passthroughs are not substantially larger for Standard Mail. The proposed passthroughs are explained in my testimony (USPS-T-32), and in witness Robinson's testimony (USPS-T-29).

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION &
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS ROBINSON

ABA&NAPM/USPS-T29-26 - In response to MMA/USPS-T29-5, you speak of "low relative First Class mail rate increases since the mid-1990s".

- a. Is the rate increase for FCM in this rate increase, therefore, large, namely 3 cents compared to the 1 cent increase in R2000-1?
- b. Would you agree that relatively, Standard A mail rates have been kept even lower than FCM mail rates?
- c. If your answer to b. is in the affirmative, please explain why since the same mailer preparation activities apply to both classes.

RESPONSE:

- a. 3 cents is larger than 1 cent.
- b. Although it is not clear what is meant by "kept even lower than FCM mail rates," the percentage increases have been higher for Standard A than for FCM.
- c. N/A.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION &
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS ROBINSON

ABA&NAPM/USPS-T29-34 - Please refer to the response to OCA/USPS-80. In this response, you make clear that priority mail is given preference over FCM in delivery standards, a value of service issue, namely 2 versus 3 day delivery service standards for three-digit ZIP code pairs. However, whenever the debate arises over FCM rates and cost coverages compared to Standard A mail rates and cost coverages, the Postal Service always argues that FCM is given top priority. Since this is clearly not the case, how can you maintain within the appropriate 3622.b. criteria the discrepancy between FCM and Standard A rates?

RESPONSE:

The context of the question appears to refer to the relationship between First-Class Mail and Priority Mail service, as does the referenced interrogatory, OCA/USPS-80. No mention is made of the relationship, in terms of service, between First-Class Mail and Standard A. The relationship between First-Class Mail and Priority has no bearing on the alleged "discrepancy between FCM and Standard A rates."

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

ABM-MH/USPS-T28-1

Please confirm each of the following. To the extent that you are unable to confirm, please explain fully.

- (a) The Commission recommended a 101 percent cost coverage for Regular-Rate Periodicals in Docket R97-1, where Regular-Rate Periodicals received a rate increase that was about 1.6 percentage points higher than the system average.
- (b) The Commission recommended a 100.6 percent cost coverage for Outside-County Periodicals in Docket R2000-1, where Regular-Rate mailers in that subclass received an above-average rate increase of 12.8 percent.
- (c) In this case, the proposed cost coverage for the Outside-County Periodicals subclass as a whole is 108.6 percent, despite the above-average rate increase of 10.4 percent proposed for the subclass (1.7 percentage points higher than the system average), and the effective cost coverage that would be borne by Regular-Rate mailers in the subclass (referred to in Exhibit USPS-28B) would be 109.3 percent, as indicated in the testimony of Postal Service witness Taufique, USPS-T-34, pp. 3-4.

RESPONSE:

- (a) The recommended markup on costs (PRC methodology) was 1 percent, for a cost coverage of 101.0 percent. This low markup resulted in a 4.6 percent increase for Periodicals, which was higher than the system average of about 3 percent. As noted by the Commission, "this coverage barely satisfies the requirement of 39 U.S.C. section 3622(b)(3)." [PRC Rec. Dec., R97-1, para. 5817-8.] Also, "it is markedly lower than the 116 percent coverage recommended by the Commission in Docket No. R94-1. [PRC Rec. Dec., R97-1, para. 5813.] Appendix G, page 32, shows that the markup from Docket No. R97-1 was well below the recommended markups in Dockets No. R90-1 (23 percent); R87-1 (25 percent); R84-1 (24 percent); and R80-1 (21 percent). Appendix G, Page 33, shows that the markup index from R97-1 of 0.017 was also well below

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

the previous markup indices in Dockets No. R94-1 (0.286); R90-1 (0.465); R87-1 (0.510); R84-1 (0.462); and R80-1 (0.778).

- (b) According to Appendix G, Schedule 1, of the Recommended Decision in Docket No. R2000-1, the cost coverage for Outside County was 100.1 percent. The recommended rate increase was 9.9 percent for Regular Rate Periodicals, and the systemwide recommended increase was 4.6 percent. The net increase after modification was 12.8 percent, and the systemwide average was 6.3 percent. The Commission noted that "[I]n general, the Commission believes that it is preferable for the class to make more than a nominal contribution to institutional costs; therefore, this coverage is not necessarily a benchmark for future cases." [PRC Rec. Dec., R2000-1, para. 5710.]
- (c) The cited figures are correct, given the USPS cost methodology. According to USPS-LR-J-89, using the PRC methodology, the cost coverage for Outside County would be 101.4 percent. This figure is more comparable to the markups in subsections (a-b), which are also based on PRC cost methodology.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-T28-1. Please explain whether the value of First-Class Mail service has increased, decreased, or remained the same in the past five years. In responding, please provide all documents that support your response.

RESPONSE:

Many factors are considered when assessing the value of service of a particular subclass. There is no explicit measure for quantifying this factor. See my testimony at pages 4-6.

Even if First-Class Mail value of service could be quantified and shown to increase or decrease over time, it would still need to be evaluated relative to other services.

For example, I am aware that in some instances, collection times for First-Class Mail have been adjusted. In some of those cases, these changes in posted collection times may not so much reflect absolute changes in service for a particular location, but instead be designed to provide more meaningful collection times to meet service standards. At the same time, it is my understanding that acceptance hours in bulk mail units are often adjusted to better match the processing patterns for the facilities. These changes can affect classes of mail other than First-Class. As such, I could not categorically state that a change in posted collection times represents a change in the relative value of service.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF DOUGLAS CARLSON**

RESPONSE to DFC/USPS-T28-1 (continued)

Again, there are many factors that affect value of service. I can not simply consider one of those factors and ignore the others. For instance, to the extent there are refinements in a P&DC's service area that affect First-Class Mail, it is my understanding that these changes are typically made to better reflect the level of service that can be provided given processing patterns and available transportation. I believe a more meaningful depiction of available service enhances, rather than detracts from, value. At the same time, some of these changes may reflect service level changes. These changes should not be considered in isolation. Instead, they should be considered along with other factors. For instance, the overnight service performance for First-Class Mail has improved over the past several years. (See Docket No. C2001-1, USPS response to DFC/USPS-69 (July 30, 2001, as supplemented August 13, 2001)). Also, improvements in automated processing of letters, such as enhanced ability to read hand-written addresses, as described by witness Kingsley (USPS-T-39 at 3-6), point to an increase in value of service since these pieces can be more readily merged into the automated mailstream. These efforts have accrued most directly to First-Class Mail.

In general, First-Class mail has a higher value of service than many other subclasses, which is consistent with its higher cost coverage. Changes in one or more of the factors that affect value of service have not been of the magnitude that would significantly change this general relationship.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T28-2.

- a. Please confirm that the Postal Service changed service standards for First-Class Mail in 2000 and 2001. If you do not confirm, please explain.
- b. Please provide the approximate volume of First-Class Mail that, as a result of the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, now receives two-day service instead of three-day service.
- c. Please provide the approximate volume of First-Class Mail that, as a result of the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001, now receives three-day service instead of two-day service.
- d. Please confirm that the changes in First-Class Mail service standards that the Postal Service implemented in 2000 and 2001 have, all else equal, lowered the value of First-Class Mail service. If you do not confirm, please explain fully and provide all documents that support your inability to confirm this statement.
- e. Except for Alaska and Hawaii, please confirm that the overnight and two-day delivery areas for First-Class Mail presently generally are limited to geographic distances that the Postal Service can reach via ground transportation. If you do not confirm, please explain.
- f. Please confirm that, prior to 2000 and 2001, the Postal Service used air transportation to achieve two-day delivery for First-Class Mail between many three-digit ZIP Code pairs (including those in states other than Alaska and Hawaii). If you do not confirm, please explain.
- g. Please confirm that the Postal Service did not provide evidence to the Commission in Docket No. R2000-1 that it was implementing changes in First-Class Mail service standards on a largely nationwide basis. If you do not confirm, please provide copies of the documents or evidence announcing the changes.
- h. Please confirm that some of the changes in First-Class Mail service standards that the Postal Service implemented in 2000 had been implemented before the evidentiary record in Docket No. R2000-1 was closed. If you do not confirm, please explain.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF DOUGLAS F. CARLSON**

RESPONSE to DFC/USPS-T28-2(d):

a-c. See response of the United States Postal Service filed October 18, 2001.

d. As described in the response to DFC/USPS-T32-2b and DFC/USPS-T32-2c, the percentage of overall volume that possibly moved from a three-day to a two-day standard (1.87%), and the percentage that possibly moved from two-day to three-day standard (3.32%), are both very small. The net effect of these offsetting movements, therefore, is not significant, and should not be viewed as a decrease in the value of service for First-Class Mail in either absolute terms, or relative to other subclasses. In fact, to the extent the realignment results in more consistent service that matched mailer expectations, the value of service would be maintained or increased.

e-h. See response of the United States Postal Service filed October 18, 2001.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF DOUGLAS CARLSON**

DFC/USPS-T28-8. Please refer to your response to DFC/USPS-T28-1. Please explain how posted collection times may not reflect "absolute changes in service for a particular location" but rather may be designed "to provide more meaningful collection times to meet service standards." In your response, please specify whether your statement applies to instances of collection times being shifted to earlier hours and, if so, how your statement applies these changes.

RESPONSE:

My statement was acknowledging the possibility that a posted collection time may be changed in order to give the consumer better information. If, for example, it was determined that a posted 5:00pm collection was too late to get the mail to the plant for processing and have it delivered the next day in the overnight service area, it would be more "meaningful" to post an earlier collection time, say 4:00pm, as the final collection of the day. If the mail deposited from 4:00pm to 5:00pm is unlikely to get overnight service, it is better that the consumer know that when she deposits the mail in the collection box.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION**

DMA/USPS-T28-1. Please refer to Exhibit USPS-28B, where you show a cost coverage of 294.1 percent for Presort and Automation Letters and a cost coverage of 176.1 percent for Single-Piece Letters and Sealed Parcels.

- (a) Please confirm that in previous Postal Rate Commission Opinion and Recommended Decisions, the Postal Rate Commission has not presented cost coverages at this level of detail. If not confirmed, please explain fully.
 - (b) Please provide the unit cost, unit revenue, and cost coverage individually for Presort and Automation Letters, and Single-Piece Letters and Sealed Parcels for the rates resulting from the Postal Service's Docket No. R2000-1 modification decision.
 - (c) Please provide the unit cost, unit revenue, and cost coverage individually for Presort and Automation Letters, and Single-Piece Letters and Sealed Parcels for the Commission's recommended Docket No. R2000-1 rates.
 - (d) Please provide the unit cost, unit revenue, and cost coverage individually for Presort and Automation Letters, and Single-Piece Letters and Sealed Parcels for the Commission's recommended Docket No. R97-1 rates.
 - (e) Please provide the unit cost, unit revenue, and cost coverage individually for Presort and Automation Letters, and Single-Piece Letters and Sealed Parcels for the Commission's recommended Docket No. R94-1 rates.
 - (f) Please provide the unit cost, unit revenue, and cost coverage individually for Presort and Automation Letters, and Single-Piece Letters and Sealed Parcels for the Commission's recommended Docket No. R90-1 rates.
 - (g) Please confirm that the Postal Service is projecting that the proportion of First-Class Letters comprised of Presort and Automation Letters will increase from 46.6 percent in FY 2000 to 52.3 percent in FY 2003. If not confirmed, please explain.
 - (h) Please confirm that, holding the cost coverages for Presort and Automation Letters, and Single-Piece Letters and Sealed Parcels at the levels shown in Exhibit USPS-28B, an increase in the proportion of First-Class Letters that are Presort and Automation Letters has the effect of increasing the cost coverage for First-Class Letters as a whole. If not confirmed, please explain fully.
 - (i) Please confirm that, ceteris paribus, had the proportion of First-Class Letters comprised of Presort and Automation Letters not increased between the Base Year and the Test Year, the Test Year cost coverage for First-Class Letters would be lower.
-

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION**

RESPONSE to DMA/IUSPS-T28-1:

- (a) Confirmed.
- (b) See the Attachment.
- (c) See the Attachment for the unit cost, unit revenue, and implicit cost coverage for the Postal Rate Commission's Recommended Decision dated 11/13/2000.
- (d) See the Attachment.
- (e) See the Attachment. In its R94-1 Recommended Decision, the Commission reported First-Class Mail volumes, revenues and costs for "Nonpresorted" and "Presorted" First-Class Mail Letters. "Nonpresorted" Letters included single-piece First-Class Mail letters, as well as letters eligible for the ZIP + 4 and barcoded flat discounts. In addition, I have been unable to reconcile the Postal Rate Commission's Appendix G First-Class Mail Letters subclass attributable costs of \$18,045,850 with the costs calculated from the Appendix J, Cost Segments plus the contingency (\$17,466,288).
- (f) See the Attachment. In its R90-1 Recommended Decision, the Commission reported First-Class Mail volumes, revenues and costs for "Nonpresorted" and "Presorted" First-Class Mail Letters. "Nonpresorted" Letters included single-piece, First-Class Mail Letters as well as Letters eligible for the ZIP + 4 and prebarcoded discounts. In addition, I have been unable to reconcile the Postal Rate Commission's Appendix G First-Class Mail Letters subclass attributable costs of \$17,035,926 with the costs calculated from the Appendix J, Cost Segments plus the contingency (\$17,138,035).
- (g) Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

Response to DMA/USPS-T28-1 continued:

(h) *Confirmed.*

(i) Yes, assuming no rate change.

Attachment to DMA/USPS-T28-1

	Total Revenue (a)	Total Cost (b)	Volume (c)	Unit Revenue (d) = (a) / (c)	Unit Costs (e) = (b) / (c)	Implicit Cost Coverage (f) = (a) / (b)
<u>Docket No. R2000-1 Modification</u>						
Single Piece Letters	22,965,977	14,973,900	52,845,128	\$ 0.4346	\$ 0.2834	153.4%
Presort and Automation Letters	13,236,719	5,358,887	47,069,054	\$ 0.2812	\$ 0.1139	247.0%
Total	36,202,696	20,332,787	99,914,182	\$ 0.3623	\$ 0.2035	178.1%
<u>Docket No. R2000-1 PRC Decision</u>						
Single Piece Letters	22,576,889	14,684,352	52,828,895	\$ 0.4274	\$ 0.2780	153.7%
Presort and Automation Letters	13,172,716	5,305,138	47,320,291	\$ 0.2784	\$ 0.1121	248.3%
Total	35,749,605	19,989,490	100,149,186	\$ 0.3570	\$ 0.1996	178.8%
<u>Docket No. R97-1 PRC Decision</u>						
Single Piece Letters	22,063,820	14,805,969	54,103,260	\$ 0.4078	\$ 0.2737	149.0%
Presort and Automation Letters	11,390,558	4,604,234	41,631,484	\$ 0.2736	\$ 0.1106	247.4%
Total	33,454,378	19,410,203	95,734,744	\$ 0.3494	\$ 0.2027	172.4%
<u>Docket No. R94-1 PRC Decision</u>						
Nonpresorted Letters	21,392,559	13,115,702	55,906,879	\$ 0.3826	\$ 0.2346	163.1%
Presort Letters	10,089,619	4,350,587	35,259,762	\$ 0.2862	\$ 0.1234	231.9%
Total	31,482,177	17,466,288	91,166,641	\$ 0.3453	\$ 0.1916	180.2%
<u>Docket No. R90-1 PRC Decision</u>						
Nonpresorted Letters	20,105,241	13,670,830	58,295,674	\$ 0.3449	\$ 0.2345	147.1%
Presort Letters	7,455,044	3,467,205	28,519,991	\$ 0.2614	\$ 0.1216	215.0%
Total	27,560,285	17,138,035	86,815,665	\$ 0.3175	\$ 0.1974	160.8%

Sources:

Docket No. R2000-1 Modification

Revenue - Docket No. R2001-1, GOVS-LR4 at 5
Costs - Docket No. R2001-1, Governor's Decision, 5/7/2001 at Attachment Two.

Volume - Docket No. R2001-1, GOVS-LR4 at 5

Docket No. R2000-1 PRC Decision

Revenue - Docket No. R2000-1, PRC Op., Appendix G at 2
Costs - Docket No. R2000-1, PRC Op., Appendix J at 1
Volume - Docket No. R2000-1, PRC Op., Appendix G at 2

Docket No. R97-1 PRC Decision

Revenue - Docket No. R97-1, PRC Op., Appendix G at 2
Costs - Docket No. R97-1, PRC Op., Appendix J * (1 + 1.0% Contingency)
Volume - Docket No. R97-1, PRC Op., Appendix G at 2

Docket No. R94-1 PRC Decision

Revenue - Docket No. R94-1, PRC Op., Appendix G, Schedule 2 at 1
Costs - Docket No. R94-1, PRC Op., Appendix J * (1 + 2.0% Contingency)
Volume - Docket No. R94-1, PRC Op., Appendix G, Schedule 2 at 1

Docket No. R90-1 PRC Decision

Revenue - Docket No. R90-1, PRC Op., Appendix G, Schedule 2 at 1
Costs - Docket No. R90-1, PRC Op., Appendix J at 54-70 * (1 + 3.5% Contingency)
Volume - Docket No. R90-1, PRC Op., Appendix G, Schedule 2 at 1

Attachment to DMA/USPS-728-1

2 of 2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T28-2. Please refer to Exhibit USPS-28B.

(a) Please provide Test Year volume variable costs individually for Standard Regular, Standard Nonprofit, Standard ECR, and Standard Nonprofit ECR.

(b) If you cannot provide the information requested in subpart (a) of this interrogatory, please explain in detail why you cannot provide this information.

RESPONSE:

- a. Costs for these groupings are not available.
 - b. See my response to VP/USPS-T28-1. It is my understanding that P.L. 106-384 includes a provision that the factors of section 3622(b) be applied to the combined cost of the regular rate mail and the corresponding special rate mail, and that the combination of these costs is an important feature of the new law. Also, please see the response of witness Patelunas to POIR #3, Question 4, filed November 1, 2001.
-

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF DIRECT MARKETING ASSOCIATION

DMA/USPS-T28-3. On page 14 of your testimony in your discussion of the cost coverage for First-Class Mail Letters and Sealed Parcels, you state that "[a]t first blush, this cost coverage is higher than many traditional measures." By this statement, do you mean that the cost coverage for First-Class Mail Letters and Sealed Parcels as proposed by the Postal Service in this proceeding is higher than has been proposed by the Postal Service and approved by the Commission in omnibus rate proceedings in the recent past? If your answer is other than an unqualified "yes," please define what you mean by "traditional measures" and provide any data that supports your statement.

RESPONSE:

Yes. The numerical figure itself is higher than those proposed or recommended in recent omnibus rate proceedings.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-1: Please refer to Page 14, lines 11 to 12, of your testimony. Under the proposed rates in this proceeding, what is the systemwide average ratio of revenues over volume variable costs (which is what you call the proposed system-wide cost coverage)?

RESPONSE:

178.5 percent. (179.9 percent if "other income" is included. See Exhibit USPS-28B).

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-4: Do you believe that comparisons of contribution to institutional costs on a unit (per piece) basis are relevant to the assignment of institutional costs? Please explain your answer.

RESPONSE:

Such comparisons can certainly be performed, but they were not used in the proposed assignment of cost coverages. If one were to attempt to make such a comparison and use it as a basis for assignment of relative cost coverages, such use should not be considered in isolation. Also, to the extent such comparisons are deemed useful at all, they should be considered in light of the relative characteristics of the subclasses being compared. For example, a comparison of Priority Mail unit contribution to First-Class Cards contribution would not be particularly useful.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-5: Please provide a table presenting the average Test Year After Rates unit contribution to institutional costs on a subclass basis, using the rate and cost evidence submitted by the Postal Service in this proceeding.

RESPONSE:

That exercise can be performed by consulting the subclass contribution figures in Exhibit USPS-28B, and the volume forecast presented in the response to POIR No. 2, Question 6, pages 3 and 4.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA**

NAA/USPS-T28-6: Please refer to Page 10, lines 10 to 21, of your testimony, where you observe that one consequence of holding a cost coverage constant where the costs are declining due to mail preparation activities is to reduce the unit contribution of that mail. Does this phenomenon suggest to you that cost coverages may not be a completely satisfactory tool for assigning institutional costs?

RESPONSE:

No. The "phenomenon" simply illustrates that comparisons of cost coverage over time should be made with caution. In addition to changes in the degree of worksharing, shifts in the mix of workshared/non-workshared mail within a subclass can also affect the cost coverage. See my testimony at pages 15-16.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-7: Please refer to Page 17, lines 15 to 16. To your knowledge, has the Postal Service attempted to determine what would be the price elasticity of demand for First Class mail if the Private Express Statutes were modified or repealed? If so, please describe those attempts.

RESPONSE:

No.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-8: Please refer to Page 33, line 5 to Page 34, line 7, and Page 38, lines 15-16, of your testimony where you describe your implementation of Public Law 106-384 and in particular your use of a "merged" markup for commercial and nonprofit mail.

- a. Did you consider any alternative methods of implementing Public Law 106-364? If so, please describe those methods and explain why you chose not to use them.
- b. Did you consider setting the markup for the Standard A subclasses by considering the Section 3622 criteria on the commercial mail only, and then implementing the public policy favoring nonprofit mail through recognizing the 60 percent revenue per piece requirement of Public Law 106-384? If so, why did you reject this methodology?

RESPONSE:

- a. I did not consider any alternative other than that which is defined in the law.
- b. No. The law states that the factors of section 3622(b) are to be applied to the costs attributable to the regular rate mail *combined with* the costs of the corresponding special rate categories. It would be inappropriate to consider only commercial mail when assigning a cost coverage. Doing so would place the entire "burden" of reduced rates for nonprofit mail on the comparable commercial mail, which would be a significant departure from the "funding" that was established with the Revenue Forgone Reform Act. Under that Act, the markup assigned to the nonprofit subclass was to be one-half the markup of the commercial subclass. The "benefit" that accrued to nonprofit (by avoiding the commercial markup) was covered through the markups on all other classifications, not just the commercial counterpart subclass. Under the premise of this interrogatory, all of the mail (commercial and nonprofit) would get the "commercial" markup. The "60 percent" feature would then de-average the

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA**

RESPONSE TO NAA/USPS-T28-8 (CONTINUED):

commercial and nonprofit rates, pushing down the nonprofit rates, and pushing up the commercial rates. The resulting implicit coverage for the commercial subclass would *then* be higher than the assigned coverage for the combined grouping, thereby forcing the cost of the public policy favoring nonprofit mail directly, and entirely, onto the commercial counterpart.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-9: Please refer to Page 35, lines 1 to 7, in which you discuss the rate level for Standard Regular mail. Please identify the "competitors" for Standard Regular mail to which you allude in line 6.

RESPONSE:

I was speaking generally of *alternative means of distribution of demographically targeted advertising* such as internet websites, cable television, or special-interest magazines.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA**

NAA/USPS-T28-10: If the "very high" coverage over volume variable costs of Standard Enhanced Carrier Route mail is consistent with a high degree of worksharing, why do you have a "desire" to lower the cost coverage of ECR mail?

RESPONSE:

The "desire" to lower the cost coverage for ECR is based on examination of the pricing criteria, and comparison of the ECR coverage to the coverages for other subclasses.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA**

NAA/USPS-T28-11: Is the "deferability" of Standard ECR mail (Page 37, lines 4 to 6) offset by the Postal Service's ability to "accommodate mail requests for delivery within a specific time frame" (Page 37, lines 6 to 8)?

RESPONSE:

No. "Deferability" and "delivery with a specific time frame" are not mutually exclusive.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-12: What are the competitors to Standard ECR mail to which you refer to Page 37, line 17?

RESPONSE:

I was speaking generally of other methods of distributing high-density advertising messages, particularly alternate delivery companies. See my response to AAPS/USPS-T28-3.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-13: Does the fact that a newspaper may deliver an advertising insert through a combination of newspaper delivery to subscribers and a mailed Total Market Coverage product to nonsubscribers make it, in your opinion, a "competitor" to Standard ECR mail or a customer of ECR mail?

RESPONSE:

I am a bit wary of the use of the term "competitor." For instance, it has been used, at times, to describe the relationship between newspapers and the Postal Service.

However, the Postal Service frequently provides a means for newspapers to reach more addresses in a given market. Also, newspapers frequently use other Postal Service products in the conduct of their business. In that sense, newspapers are important Postal Service customers. With that in mind, I note that in Docket No. R2000-1, Newspaper Association of America witness ^{Wilson}~~White~~ (NAA-RT-1) stated that "newspapers are not in direct competition with the Postal Service, but are in direct competition with companies that distribute local retail advertising—commonly on a saturation basis in either a shopper or shared mail format. The direct competition to the Postal Service is from alternate delivery. Newspapers should be viewed as postal competitors only when they run an alternate delivery of their own to deliver the [total market coverage] product."

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-14. Please refer to Interrogatory NAA/USPS-T28-13, and state your understanding of what is the newspaper's competition in that situation.

RESPONSE:

The primary competition would be with other providers of a medium for high-density or saturation advertising. That might include local radio or television, as well as hard-copy *media*.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T28-16: Please refer to your responses to AAPS/USPS-T28-3(a) and NAA/USPS-T28-13.

- a. Please confirm that your accurate quotation from the Docket No. R2000-1 proceeding is, in fact, from page 3 of the rebuttal testimony of Newspaper Association of America witness William Wilson.
- b. Please confirm that in Docket No. R2000-1, the testimony of witness White was sponsored by AAPS, not by NAA.
- c. Does the fact that you have twice quoted this passage indicate that you agree with it? Please explain any response other than an unqualified affirmative.

RESPONSE:

- a. Confirmed, with apologies to Mr. Wilson and the Newspaper Association of America.
- b. Confirmed.
- c. As I stated in the cited response to interrogatory NAA/USPS-T28-13, I am a bit wary of the use of the term "competitor" when describing the relationship between newspapers and the Postal Service, and so, apparently, is Mr. Wilson. My citation of his testimony is included in order to note the fact that newspapers are often customers of the Postal Service. With regard to Total Market Coverage products, Mr. Wilson notes that "almost all large papers now use the mail."

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T28-1. Please refer to your testimony at page 17, lines 5-6. You state that for First-Class Mail letters, the value of service is high in terms of both intrinsic and economic measures.

- (a) Please state the percentage of First-Class Mail that has traveled by air in each of the past 5 years.
- (b) Please indicate the corresponding expected percentages of First-Class Mail projected to travel by air in each of the next three years.
- (c) You state in your testimony at page 17, line 9, that First-Class Mail receives a high priority of delivery. Please provide information on the average length of time to deliver a First-Class piece of mail over each of the past 5 years.
- (d) Is this average length of time for mail delivery expected to increase or decrease in each of the next three years? Please provide data projecting for each year the expected delivery times.
- (e) You indicate at page 18, lines 3-4, that First-Class Mail users are not being disproportionately burdened by the proposed rate increase; please confirm that most of the First-Class Mail to which you are referring is covered by the Private Express Statutes.
- (f) Please refer to your testimony at page 2, line 18, through page 3, line 15. You identify the nine rate-making criteria to be considered in determining postal rate and fee levels. Please provide information on the relative weightings you employed for each of the criteria in evaluating the proposed rates for First-Class Mail.
- (g) Do you have any analyses and/or measurements of satisfaction of consumer expectations, as well as general satisfaction, with respect to First-Class Mail? If so, please provide this information and explain how you made use of it.

RESPONSE:

- a. Redirected to the Postal Service.
 - b. Redirected to the Postal Service.
 - c. See the October 11, 2001, USPS response to DFC/USPS-5. See also, Docket No. R2000-1, USPS response to UPS/USPS-T34-20 (Tr.21/9373).
 - d. I do not expect substantive changes in delivery times. It is reasonable to expect that there will be a focus on improvement in the consistency of delivery in an ongoing effort to ensure that standards reflect reasonable expectations of delivery.
 - e. See my testimony at page 18, lines 9-18.
-

RESPONSE to OCA/USPS-T28-1 (continued):

- f. No explicit weighting factors are employed for the nine criteria. The assignment of relative rate levels by subclass considers all of the criteria. Circumstances (such as a significant underlying cost change for a particular subclass) may cause the heightened relevance of a particular criterion. As such, a hard-and-fast weighting system is ill-advised. For example, in Docket No. R2000-1, the cost increase for Bound Printed Matter was 40 percent over the base year from the previous case. The Commission noted this cost change in its Recommended Decision, and stated that the Commission's "response to criterion 4 is evident." (Docket No. R2000-1, PRC Op., para. 5887.)
 - g. I do not have any information regarding consumer satisfaction with First-Class Mail. It is my understanding that specific customer surveys are the subject of OCA/USPS-7, and that that interrogatory is currently a matter of motion practice. In general, although it did not explicitly affect the assigned cost coverage for First-Class Mail, it is my impression that customer satisfaction is fairly strong and stable.
-

OCA/USPS-T28-2. Please refer to your testimony at page 22, lines 19-20. You indicate that Priority Mail "enjoys approximately the same priority of delivery as First-Class letters and makes use of air transportation."

- (a) Assuming that the delivery priorities are approximately the same, please state what additional value Priority Mail brings to the consumer over First-Class Mail.
- (b) Please state the percentage of Priority Mail using air transportation over the past five years.
- (c) Please state the percentage of Priority Mail projected to use air transportation over the next three years.
- (d) Please provide information on the average length of time to deliver a piece of Priority Mail over each of the past 5 years.
- (e) Please provide information on the average length of time to deliver a piece of Priority Mail over each of the next three years.
- (f) Please refer to your testimony at page 23, lines 8 through 18. You compare Priority Mail service to similar services provided by several competitors. Do you have any comparisons of the quality of service between Priority Mail and the services offered by competitors? If the answer is affirmative, please provide the information and explain how you made use of it.
- (g) Do you have any information on the average length of time for competitors to deliver items under similar services? If so, please provide it and explain how you made use of such information.
- (h) Do you have any information on the percentage of time that competitors deliver pieces on time as compared to the Postal Service? If so, please provide it and explain how you made use of the information.

RESPONSE:

- a. Priority Mail, and its accompanying markings, may connote a higher degree of importance to the recipient. Priority Mail may also have some preference relative to First-Class Mail, in particular in the area of service standards.
- b. Redirected to the Postal Service.
- c. Redirected to the Postal Service.
- d. See October 11, 2001, USPS response to DFC/USPS-6. See also Docket No. R2000-1, USPS response to UPS/USPS-T34-19 (Tr.21/9372).

RESPONSE to OCA/USPS-T28-2 (continued):

- e. I do not have information regarding expected changes in time to delivery. There are a number of factors, including the origin-destination characteristics of the mail, that will affect the "time to deliver." Also see my response to OCA/USPS-T28-1d.
- f. I do not have, nor did I make use of, any explicit measures that compare the quality of service between Priority Mail and the services offered by competitors. As noted generally in my testimony, Priority Mail may not offer several features offered by competitors. Also, any changes in value of service since the last omnibus proceeding would not necessarily result in a different proposed cost coverage in light of criterion 4 considerations. I am aware that some private organizations at times perform limited studies of service performance such as that referred to in OCA/USPS-60, but I made no explicit use of such studies.
- g. No. Also, see my response to subsection f.
- h. No. Also, see my response to subsection f.

OCA/USPS-T28-3. Do you have any analyses and/or measurements of consumer satisfaction of expectations, as well as general satisfaction, with respect to Priority Mail? If so, please provide this information and explain how you made use of it.

RESPONSE:

I do not have, nor did I make use of, any explicit measures of consumer satisfaction with respect to Priority Mail. Also, any changes in consumer satisfaction since the last omnibus proceeding would not necessarily result in a different proposed cost coverage in light of criterion 4 considerations.

OCA/USPS-T28-4. Do you have any analyses and/or measurements of whether the Postal Service's performance in providing Priority Mail service fulfills the promises presented in Priority Mail advertising? If so, please provide this information and explain how you made use of it.

RESPONSE:

No. It is my understanding that the advertising is reviewed to ensure that references to time-to-delivery are expressed as averages rather than guarantees or promises.

OCA/USPS-T28-5. Please refer to your testimony at page 26, lines 1-2. You state that, "The proposed rate level is appropriate in light of a balanced and proper consideration of all relevant criteria." You identify the nine rate-making criteria to be considered in determining postal rate and fee levels at page 2 of your testimony, line 18, through page 3, line 15. Please provide information on the relative weightings you employed for each of the criteria in evaluating the proposed rates for Priority Mail.

RESPONSE:

No explicit weighting factors are employed for the nine criteria. The assignment of relative rate levels by subclass considers all of the criteria. Circumstances (such as a significant underlying cost change for a particular subclass) may cause the heightened relevance of a particular criterion. In the case of Priority Mail, as explained in my testimony at page 23, criterion 4 is particularly significant.

OCA/USPS-T28-6. Please refer to your testimony at page 27, line 2. You state that Express Mail receives the highest priority of delivery.

- (a) Please provide information on the average length of time that has been required to deliver a piece of Express Mail over each of the past 5 years.
- (b) Please provide information on the average length of time that is projected for delivery of Express Mail over each of the next three years.
- (c) Do you have any analyses and/or measurements of consumer satisfaction of expectations, as well as general satisfaction, with Express Mail? If so, please provide this information and explain how you made use of it.
- (d) You identified the nine rate-making criteria to be considered in determining postal rate and fee levels at page 2 of your testimony, line 18 through page 3, line 15. Please provide information on the relative weightings you employed for each of the criteria in evaluating the proposed rates for Express Mail.

RESPONSE:

- a. I do not have information regarding length of time to delivery, but understand that related performance data were filed in response to interrogatory DFC/USPS-12 on October 11, 2001.
- b. I do not have information regarding expected changes in time to delivery. There are a number of factors, including the origin-destination characteristics of the mail, that will affect the "time to deliver."
- c. No.
- d. See my response to OCA/USPS-T28-1f, and OCA/USPS-T28-5.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T28-7. Do you agree with the following statements made by the eminent economist, Alfred E. Kahn, in *The Economics of Regulation: Principles and Institutions*, (1970):

- (a) at page 210 (emphasis added), "[P]rice regulation alone is meaningless except in terms of some specified unit and *quality of service . . .*" If not, why not?
- (b) at page 22, quoting from Charles Stillman Morgan, *Regulation and the Management of Public Utilities*, (1923) at 270-71, "The determination of a rate without a determination of the quality of service rendered would be similar to an individual's agreeing to pay a stipulated sum of money for a commodity without specifying the kind or grade of commodity he expects to receive in return for his outlay." If not, why not?
- (c) at page 24, implying that, "poor service is economically the equivalent of high price . . ." If not, why not?

RESPONSE:

- (a) While I have not read the entire cited book, I would agree that the "quality of service" is a component of "value of service," which does play a role in price regulation, at least in terms of postal ratemaking.
- (b) While I have not read the entire cited book, I agree that whenever an individual pays for a commodity or service, the individual generally has some expectation of the kind or grade of commodity or service he is purchasing.
- (c) While I have not read the entire cited book, and therefore not aware of the context of the cited phrase, I agree that "value" has at least two components – price and service – that are directly related.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T28-8. Please confirm that nowhere in your testimony do you explicitly consider the degree to which the Postal Service meets/fails to meet service standards for the following subclasses:

- (a) First-Class letters and sealed parcels. If you do not confirm, then explain fully.
- (b) Priority Mail. If you do not confirm, then explain fully.
- (c) Express Mail. If you do not confirm, then explain fully.

RESPONSE:

- (a-c) I do not cite explicit measurements of service performance, but I do consider the value of service for each of the cited subclasses at pages 17,23,24 and 27.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T28-9. Do you agree that meeting service standards close to one hundred percent of the time is one indicator of a high quality of service? If not, why not?

RESPONSE:

"Quality of service" could be evaluated in a number of ways, and meeting service standards more regularly would indicate higher quality, all else equal, than meeting them less regularly. Simply meeting a threshold of service 100 percent of the time, however, does not necessarily equate to a high quality of service. For instance, meeting a high threshold of service only 99 percent of the time might equate to a higher quality of service than meeting a low threshold of service 100 percent of the time.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T28-10. Do you agree that a failure to meet service standards for a high percentage of volume is an indicator of low quality of service? If not, why not?

RESPONSE:

"Quality of service" could be evaluated in a number of ways, and meeting service standards less regularly would indicate lower quality, all else equal, than meeting them more regularly.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T28-1: What proportion of Priority Mail is subject to the Private Express Statutes? Cite any studies that you rely on to determine your answer.

RESPONSE:

In response to interrogatory APMU/USPS-T32-4 in Docket No. R2000-1, witness Mayes cited an estimate made in 1998 that "approximately one-fourth of Priority Mail volume was protected by the Private Express Statutes."

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T28-2: How has the proportion of Priority Mail that is subject to the Private Express Statutes changed since the Commission issued its Opinion and Recommended Decision in Docket No. R2000-1. Cite any studies that you rely on to determine your answer.

RESPONSE:

I know of no study that updates the estimate of the proportion cited in my response to UPS/USPS-T28-1.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T28-4: This question asks you to consider the document published by the Postal Service titled "Mid-Atlantic Area Update," portions of which are attached hereto as Exhibit 1.

- (a) Refer to the Mid-Atlantic Area Update and witness Spatola's (USPS T-20) testimony at page 5, lines 5 to 23. Do you expect the service performance for Priority Mail to improve under the FedEx transportation contract? If not, why not?
- (b) Refer to the Mid-Atlantic Area Update and witness Spatola's (USPS T-20) testimony at page 5, lines 5 to 23. Do you expect the service performance for Express Mail to improve under the FedEx transportation contract? If not, why not?
- (c) On page 5 of the Mid-Atlantic Area Update, the Postal Service's Manager of Integration for Expedited/Package Services is quoted as saying with respect to the FedEx transportation contract that "The agreement is good for us because it helps change the way our customers view the Postal Service in that decision formula of price, reliability and service features (like delivery confirmation and tracking)." Do you agree with this statement? If not, why not?
- (d) Refer to page 24, line 9, of your testimony, where you state that "the relative levels of service offered by Priority Mail and its competitors may not be strictly comparable." Do you expect the relative levels of service offered by Priority Mail to become more comparable to those of its competitors as a result of the FedEx transportation agreement? If not, reconcile your answer with the following statement made by the Manager of Integration for Expedited/Package Services as quoted on page 5 of the USPS Mid-Atlantic Area Update: "The agreement is good for us because it helps change the way our customers view the Postal Service in that decision formula of price, reliability and service features (like delivery confirmation and tracking)."

RESPONSE:

- (a-b) It is my understanding that a significant goal for the Postal Service when entering into the FedEx transportation contract is to provide more consistent and reliable service for Express Mail and Priority Mail along with First-Class Mail. Improving the consistency and reliability of service

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF UNITED PARCEL SERVICE

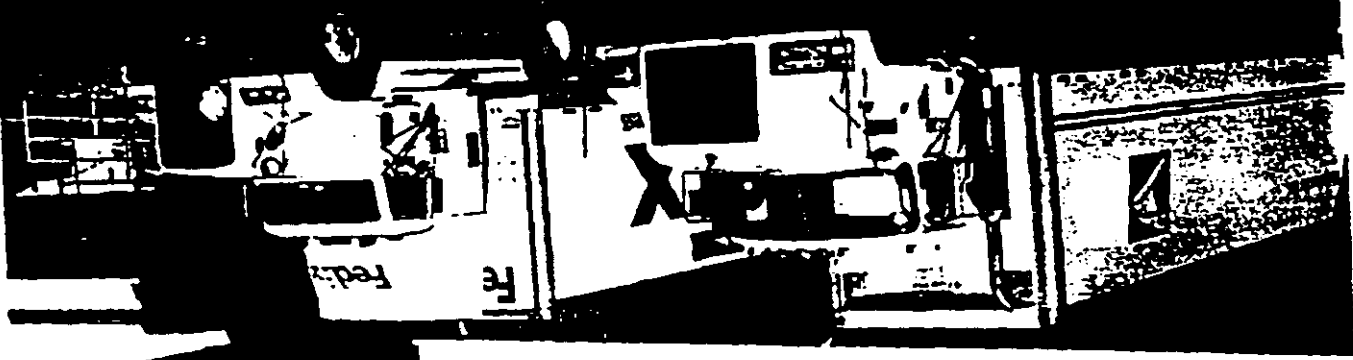
RESPONSE to UPS/USPS-T28-4 (continued):

for these classifications is a major undertaking. Moreover, not only do the service levels need to change, but customers perceptions of the service need to change. That may take much longer than the service changes themselves.

- (c) I do not disagree with the statement cited, nor with the manager's other sentiment noted in the article that the transportation agreement alone doesn't change customers' perceptions.
 - (d) The cited passage of my testimony refers to factors such as guarantees, free insurance, and free tracking as a means of comparing Priority Mail to its competitors. While I do not disagree with the cited statement of the Manager of Integration for Expedited/Package Services (see my response to subpart c), I do not believe the passage from my testimony is inconsistent with the manager's statement.
-

USPS/USPS-728-4 1&5

USPS/FedEx agreements usher in new era



UPDATE

Mid-Atlantic Area

UNITED STATES
POSTAL SERVICE

NATIONAL NEWS

USPS/FedEx agreements usher in new era

On January 10, 2001, the United States Postal Service and FedEx Express signed two historic agreements leveraging their two networks – the coast-to-coast retail presence of the Postal Service and the extensive reliability of the FedEx Express air transportation network.

The agreements focus on the Postal Service's core business – universal access to mail services, at the best value possible for the American people. Ultimately these agreements will strengthen the Postal Service, help it manage its costs, grow revenue and improve services.

Retail Agreement

The retail agreement gives FedEx the opportunity to place thousands of its self-service drop boxes outside post offices. FedEx will pay the Postal Service between \$126 and \$232 million in new revenue, depending on the number of self-service drop boxes that are placed outside post offices over the seven-year contract period.

In March, the Postal Service and FedEx began test market deployment of the self-service drop boxes in Charlotte, NC, and Ft. Lauderdale, FL, for a total of 113-drop boxes.

National deployment, which began mid-June, will initially extend placement of drop boxes to an additional 38 markets, for an estimated 3,000-drop boxes, by the end of July. During August and September, deployment will extend to at least 70 additional markets, with plans for further expansion through mid-November.

Other qualified overnight package delivery companies have the opportunity to place collection boxes at Post Offices on terms similar to

those in the agreement with FedEx Express.

Under the terms of the agreement, Postal Service retail associates will not handle or accept FedEx products. FedEx employees provide both the service and maintenance of the drop boxes.

Transportation Agreement

The air transportation agreement provides the Postal Service with shared access to the FedEx Express air transportation network for airport-to-airport delivery of its expedited products—Express Mail and Priority Mail—as well as First-Class Mail.

The Postal Service expects to save about \$1 billion in its air transportation costs and more than double the market reach of its Express Mail next-day, and Priority two-day services. FedEx Express has available capacity during the day that meets postal requirements and a scope of operations that allows the Postal Service to expand its service coverage. The seven-year contract also has guarantees by FedEx Ex-

press to ensure on-time performance with the network.

On June 25, the Postal Service and FedEx began operational testing of the shared air transportation network in several cities.

One of the cornerstones of the Postal Service's information platform—the Surface-Air Management System (SAMS)—will be used to identify mail that will fly on the FedEx air transportation network, including First-Class Mail, Priority Mail and Express Mail.

SAMS gives the Postal Service the ability to assign a unique dispatch and routing tag to each tray, sack or container, replacing the Air Contract Data Collection System (ACDS) with upgrade-ready software. It also has the ability to assign surface routes, and manage the capacity of the first leg of transportation by splitting out mail by class and to track manifests online.

National implementation of the shared transportation network began on August 27.

Top Ten Questions and Answers

1. Why FedEx?

The USPS agreement with FedEx creates a shared national transportation network that replaces multiple providers of dedicated networks. This agreement is seen as an opportunity to reduce costs while simultaneously improving service. Cost savings are expected to be significant and generally associated with the advantages of the FedEx shared-lift network and savings related to working with a single network provider. In addition, the agreement allows the Postal Service to avoid maintenance and upgrade costs anticipated under the old dedicated networks.

FedEx is the world's largest all-cargo airline with industry-leading reliability and an unmatched global transportation network. Because most express shipments move overnight, FedEx will be able to use its existing assets to meet our transportation needs for our 2-3 day products. FedEx is a pioneer in using information technology to track shipments and increase visibility of goods in motion. This will increase our service reliability and consistency.

(continued page 7)

UPS/USPS-T28-4 2 of 5

NATIONAL NEWS

Why FedEx? Why now?

The business reasons behind our agreements with FedEx

We have something they want. They have something we want.

With 38,000 locations, we have a retail network second to none. We reach just about everyone, everywhere, everyday.

With 770 planes and a world-class organization, they have an air transportation system so vast and reliable that "FedEx" and "absolutely, positively overnight" have become permanent parts of America's business vocabulary.

To pundits and wise guys the idea of a FedEx/USPS business alliance sounded preposterous. To out-of-the-box thinkers, however, it sounded like a golden opportunity to

do some business.

The pundits and wise guys lost. The out-of-the-box thinkers won. Last January, after several months of talks, FedEx Corporation Chairman, President and CEO Frederick W. Smith joined then Postmaster General and CEO William J. Henderson to announce a deal that would fly mail on FedEx planes and put FedEx collection boxes in front of thousands of post offices nationwide. In a pithy turn of phrase, Henderson summarized the deal as "The Postal Service delivers Main Street and FedEx provides an air fleet."

Following a successful test of 82 FedEx boxes in Charlotte and 31 in Fort Lauderdale, president and CEO

of FedEx Express, David Bronczek was convinced. "Customers in our test markets have responded enthusiastically to the new FedEx Drop Box options in their neighborhoods, and we look forward to extending this convenience and flexibility to FedEx Express customers throughout the country."

By the end of July another 3,000 FedEx drop boxes were installed outside post offices in 38 major metro areas, with plans to add 70 more markets by the end of the summer. Thousands of FedEx boxes will repose in front of post offices within 18 months.

In exchange for these patches of prime real estate, FedEx will pay the Postal Service between \$126 million and \$232 million over the next seven years - depending on the number of boxes placed. Welcome news in a time when revenues are not keeping up with costs.

But the cash, though welcome, isn't the real prize. For the Postal Service, and for Postal Service customers, the real benefit is access to the FedEx fleet. According to postal officials, consolidating a hodgepodge patchwork of air transportation contracts into one contract will save money, improve service, and grow revenue.

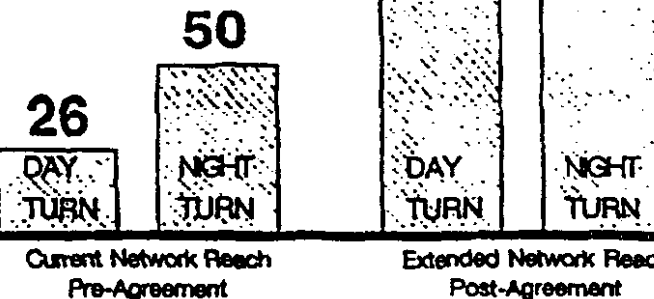
In all, the Postal Service expects to save about \$1 billion in air transportation costs during the seven-year agreement, while doubling the market reach of its Express and Priority products. On-time performance is backed up by FedEx's solid reputation and a guarantee.

According to Paul Vogel, Vice-President, Network Operations, at postal headquarters, the savings will

(continued next page)

EXTENDED NETWORK REACH

The USPS/FedEx Agreement means the cities reached by our air transportation network will increase for Express Mail next-day and Priority 2-day. For example, we now reach 26 cities during the daytime operations; with FedEx agreement in place, we will reach 84 cities by air during daytime operations.



NATIONAL NEWS

(from previous page)

come from consolidating many expensive contracts into one less expensive one. "We're going to get better service at a lower price."

Vogel explained that current dedicated air transportation is accomplished with an aging fleet that is subject to higher maintenance costs and are less reliable than newer aircraft.

"An independent study of the future of postal air transportation costs determined that with the age of the fleet and the costs necessary for upkeep, postal costs would increase significantly," Vogel said. "This is the right deal at the right time."

Q&As from page 5

2. Why didn't the Postal Service competitively bid the agreement?

USPS analysis indicated that no other transportation company could provide the scope of service that FedEx offers.

3. What are the terms of the transportation agreement?

The Postal Service is purchasing 443,120 cubic feet of space per day on FedEx's daytime operation, which equates to 3.1 million pounds of mail. On the night network, USPS will transport approximately 250,000 pounds of mail per day on the FedEx night network. The agreement provides the option to increase the capacity on the daytime network to an additional 60,000 cubic feet per day.

4. When does the agreement start?

August 27, 2001

5. What types of mail are we transporting on FedEx shared-lift?

FedEx will transport Express Mail, Priority Mail and First-Class Mail.

(continued on page 8)

From your perspective...

The following are some thoughts about the FedEx Transportation agreement from postal employees in some of the original test cities around the country:



Robert Bryant, site coordinator & manager, Oakland (CA) AMF

"The FedEx alliance with the Postal Service is a good marriage. With FedEx's dedicated transportation, we won't have the problem of recapturing mail due to mechanical problems with aircraft.

FedEx has a system to activate aircraft to replace one undergoing maintenance or repair. The biggest benefit is the on-time service and an opportunity to increase the awareness in the country that we have improved."

Crystal Spann, distribution clerk, Miami PPMPC

"I believe this move is a positive step that will benefit the two parties involved. FedEx has the experience and ability to add additional resources toward our common vision and commitment of reliable on-time service for the distribution, transportation and delivery of Priority and First-Class mail. The result will be superior service to our customers."



Barbara Keller, distribution clerk, Milwaukee (WI)

"The FedEx transportation agreement is an opportunity for both our companies. We have more reliable and less expensive transportation for our products and I think we'll see an improvement in our overnight delivery scores."

Jane Herold, mail handler, Phoenix (AZ) Airport Mail Center

"At first I wasn't really too sure about the agreement with FedEx because I didn't know if it would eliminate any jobs. We've had meetings and found out more about it and now I feel much better. I think it will benefit the Postal Service and be an asset. After all, this is 2001 and things change; we have to change with the times."



UPS/USPS-T28-4

4 of 5
UPDATE • 7

NATIONAL NEWS

Q&As from page 7

6. How will we accomplish ground handling?

The Postal Service has awarded seven regional contracts for terminal handling services at 59 airports throughout the United States. Terminal handling includes building and unloading air containers and drayage of mail. An Article 32 Comparative Analysis found outsourcing terminal handling services created savings over performing work in-house.

7. What are some of the operational changes we can expect?

At most sites, we will give mail to terminal handlers who will in turn tender to FedEx. At some sites, Birmingham, AL; Nashville, TN; St. Louis, MO; Jackson, MS; Little Rock, AR and Memphis, TN, FedEx will tender Day network containers directly to USPS. There may also be earlier dispatch times.

8. What if we miss the FedEx dispatch?

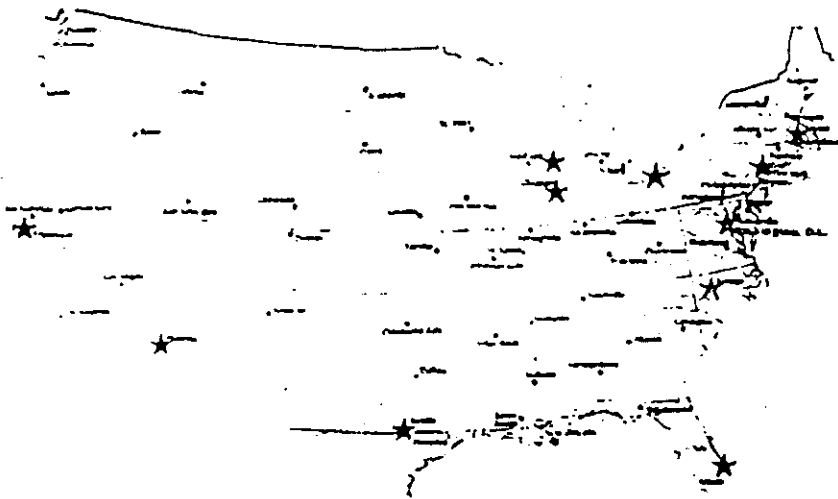
Missing dispatch times will be more important than ever before. If an operation misses its FedEx dispatch, the mail will go on commercial air and the additional expense will be charged back to the AMC, AMF, or Plant.

9. Will the Express Mail directory be revised?

Yes, as necessary. A new directory will be published and distributed to all concerned.

10. Currently, Global Express Guaranteed, Global Express Mail and Global Priority Mail dispatch and route on the A-Net through Indianapolis. How will these international products route in the future?

All three of these international products will continue to be worked and dispatched with Express Mail and they will also be routed on the FedEx Night turn Network.



Eleven sites across the nation were chosen as initial test sites for the USPS/FedEx transportation system: Austin, TX; Boston, MA; Chicago, IL; Cleveland, OH; Dulles, VA; Washington, DC; Ft. Lauderdale, FL; Milwaukee, WI; New York, NY; Oakland, CA; Phoenix, AZ; and Raleigh/Durham, NC.

Test cities open transportation phase of deal

Eleven sites nationwide report excellent first-day results

Tuesday, June 26, started off as any ordinary day at the Austin TX Air Cargo Facility next to the new Bergstrom International Airport. But the day was far from ordinary for USPS and FedEx employees in Austin that morning.

FedEx cargo plane was waiting to make history.

Since this was the first day of the test of the USPS-FedEx transportation system that would link more than 116 sites nationwide later this summer, there was excitement in the air.

The transportation agreement began on August 27, however, the test period began first with 11 sites: Austin, Boston, Chicago, Cleveland, Fort Lauderdale, Milwaukee, New York, Oakland, Phoenix, Raleigh/Durham and Washington/Dulles.

Out of the shadows of the FedEx plane came a tug with a FedEx logo on it, ready to take the first USPS

mail from Austin through the FedEx hub in Memphis and on to Kennedy International Airport in New York.

"We've done a lot of preparation for this day and for the days to come," said Barbara Collins, manager transportation networks. "This marks the beginning of a process that will last for at least the next seven years."

USPS Clerks Raymond Raesz, Deborah Coughenour, Dan Hills and Michael Engels all watched expectantly as FedEx Ramp Agent Fred Dougherty hooked up the LD3 container to his tug and sped across the tarmac to the waiting FedEx plane.

FedEx and USPS officials watched and congratulated each other as history was being made in Austin TX and 10 other locations around the country.

UPS/USPS - T28-4 Sif5

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2571

UPS/USPS-T28-13. Provide recent national performance data from the External First-Class ("EXFC") measurement system for every category of mail available (e.g., flats, letters, small parcels and rolls, handwritten, type written, bar-coded, etc.).

RESPONSE:

EXFC - BY INDICIA

FY	SERV	INDICIA METERED %ONTIME	STAMPED %ONTIME
2000	1	93.91	93.69
	2	86.74	85.65
	3	85.14	82.96
*TOTAL	2000	89.53	88.46
2001	1	93.55	93.42
	2	84.91	83.87
	3	81.31	79.62
*TOTAL	2001	87.71	86.79

EXFC - BY SHAPE

FY	SERV	SHAPE CARD %ONTIME	FLAT %ONTIME	LETTER %ONTIME
2000	1	90.52	85.79	94.45
	2	82.34	70.42	87.48
	3	79.85	67.02	85.67
*TOTAL	2000	85.13	76.27	90.11
2001	1	89.26	84.63	94.21
	2	78.10	68.04	85.78
	3	76.70	61.90	82.14
*TOTAL	2001	82.40	73.42	88.45

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2572

RESPONSE to UPS/USPS-T28-13 (continued):

EXFC - BY ADDRESS PRINTING

FY	SERV	ADDR PRINTED %ONTIME	WRITTEN %ONTIME
2000	1	94.08	93.13
	2	86.93	84.65
	3	85.32	81.63
*TOTAL 2000		89.70	87.57
2001	1	93.75	92.80
	2	85.15	82.73
	3	81.58	78.25
*TOTAL 2001		87.92	85.81

EXFC - BARCODE USAGE

FY	SERV	PREBARC NOT PRE B/C %ONTIME	PRE-BARCODE %ONTIME
2000	1	93.51	94.45
	2	85.83	88.13
	3	83.24	86.68
*TOTAL 2000		88.49	90.68
2001	1	93.11	94.18
	2	83.86	86.46
	3	79.67	82.85
*TOTAL 2001		86.63	89.06

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2573

UPS/USPS-T28-16. Provide separately the average length of haul for First-Class Mail within the following service areas:

- (a) one day;
- (b) two days;
- (c) three days.

RESPONSE:

Length-of-haul data by service area are not available.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2574

UPS/USPS-T28-17. Provide separately the average length of haul for Priority Mail within the following service areas:

- (a) one day;
- (b) two days;
- (c) three days.

RESPONSE:

Length-of-haul data by service area are not available.

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T28-18. Describe and quantify all improvements in Priority Mail service performance since FY1999.

RESPONSE:

Although they do not show improvement, measures related to Priority Mail service performance for this time period are provided in response to DFC/USPS-6 and OCA/USPS-100 and OCA/USPS-103.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-T28-21. Refer to your testimony, USPS-T-28, Exhibit USPS-28B, and your response to POIR No. 2, Question 6, Attachment, page 3 of 8.

(a) Confirm that the average TYAR revenue per piece for Priority Mail under the Postal Service's proposed rates is \$5.26 per piece. If not confirmed, explain in detail.

(b) Confirm that the average TYAR volume variable cost per piece for Priority Mail under the Postal Service's proposed rates is \$3.03 per piece (\$3,567,994,000/1,178,757,000 pieces). If not confirmed, explain in detail.

(c) Confirm that the average TYAR contribution per piece to institutional costs for Priority Mail under the Postal Service's proposed rates is \$2.23 per piece.

(d) Refer to USPS-T-33, Attachment B. Confirm that the average TYAR contribution per piece to institutional costs for Parcel Post under the Postal Service's proposed rates is 44 cents per piece (\$3.24 minus \$2.80). If not confirmed, explain in detail.

(e) Confirm that the average contribution per piece to institutional costs for Priority Mail is significantly higher than that for Parcel Post. If not confirmed, explain in detail.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed.
- e. \$2.23 is higher than \$0.44.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2577

UPS/USPS-T28-31. Provide any analysis in support of the pricing of Parcel Post DDU destination entry, in particular focusing on maximizing total subclass contribution to institutional costs. If such an analysis has not been performed, explain why not.

(a) Explain in detail why the contribution per piece for Parcel Post DDU destination entry pieces should not be equal to or close to that of Priority Mail pieces.

RESPONSE:

I am informed that all of the analysis supporting the pricing of Parcel Post DDU entry mail is provided in witness Kiefer's testimony and workpapers. To my knowledge, no additional studies or analyses that focus on Parcel Post DDU pricing exist, particularly no analyses or studies that focus on maximizing subclass contribution. Parcel Post pricing is designed to meet a specific cost coverage that is described in my testimony. Since all of the proposed cost coverages, in combination, are intended to result in breakeven in the test year, none of them can be viewed as an attempt to "maximize contribution."

(a) The average contribution per piece in any subclass of mail is a direct result of the cost coverage proposed for that subclass. My testimony describes the cost coverages for Parcel Post and Priority Mail, which are based on a variety of factors and considerations. Parcel Post and Priority Mail are different subclasses and therefore warrant distinct consideration of the pricing criteria. Within the particular subclasses, the respective pricing witnesses design the rates to meet the pricing objectives for those subclasses. The contribution per piece for various rate categories within a subclass is affected by the rate design. Therefore, two rate categories in different subclasses will not necessarily match contribution per piece since the assigned cost coverage may differ for the two subclasses, and the rate design of a respective subclasses will be developed in a manner that meets the pricing objectives of that subclass.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE

2578

UPS/USPS-T28-38. Refer to your response to interrogatories UPS/USPS-T28-4(a) and 4(b), in which you indicate that "customer perceptions" of Express Mail service need to change.

(a) Describe in detail your understanding of how Express Mail service is perceived by customers and the basis for that understanding.

(b) What is your assessment of the accuracy of "customer perceptions" of Express Mail service, and what is the basis for your assessment?

(c) Describe all efforts the Postal Service has taken and will be taking to change these customer perceptions during the period from the base year to the test year.

(d) Identify the extent to which the measures identified in your response to subpart (c) of this interrogatory factored into the recommended cost coverage for Express Mail in the test year.

RESPONSE:

- a-c. My statement was acknowledging that customer perceptions (regardless of how or whether they are measured or quantified) are a component of what the Postal Service's Manager of Integration described as the "decision formula of price, reliability and service features." The changes in service may translate into changes in perception, but I know of no particular assessment of the accuracy of the current "perceptions," or any effort specifically designed to change those perceptions.
- d. The recommended cost coverage of 229.1 percent was based on the factors described in my testimony at pages 26-29.
-

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-T28-39. Refer to your response to interrogatories UPS/USPS-T28-4(a) and 4(b), in which you indicate that "customer perceptions" of Priority Mail service need to change.

(a) Describe in detail your understanding of how Priority Mail service is perceived by customers and the basis for that understanding.

(b) What is your assessment of the accuracy of "customer perceptions" of Priority Mail service, and what is the basis for your assessment?

(c) Describe all efforts the Postal Service has taken and will be taking to change these customer perceptions during the period from the base year to the test year.

(d) Identify the extent to which the measures identified in your response to subpart (c) of this interrogatory factored into the recommended cost coverage for Priority Mail in the test year.

RESPONSE:

- a-b. My statement was acknowledging that customer perceptions (regardless of how or whether they are measured or quantified) are a component of what the Postal Service's Manager of Integration described as the "decision formula of price, reliability and service features." In the absence of any known studies that compare customer perceptions with actual performance data, I assume that the perceptions are not inconsistent with actual performance data, such as that presented in response to DFC/USPS-6.
- c. See witness Cochran's responses to UPS/USPS-21 and UPS/USPS-22. Any changes in service may translate into changes in perception.
- d. The recommended cost coverage of 173.8 percent was based on the factors described in my testimony at pages 22-26.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF UNITED PARCEL SERVICE

UPS/USPS-T28-47. Refer to pages 22-26 of your testimony, USPS-T-28, where you apply the ratemaking criteria to Priority Mail. Confirm that changes in mail mixes within classes, subclasses, and categories of mail can change costs of processing, transporting, and delivering mail. If not confirmed, explain why not.

RESPONSE:

Over time, if the mail mix changes, that, along with other factors, can affect the cost of the subclass.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-T28-1. At page 36 of your testimony, you propose an aggregate cost coverage for Standard ECR and Nonprofit ECR of 217.8 percent.

- a. Please provide separate cost coverages for (i) ECR and (ii) Nonprofit ECR underlying your proposal.
- b. Is it your view that passage of P.L. 106-384 makes the separate coverages less important?
- c. Is it your view that the passage of P.L. 106-384 makes it inappropriate to provide distinct cost and coverage data on ECR and Nonprofit ECR?

RESPONSE:

- a. Test Year cost coverages for these two groupings would require Test Year costs for these two groupings. The costs are not available. See the response of witness Patelunas to POIR #3, Question 4.
- b. Yes. P.L. 106-384 includes a provision that the factors of section 3622(b) be applied to the combined cost of the regular rate mail and the corresponding special rate mail.
- c. I do not have a position on the "appropriateness" of providing distinct cost and coverage data for the nonprofit grouping, yet the combination of the costs for the commercial and nonprofit groupings is an important feature of the new law.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

2582

VP/USPS-T28-2. At page 33 of your testimony, you propose an aggregate cost coverage for Standard Regular and Nonprofit of 146.2 percent.

- a. Please provide separate cost coverages for (i) Regular and (ii) Nonprofit underlying your proposal.
- b. Is it your view that the passage of P.L. 106-384 makes the separate coverages less important?
- c. Is it your view that the passage of P.L. 106-384 makes it inappropriate to provide distinct cost and coverage data on Regular and Nonprofit?

RESPONSE:

- a-c. See response to VP/USPS-T28-1.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-T28-3. In your testimony, you state that in common with Standard Regular, the intrinsic value for Standard ECR is relatively low, since it lacks access to the collection system, receives ground transportation, has no free forwarding and its delivery may be deferred. (USPS-T-28, p. 37, II. 1-3.) Moreover, you add that the price elasticity of ECR is higher than Regular, indicating that ECR has a comparatively lower economic value of service. (Id., II. 10-12.) You also observe that deferrability of ECR may be higher than Regular.

- a. Which of the noncost criteria in 39 U.S.C. Section 3622(b) support a higher cost coverage for ECR when compared to Regular?
- b. Which of the noncost criteria in 39 U.S.C. Section 3622(b) support a lower cost coverage for ECR when compared to Regular?
- c. Given your assessment of the noncost criteria, why did you select a cost coverage for ECR (and Nonprofit ECR) that was more than 70 percentage points higher than that assigned to Regular (and Nonprofit)?
- d. Given your assessment of the noncost criteria, why do you recommend cost coverages for ECR and Regular which would result in the markup index for ECR (and Nonprofit ECR) being nearly 2.5 times the markup index assigned to Regular (and Nonprofit)?
- e. Given your assessment of the noncost criteria, why do you recommend cost coverages for ECR and Regular which would result in the unit contribution from ECR (and Nonprofit ECR) being nearly 2.0 cents higher than the unit contribution from Regular (and Nonprofit) under your proposed rates; i.e., a proposed unit contribution of 8.75 cents from ECR (and Nonprofit ECR) versus 6.79 cents from Regular (and Nonprofit)?
- f. Since you state that ECR is subject to higher "deferrability" than Regular, would you agree that ECR may have worse service performance than Regular? If not, why not?

RESPONSE:

- a-e. The basis for the proposed cost coverages for Regular and ECR is discussed in my testimony at pages 33-38. The outcomes discussed in subparts (c)-(e) are a result of the proposed cost coverages. Although my testimony includes many comparisons

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

between ECR and Regular with regard to the noncost criteria, the primary driver for the relative cost coverages for ECR and Regular is consideration of Criterion 4. As stated in my testimony with regard to the ECR coverage, "many of the factors considered above indicate a cost coverage lower than that actually proposed." (USPS-T-28 at 38, lines 12-13)

- f. My statement regarding the relative "deferrability" of ECR mail was not intended to make any conclusions regarding service performance. Even if ECR mail is deferred, that does not necessarily mean it does not meet service expectations.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-T28-4.

- a. Is daily, six-days-per-week delivery as important for Standard ECR as it is for First-Class and Express Mail? Please explain any positive answer.
- b. When applying the non-cost criteria, what factors did you find in common among First-Class letters, Express Mail, and Standard ECR to support your decision to give them similar cost coverages?

RESPONSE:

- a. I would suspect that to many users of ECR, six-days-per-week delivery is important, especially if they have marketing efforts geared toward particular days of the week.
- b. The proposed cost coverages for each of the subclasses referred to in this question are a result of careful consideration of the criteria.

On balance, the criteria point to the coverages as proposed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-T28-5. In Docket No. R2000-1, the Postal Service's Reply Brief (pp. V-26-V-27) stated:

Witness Haldi shows that the unit contribution of ECR exceeds that of Regular by 2.6 cents in the base year. This disparity is projected to grow to more than 4 cents in FY 2000. Tr. 32/15796-97. These figures prompt witness Haldi to advocate in favor of a progressively lower unit contribution of ECR relative to Regular subclass mail. Tr. 3205807. If the Commission insists upon conducting unit contribution comparisons, then witness Haldi's analysis is highly persuasive. USPS-T-32 at 39. Nevertheless, for purposes of this proceeding, witness Mayes acknowledges that, but for the need to avoid shifting the institutional cost burden borne by ECR to other subclasses, the Postal Service would have proposed to reduce ECR rates beyond those actually proposed. USPS-T-32 at 39.

- a. Did you conduct any unit contribution comparisons of Regular and ECR before determining your proposed coverages?
 - (i) If so, what did your analysis show?
 - (ii) If not, why not?
- b. Are unit contributions a useful basis for comparing subclasses within the same class? Please explain your answer.

RESPONSE:

- a. No. As stated in my testimony, I considered the nine criteria when developing the proposed rate levels. In the discussion of ECR, I noted (as did witness Mayes in Docket No. R2000-1) that many of the factors point to a lower cost coverage, yet a lower coverage would shift more of the institutional cost burden to other subclasses.
- b. As implied in the cited portion of the Postal Service's Reply Brief from Docket No. R2000-1, such comparisons can certainly be performed. With regard to Regular and ECR, such a comparison, in

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

isolation, would point to a lower coverage for ECR than that which is
proposed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-T28-6.

In your testimony at page 37, lines 15-17, you observe that ECR (like other mail products) received two rate increases in 2001, and faces another rate increase in this docket. You note that ECR mailers are relatively sophisticated (p. 38, l. 6), and have a broad range of alternatives (p. 37, ll. 18-20). You also identify ECR as having one of the highest price-elasticities (in absolute value) (p. 6, Table 2). Given these factors, particularly in combination, why was ECR's cost coverage not moderated further? Please explain your answer.

RESPONSE:

See my testimony at page 38, lines 11-14.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-T28-7.

- a. Please confirm that RPW data for Postal Quarters 2 and 3 of FY 2001, reflecting only the impact from the January 7, 2001 rate increase, and not the impact from the July 1, 2001 rate increase, show that First-Class volumes were up 362,160,000 in PQ2, and down 149,505,000 in PQ3, for a net gain of 212,655,000 compared to Same Period Last Year ("SPLY"). If you do not confirm, please explain.
- b. Please confirm that Standard ECR volumes were down 372,518,000 in PQ2, and 515,856,000 in PQ3, for a net loss of 888,374,000 SPLY (a decrease of 6.1 percent for the two quarters combined SPLY). If you do not confirm, please explain.
- c. Did you take into account ECR's loss of volume from the January 2001 rate increase in setting cost coverage and revenue targets for Docket No. R2001-1? Please explain your answer.
- d. What conclusions do you draw concerning coverage from these volume data?
- e. For PQ4, do you expect the July 1, 2001 rate increase will result in further precipitous decreases in ECR volume, contrasted to SPLY? Please explain your answer.
- f. Is it not probable that your proposed Docket No. R2001-1 rates would result in an even more dramatic reduction in ECR volumes, and its resultant loss in contribution to institutional costs? Please explain your answer.

RESPONSE:

- a. The figures are correct.
- b. The figures are correct.
- c. I did not explicitly attempt to isolate the effect of the January 2001 rate change on the cited volume change. I did consider the relative price elasticities of the subclasses in both the value of service

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

- assessment, and the assessment of the effect on contribution from prospective rate changes.
- d. See my response to subpart (c).
 - e. I have not made an assessment of the isolated effect of the 1.3 percent increase for ECR that occurred on July 1, 2001. I would not expect it, however, to cause a "precipitous" decrease in ECR volume.
 - f. The volume forecast, and the resulting revenue and contribution calculations, reflect the proposed rate increase for ECR.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

VP/USPS-T28-8.

- a. Would you agree that your proposed coverage of 217.8 percent for Standard ECR and Nonprofit ECR results in a markup of 117.8 percent? If you disagree, please provide the correct markup.
- b. Would you agree that your proposed coverage of 146.2 percent for Standard Regular and Nonprofit results in a markup of 46.2 percent? If you disagree, please provide the correct markup.
- c. Would you agree that the ratio of the ECR/Regular markups is 2.55 (i.e., $117.8/46.2$)? If you disagree, please provide the correct ratio.
- d. When considering the appropriate markup and coverage of Standard ECR relative to Standard Regular, did you consider the relative markups of these two subclasses shown under Postal Service witness Bernstein's (USPS-T-10) Ramsey-based After-Rates Prices in Table 17 of USPS-T-10; i.e., 45.7 percent for Regular and 18.0 percent for ECR, or Regular/ECR ratio of 2.54?
- e. If you did consider the above-cited testimony of witness Bernstein, please indicate what consideration you gave it. If you chose to ignore totally witness Bernstein's testimony, please explain why.
- f. Your coverage and markup recommendations for Standard Regular/Nonprofit and ECR/Nonprofit ECR seem to have totally reversed witness Bernstein's indicated markup ratio. Was this purely coincidental, or did you intend this result?

RESPONSE:

- a. Yes.
- b. Yes.
- c. Yes.
- d. No, I did not consider these particular calculations.
- e. I did not "ignore totally" witness Bernstein's testimony in that I am aware of the general direction of the relationships between markups that would

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.

occur in a Ramsey-type pricing exercise (e.g., the ECR markup is materially lower). Yet, as stated in my testimony, I made no formal use of the prices developed by witness Bernstein. (USPS-T-31 at 13)

- f. As stated in response to subpart (e), no formal use was made of the Ramsey-type prices developed by witness Bernstein. Therefore, any precise markup ratio, and its relationship to a ratio of proposed markups, would be coincidental.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF VAL-PAK

VP/USPS-T28-9.

In your response to VP/USPS-T28-3, you stated:

Although my testimony includes many comparisons between ECR and Regular with regard to the noncost criteria, the primary driver for the relative cost coverages for ECR and Regular is consideration of Criterion 4. As stated in my testimony with regard to the ECR coverage, "many of the factors considered above indicate a cost coverage lower than that actually proposed." (USPS-T-28 at 38, lines 12-13)

Your answer did not directly respond to the following questions. Please respond to them at this time.

- a. Which of the noncost criteria in 39 U.S.C. § 3622(b) support a higher cost coverage for Standard ECR when compared to Standard Regular?
- b. Which of the noncost criteria in 39 U.S.C. § 3622(b) support a lower cost coverage for Standard ECR when compared to Standard Regular?

RESPONSE:

- a. Again, the cost coverages were proposed based on the analysis presented in my testimony. While I do not perform a side-by-side assessment, by criterion, for each subclass pair in the Domestic Mail Classification Schedule, a comparison of Regular and ECR might show the following:

As stated in my testimony, the "Fairness and Equity" criterion provides a basis upon which to properly balance the sometimes-conflicting factors indicated by the other criteria. With regard to Regular and ECR, the proposed coverages are deemed fair and equitable in that they produce reasonable percentage changes and properly balance the other criteria. Since the resulting coverage is higher for ECR, then, if anything, this criterion supports a higher coverage for ECR than Regular.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF UNITED ~~PARCEL SERVICE~~ *VAL PAK*

RESPONSE to VP/USPS-T28-9 (continued):

The "Available Alternatives" criterion, when viewed in isolation, supports a higher coverage for ECR than Regular. Materials sent as Regular mail have fewer alternatives, and, to the extent this criterion is intended to protect users of classifications with limited alternatives, suggests a lower coverage for Regular.

The "Effect of Rate Increases" criterion supports a higher coverage for ECR than Regular. If not, then the proposed rates would include a much higher increase for Regular, or a large decrease for ECR rates, or both.

The "Educational, Cultural, Scientific, and Informational" (ECSI) criterion is most often considered with respect to Periodicals, First-Class Mail Letters, Media Mail, and, to some degree, Bound Printed Matter. If ECR and Regular were viewed in isolation, the ECSI criterion might support a slightly lower coverage for Regular, and therefore a higher coverage for ECR, since Regular includes books and recordings.

To the extent "Other Factors" includes the means to avoid sudden shifts in institutional cost burden as discussed in my testimony, then it, too, would tilt, in this instance, toward a higher cost coverage for ECR.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF ~~UNITED PARCEL SERVICE~~ VAL-PAK

RESPONSE to VP/USPS-T28-9 (continued):

- b. The "Value of Service" criterion supports a lower coverage for ECR than Regular.

As described in my testimony, the own-price elasticity is often used as an indicator of value of service, and, in this instance, suggests a lower value of service for ECR since its elasticity is higher than that of Regular.

While the "Degree of Preparation" criterion is often considered through workshare discounts that are offered for that preparation, ECR clearly requires greater mail preparation than Regular. To the extent that is to be reflected in the proposed coverage, that would support a lower coverage for ECR.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF ~~UNITED PARCEL SERVICE~~ VAL-PAK

VP/USPS-T28-10.

In your response to VP/USPS-T28-3(f), you stated that your "statement regarding the relative 'deferrability' of ECR mail [vis-a-vis Regular Mail] was not intended to make any conclusions regarding service performance. Even if ECR mail is deferred, that does not necessarily mean it does not meet service expectations."

- a. Please confirm that Standard Regular and Standard ECR have identical service standards. If you do not confirm, please (i) identify how the service standards of the two subclasses differ, and (ii) provide documentation wherein the Postal Service has advised mailers that the service standards for these two subclasses differ.
- b. Do you use the term "service expectations" synonymously with "service standards"? If not, what "service expectations" should Standard ECR mailers have that differ from Standard Regular "service standards"?
- c. If Standard ECR is subject to higher "deferrability" than Standard Regular, would you agree that Standard Regular receives higher priority or preference in handling and/or delivery? If you do not agree, please explain why higher "deferrability" does not indicate lower priority or preference in handling and/or delivery.

RESPONSE:

- a. Confirmed.
- b. In the cited sentence, "service standards" can be substituted for "service expectations," however "service expectations" is a more general relating to what a mailer has come to expect based on experience with particular mailing patterns. At the same time, relative service standards are generally a means of assessing relative service expectations.
- c. No, the cited statement from my testimony merely acknowledged the fact that, at the delivery unit, Regular mail might be more likely (than ECR) to have been merged with other non-deferrable mail and therefore not easily identifiable as deferrable. That is not to say that it was not recognized as deferrable upstream from the delivery unit.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF ~~UNITED PARCEL SERVICE~~ VAL PAK

VP/USPS-T28-11

- a. When asked in VP/USPS-T28-4b "what factors did you find in common among First-Class letters, Express Mail, and Standard ECR," you answered:

The proposed cost coverages for each of the subclasses referred to in this question are a result of careful consideration of the criteria. On balance, the criteria point to the coverages as proposed.

Is it your view that it is a sheer coincidence that First-Class letters, Express Mail, and Standard ECR all have similar cost coverages — the highest in this docket?

- b. Do First-Class letters, Express Mail, and Standard ECR have features in common which distinguish them from the other classes and subclasses of mail? If so, please describe each feature which you believe is common to all three.
- c. Do you agree that First-Class letters and Express Mail receive very high priority in processing, delivery, and transportation, including air transportation for longer distances? If not, please identify which classes and subclasses receive higher priority in transportation, processing, and delivery.
- d. Do you agree that Standard ECR shares with Standard Regular the lowest priority in processing, delivery, and transportation, including being limited to surface transportation except for those situations where it is not a practical alternative? If not, please identify which classes and subclasses receive lower priority in transportation, processing, and delivery.
- e. Are service standards an important consideration in the process of assigning a cost coverage? Please explain any negative response.
- f. Is service performance — both absolute and compared to service standards — an important consideration in the process of assigning a cost coverage? Please explain any negative response.
- g. Is consistency in performance and in meeting service standards an important consideration in assigning a cost coverage to a subclass of mail? Please explain any negative response.
- h. To the best of your knowledge, is a subclass' consistency in meeting its service standards an important consideration to a mailer in deciding whether to choose a Postal Service product or that of a competitor? Please explain your answer.
- i. How much did the Postal Service spend on administering the EXFC program in BY 2000?

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF ~~UNITED PARCEL SERVICE~~ VALPAK

VP/USPS-T29-11 (continued):

- j. How much did the Postal Service spend to assess Standard ECR service performance in BY 2000?

RESPONSE:

- a. It is not a coincidence in that the determination of the cost coverages was not an accident. (One definition of "coincidence" is "a seemingly planned sequence of accidentally occurring events.") However, there was not a "plan" to have the cost coverages be of similar magnitude.
- b. There are no prominent features of the three that differentiate them, as a group, from other groupings of classes and subclasses. However, similar cost coverages can be arrived at without necessarily identifying common prominent characteristics.
- c. Yes.
- d. Yes.
- e. "Value of service" is one of the criteria considered when assigning cost coverage, as are "fairness and equity" and "effect of rate increases." Service standards are considered one measure of value of service.
- f. "Value of service" is one of the criteria considered when assigning cost coverage, as are "fairness and equity" and "effect of rate increases." Service performance is considered one measure of value of service.
- g. "Value of service" is one of the criteria considered when assigning cost coverage, as are "fairness and equity" and "effect of rate increases." Consistency in performance is considered one measure of value of service.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF ~~UNITED PARCEL SERVICE~~ VALPAK

RESPONSE to VP/USPS-T28-11 (continued):

- h. Consistency of service is certainly a consideration when choosing whether to use a Postal Service product or that of a competitor.
- i. \$17.6 million.
- j. There is no end-to-end service performance measurement system like EXFC in place for Standard Mail for which a comparable, specific cost figure can be provided. Nevertheless, postal managers at all levels of the organization expend time and effort assessing the service provided to Standard Mail, responding to the concerns of Standard Mail users and their various trade associations, reviewing operational changes that might improve service, and implementing such changes. Cost data related to such activity are not routinely recorded or aggregated.

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO INTERROGATORIES OF ~~UNITED PARCEL SERVICE~~ VALPAK

VP/USPS-T28-12.

- a. Is it appropriate or useful to examine unit contributions from subclasses within the same class when setting cost coverages? If not, why not?
- b. If it is appropriate or useful to examine unit contributions from subclasses within the same class when setting cost coverages, did you conduct such an examination of the unit contributions by Standard Regular and ECR? If so, what were the results? If not, why not?

RESPONSE:

- a. It is not necessarily inappropriate since the level of per-piece contribution is related to the percentage cost coverage, however, consideration of the nine pricing criteria provides ample support for proposing cost coverages.
- b. Whether it is deemed appropriate or not, I did not conduct such an examination, as stated in my response to VP/USPS-T28-5a.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MOELLER
TO PRESIDING OFFICER'S INFORMATION REQUEST**

6. Please provide workpapers, in support of Exhibits USPS-28A, USPS-28B and USPS-28C, that show for each mail category and special service the following statistics and their source: (a) mail volume, (b) postage, (c) fees, (d) total revenue, and (e) revenue per piece. The requested workpapers should have a similar structure as the workpapers submitted by Postal Service witness Mayes in support of her Exhibits USPS-32A, USPS-32B and USPS-32C in Docket No. R2000-1 (See response to POIR No. 1/3 in Docket No. R2000-1).

RESPONSE:

The attached pages include the revenue data incorporated into Exhibits USPS-28A, USPS-28B, and USPS-28C, in the same format and detail presented by witness Mayes in her response to POIR No. 1, Question 4, in Docket No. R2000-1. Pages 1-2 of the attachment correspond to Exhibit USPS-28A; pages 3-4 correspond to Exhibit USPS-28B; pages 5-6 correspond to the FY2002 figures presented in Exhibit USPS-28C; page 7-8 correspond to the FY2001 figures presented in USPS-28C. The volume figures are from the Before and After Rates volume forecasts (USPS-LR-J-125, Table 125-1, and Table 125-2), and USPS-LR-J-109, WP-3, WP-4, WP-7, WP-10.

**SUMMARY OF REVENUES
 FISCAL YEAR 2003 - BEFORE RATES
 (thousands)**

<u>MAIL SERVICE</u>	Volume	Postage	Fees	Postage and Fees	Revenue per piece
First-Class Mail					
Letters - Single	47,899,389	20,619,369	184,032	20,803,401	0.434315
Automated and Carrier Route	47,619,273	13,262,340		13,262,340	0.278508
Non-Automation Presort	3,679,940	1,335,180		1,335,180	0.362827
Total Worksharing	51,299,213	14,597,520	25,060	14,622,580	0.285045
Total Letters/Flats/Parcels	99,198,602	35,216,889	209,092	35,425,981	0.357122
Stamped Cards	182,342	38,292	73	38,365	0.210402
Post Cards - Single	2,520,666	544,170	9,342	553,512	0.219590
Automated and Carrier Route Post Cards	2,506,237	417,766		417,766	0.166691
Non-Automated Presort Cards	424,530	80,315		80,315	0.189186
Total Worksharing Cards	2,930,767	498,081	1,422	499,503	0.170434
Total Cards	5,633,776	1,080,543	10,837	1,091,380	0.193721
Business Reply Fees		166,639	(166,639)	0	
Domestic Mail Fees		53,290	(53,290)	0	
Total First Class	104,832,378	36,517,361	-	36,517,361	0.348340
	postage=	36,297,432			
Priority Mail					
Priority Mail (with pick up fee)	1,257,064	5,824,103	1169	5,825,272	4.634032
Domestic Mail Fees		1,169	(1,169)	-	
Total Priority	1,257,064	5,825,272	0	5,825,272	4.634032
Express Mail	77,239	1,145,263		1,145,263	14.827434
Mailgrams	2,725	1,131	0	1,131	0.415000
Periodicals					
In-County	855,781	79,783	1,555	81,338	0.095045
Outside County					
Nonprofit	1,959,377	336,539	3,561	340,100	0.173575
Classroom	58,942	14,972	107	15,079	0.255830
Regular-Rate	7,163,763	1,925,780	13,018	1,938,798	0.270640
Domestic Mail Fees		18,241	(18,241)		
Total Periodicals	10,037,863	2,375,315	0	2,375,315	0.236635
	postage=	2,357,074			
Standard Mail A					
Commercial					
Regular	48,424,553	10,465,298	18,896	10,484,194	0.216506
Enhanced Carrier Route	33,873,784	5,338,299	13,218	5,351,517	0.157984
Total Commercial	82,298,337	15,803,597	32,115	15,835,712	0.192418
Nonprofit					
Nonprofit	11,943,287	1,524,051	49,034	1,573,085	0.131713
Enhanced Carrier Route	3,252,519	293,537	13,353	306,890	0.094355
Total Nonprofit	15,195,806	1,817,588	62,387	1,879,975	0.123717
Bulk Mailing Fees		67,338	(67,338)		
Domestic Mail Fees		27,164	(27,164)		
Total Standard Mail A	97,494,143	17,715,687	0	17,715,687	0.181710

SUMMARY OF REVENUES - FISCAL YEAR 2003 (continued)
 (thousands)

MAIL SERVICE	Volume	Postage	Fees	Postage and Fees	Revenue per piece
Package Services					
Parcel Post					
Destination Entry	336,136				
Inter-BMC	42,557				
Intra-BMC	26,941				
Total Parcel Post	405,634	1,232,002	557	1,232,559	3.038601
Bound Printed Matter	594,824	843,914	820	644,734	1.083908
Media Mail	159,100	260,661	348	261,009	1.640530
Library Rate	27,111	48,440	58	48,498	1.788832
Domestic Mail Fees		1,714	(1,714)	0	
Special Handling		61	(61)	0	
Parcel Airtel Fees		8	(8)	0	
Package Services	1,186,669	2,186,800	0	2,186,800	1.842805
Total USPS Penalty Mail	353,484	0	0	0	0
Free-for-the-Blind	46,859	0	0	0	0
Total Domestic Mail	215,288,424	65,766,829	0	65,766,829	0.305482
International					
Postage	1,289,500	1,593,492	11,758	1,605,250	1.244862
Terminal & Transit	0	287,572	0	287,572	
Fees, etc.	0	11,758	(11,758)	0	
Total	1,289,500	1,892,822	0	1,892,822	1.467873
Total All Mail	216,577,924	67,659,651	0	67,659,651	0.312403
Special Services					
Registry	10,515	93,555	0	93,555	8.897678
Certified Mail	283,708	595,787	0	595,787	2.100004
Insurance	64,165	136,607	0	136,607	2.128987
COD	3,100	17,700	0	17,700	5.709656
Delivery Confirmation	28,758,221	38,061	0	38,061	0.160201
Money Orders *	231,804	298,219	0	298,219	1.286511
Return Receipts	232,023	352,113	0	352,113	1.517577
Stamped Cards	182,342	3,647	0	3,647	0.020001
Stamped Envelopes	400,000	16,102	0	16,102	0.040256
Box/Caller Service	17,232	746,319	0	746,319	43.309098
Subtotal	1,662,471	2,298,110	0	2,298,110	1.382346
Other		27,310	0	27,310	n/a
Total	1,662,471	2,325,420	0	2,325,420	1.398773
Total Mail & Services	216,577,924	69,985,071	0	69,985,071	0.323140
Other Income		589,816	0	589,816	
Revenue Forgone		30,857	0	30,857	
Interest and Investment Income *		(22,434)	0	(22,434)	
Total, all items	216,577,924	70,583,310	0	70,583,310	0.325903

* Money order revenues include interest of \$ 51,334 (this amount has been removed from "Investment Income" above)

AFTER RATES SUMMARY OF REVENUES
FISCAL YEAR 2003
(thousands)

<u>MAIL SERVICE</u>	Volume	Postage	Fees	Postage and Fees	Revenue per piece
First-Class Mail					
Letters - Single	46,865,402	21,651,130	217,223	21,878,353	0.466834
Automated and Carrier Route	47,742,776	14,511,388		14,511,388	0.303949
Non-Automation Presort	3,579,306	1,450,367		1,450,367	0.405209
Total Worksharing	51,322,082	15,961,755	28,991	15,990,746	0.311576
Total Letters/Flats/Parcels	98,187,484	37,622,885	246,215	37,869,100	0.385682
Stamped Cards	170,412	39,195	79	39,274	0.230464
Post Cards - Single	2,454,000	580,418	11,004	591,422	0.241003
Automated and Carrier Route Post Cards	2,426,214	441,848		441,848	0.182114
Non-Automated Presort Cards	216,053	45,607		45,607	0.211092
Total Worksharing Cards	2,642,267	487,455	1,482	488,937	0.185044
Total Cards	5,266,679	1,107,068	12,564	1,119,632	0.212588
Business Reply Fees		198,394	(198,394)	0	
Domestic Mail Fees		60,385	(60,385)	0	
Total First Class	103,454,162	38,988,732		38,988,732	0.376870
		postage=			
		38,729,953			
Priority Mail					
Priority Mail (with pick up fee)	1,178,757	6,198,666	1,417	6,200,084	5.259850
Domestic Mail Fees		1,417	(1,417)	-	
Total Priority	1,178,757	6,200,084		6,200,084	5.259850
Express Mail	69,911	1,133,705		1,133,705	16.216333
Mailgrams	2,725	1,131		1,131	0.415000
Periodicals					
In-County	853,535	80,886	1,640	82,526	0.096687
Outside County					
Nonprofit	1,940,225	370,257	3,727	373,984	0.192753
Classroom	58,335	16,576	112	16,688	0.286074
Regular-Rate	7,110,414	2,107,270	13,658	2,120,928	0.298285
Domestic Mail Fees		19,137	(19,137)		
Total Periodicals	9,962,508	2,594,126		2,594,126	0.260389
		postage=			
		2,574,989			
Standard Mail A					
Commercial					
Regular	47,296,185	11,022,943	19,537	11,042,480	0.233475
Enhanced Carrier Route	33,125,689	5,541,973	13,683	5,555,656	0.167714
Total Commercial	80,421,874	16,564,916	33,220	16,598,136	0.206388
Nonprofit					
Nonprofit	11,882,923	1,611,177	57,887	1,669,064	0.140459
Enhanced Carrier Route	3,236,397	309,444	15,766	325,210	0.100485
Total Nonprofit	15,119,320	1,920,621	73,653	1,994,274	0.131902
Bulk Mailing Fees		80,203	(80,203)		
Domestic Mail Fees		26,670	(26,670)		
Total Standard Mail	95,541,195	18,592,410		18,592,410	0.194601

Revised 1/11/02

AFTER RATES SUMMARY OF REVENUES - FISCAL YEAR 2003 (continued)
(thousands)

MAIL SERVICE	Volume	Postage	Fees	Postage and Fees	Revenue per piece
Package Services					
Parcel Post					
Destination Entry	314,684				
Inter-BMC	34,918				
Intra-BMC	21,930				
Total Parcel Post	371,533	1,202,000	568	1,202,568	3.236775
Bound Printed Matter	588,557	694,880	874	695,754	1.182135
Special Rate	158,641	270,393	403	270,795	1.706973
Library Rate	27,047	49,911	61	49,972	1.847568
Domestic Mail Fees		1,835	(1,835)	0	
Special Handling		62	(62)	0	
Parcel Airlift Fees		9	(9)	0	
Package Services	1,145,778	2,219,090	-	2,219,090	1.936754
Total USPS Penalty Mail	353,484	0	-	0	0
Free-for-the-Blind	46,859	0	0	0	0
Total Domestic Mail	211,755,380	69,729,277	0	69,729,277	0.329292
International					
Postage	1,205,553	1,618,900	11,484	1,630,384	1.352395
Terminal & Transit	0	287,572	0	287,572	
Fees, etc.	0	11,484	(11,484)	0	
Total	1,205,553	1,917,956	0	1,917,956	1.590935
Total All Mail	212,960,933	71,647,233	0	71,647,233	0.336434
Special Services					
Registry	10,331	98,550	0	98,550	9.538959
Certified Mail	302,882	696,629	0	696,629	2.300001
Insurance	61,800	143,868	0	143,868	2.327979
COD	3,100	17,700	0	17,700	5.709656
Delivery Confirmation	302,166	34,636	0	34,636	0.112761
Money Orders *	229,607	303,574	0	303,574	1.322144
Return Receipts	221,638	394,585	0	394,585	1.780309
Stamped Cards	170,412	3,408	0	3,408	0.019999
Stamped Envelopes	400,000	16,102	0	16,102	0.040256
Box/Caller Service	17,232	854,712	0	854,712	49.599184
Subtotal	1,724,168	2,563,764	0	2,563,764	1.486957
Other		30,610	0	30,610	n/a
Total	1,724,168	2,594,374	0	2,594,374	1.504711
Total Mail & Services	212,960,933	74,241,507	0	74,241,607	0.348616
Other Income		589,816	0	589,816	
Revenue Forgone		30,857	0	30,857	
Interest and Investment Income *		(21,948)	0	(21,948)	
Total, all items	212,960,933	74,840,332	0	74,840,332	0.351428

* Money order revenues include interest of

\$ 50,848 (this amount has been removed from "investment income" above)

Revised 1/11/02
Response of Witness Moeller (USPS-T-28)
to POIR No. 2, Question 6
Attachment, Page 4 of 8

SUMMARY OF REVENUES
FISCAL YEAR 2002
 (thousands)

MAIL SERVICE	Volume	Postage	Fees	Postage and Fees	Revenue per piece
First-Class Mail					
Letters - Single	49,251,920	21,202,002	182,710	21,384,712	0.434190
Automated and Carrier Route	45,173,742	12,584,908		12,584,908	0.278589
Non-Automation Presort	3,577,057	1,297,852		1,297,852	0.362827
Total Worksharing	48,750,799	13,882,760	24,039	13,906,799	0.285263
Total Letters/Flats/Parcels	98,002,718	35,084,762	206,749	35,291,511	0.360107
Stamped Cards	179,205	37,633	72	37,705	0.210399
Post Cards - Single	2,479,306	535,233	8,874	544,107	0.219460
Automated and Carrier Route Post Cards	2,368,428	394,644		394,644	0.166627
Non-Automated Presort Cards	462,957	87,585		87,585	0.189186
Total Worksharing Cards	2,831,385	482,229	1,386	483,615	0.170805
Total Cards	5,489,897	1,055,095	10,332	1,065,427	0.194071
Business Reply Fees		164,476	(164,476)	0	
Domestic Mail Fees		52,606	(52,606)	0	
Total First Class	103,492,615	36,356,939	0	36,356,939	0.351300
	postage	36,139,857			
Priority Mail					
Priority Mail (with pickup fee rev)	1,186,878	5,498,924	1104	5,500,028	4.634030
Domestic Mail Fees		1,104	(1,104)		
Total Priority	1,186,878	5,500,028	0	5,500,028	4.634030
Express Mail	72,605	1,076,552		1,076,552	14.827572
Mailgrams	3,110	1,291	0	1,291	0.415000
Periodicals					
In-County	866,869	80,817	1,575	82,392	0.095045
Outside County					
Nonprofit	2,020,664	347,049	3,671	350,720	0.173567
Classroom	60,786	15,440	110	15,550	0.255825
Regular-Rate	7,133,125	1,917,565	12,960	1,930,545	0.270645
Domestic Mail Fees		18,317	(18,317)		
Total Periodicals	10,081,444	2,379,208	0	2,379,208	0.235999
	postage=	2,360,891			
Standard Mail A					
Commercial					
Regular	45,070,344	9,761,493	17,588	9,779,081	0.216974
Enhanced Carrier Route	32,345,535	5,097,247	12,622	5,109,869	0.157978
Total Commercial	77,415,879	14,858,740	30,210	14,888,950	0.192324
Nonprofit					
Nonprofit	11,687,265	1,501,205	47,983	1,549,188	0.132553
Enhanced Carrier Route	3,197,576	288,532	13,128	301,660	0.094340
Total Nonprofit	14,884,842	1,789,737	61,110	1,850,847	0.124344
Bulk Mailing Fees		85,603	(65,603)		
Domestic Mail Fees		25,717	(25,717)		
Total Standard Mail A	92,300,721	16,739,797	0	16,739,797	0.181361

SUMMARY OF REVENUES - FISCAL YEAR 2002 (continued)
 (thousands)

MAIL SERVICE	Volume	Postage	Fees	Postage and Fees	Revenue per piece
Package Services					
Parcel Post					
Destination Entry	302,207				
Inter-BMC	47,017				
Intra-BMC	29,766				
Total Parcel Post	378,991	1,190,274	522	1,190,796	3.142020
Bound Printed Matter	579,223	630,502	799	631,301	1.089909
Special Rate	154,947	253,857	339	254,196	1.640536
Library Rate	26,392	47,156	56	47,212	1.788849
Domestic Mail Fees		1,650	(1,650)	0	
Special Handling		57	(57)	0	
Parcel Airlift Fees		8	(8)	0	
Package Services	1,139,553	2,123,504	0	2,123,504	1.883453
 Total USPS Penalty Mail	367,452	0	0	0	0
 Free-for-the-Blind	45,319	0	0	0	0
 Total Domestic Mail	208,689,696	64,177,319	0	64,177,319	0.307525
International					
Postage	1,249,492	1,544,051	10,910	1,554,961	1.244475
Terminal & Transit	0	283,203	0	283,203	
Fees, etc.	0	10,910	(10,910)	0	
Total	1,249,492	1,838,164	0	1,838,164	1.471129
 Total All Mail	209,939,188	66,015,483	0	66,015,483	0.314450
Special Services					
Registry	11,151	99,223	0	99,223	8.898472
Certified Mail	273,126	573,565	0	573,565	2.099999
Insurance	64,541	137,403	0	137,403	2.128941
COD	3,266	18,646	0	18,646	5.708260
Delivery Confirmation	32,542	32,542	0	32,542	0.151857
Money Orders *	230,767	296,885	0	296,885	1.286514
Return Receipts	225,486	342,192	0	342,192	1.517575
Stamped Cards	179,205	3,584	0	3,584	0.019999
Stamped Envelopes	400,000	16,102	0	16,102	0.040256
Box/Carrier Service	17,064	738,366	0	738,366	43.270403
Subtotal	1,618,898	2,258,509	0	2,258,509	1.395090
Other		26,862	0	26,862	n/a
Total	1,618,898	2,285,371	0	2,285,371	1.411683
 Total Mail & Services	209,939,188	68,300,854	0	68,300,854	0.325336
 Other Income		497,020	0	497,020	
 Revenue Forgone		47,619	0	47,619	
 Interest and Investment Income *		(22,004)	0	(22,004)	
 Total, all items	209,939,188	68,823,489	0	68,823,489	0.327826

* Money order revenues include interest of
 \$ 51,104 (this amount has been removed from "investment income" above)

SUMMARY OF REVENUES
 FISCAL YEAR 2001
 (thousands)

MAIL SERVICE	Volume	Postage	Fees	Postage and Fees	Revenue per piece
First-Class Mail					
Letters - Single	50,952,604	21,467,815	174,354	21,642,169	0.424751
Automated and Carrier Route	42,854,498	11,726,926		11,726,926	0.273645
Non-Automation Presort	3,725,435	1,334,177		1,334,177	0.358126
Total Worksharing	46,579,933	13,061,103	22,093	13,083,196	0.280876
Total Letters/Flats/Parcels	97,532,537	34,528,918	196,447	34,725,365	0.356039
Stamped Cards	210,932	46,138	80	46,218	0.219116
Post Cards - Single	2,477,585	516,873	8,167	525,041	0.211916
Automated and Carrier Route Post Cards	2,295,830	364,358		364,358	0.158704
Non-Automated Presort Cards	484,513	88,242		88,242	0.182124
Total Worksharing Cards	2,780,344	452,599	1,309	453,908	0.163256
Total Cards	5,468,860	1,015,611	9,556	1,025,167	0.187455
Business Reply Fees		155,790	(155,790)	0	
Domestic Mail Fees		50,214	(50,214)	0	
Total First Class	103,001,397	35,750,532	0	35,750,532	0.347088
	postage	35,544,528			
Priority Mail					
Priority Mail with pickup fee	1,162,477	5,137,890	1041	5,138,930	4.420672
Domestic Mail Fees		1,041	(1,041)		
Total Priority	1,162,477	5,138,930	0	5,138,930	4.420672
Express Mail with pickup fee	70,656	1,022,894		1,022,894	14.477087
Mailgrams	3,438	1,539	0	1,539	0.447674
Periodicals					
In-County	875,375	79,263	1,562	80,845	0.092355
Outside County					
Nonprofit	2,094,051	350,119	3,736	353,855	0.168981
Classroom	64,269	16,140	115	16,254	0.252910
Regular-Rate	7,161,039	1,811,236	12,775	1,824,010	0.254713
Domestic Mail Fees		18,186	(18,186)		
Total Periodicals	10,194,734	2,274,964	0	2,274,964	0.223151
	postage=	2,256,778			
Standard Mail A					
Commercial					
Regular	44,465,086	9,276,679	17,044	9,293,722	0.209012
Enhanced Carrier Route	31,499,436	4,860,859	12,074	4,872,933	0.154699
Total Commercial	75,964,522	14,137,538	29,117	14,166,656	0.186490
Nonprofit					
Nonprofit	11,413,503	1,425,951	44,199	1,470,150	0.128808
Enhanced Carrier Route	3,176,224	285,203	12,300	277,502	0.087369
Total Nonprofit	14,589,727	1,691,154	56,498	1,747,652	0.119786
Bulk Mailing Fees		60,397	(60,397)		
Domestic Mail Fees		25,218	(25,218)		
Total Standard Mail A	90,554,249	15,914,308	0	15,914,308	0.175743

SUMMARY OF REVENUES - FISCAL YEAR 2001 (continued)
 (thousands)

MAIL SERVICE	Volume	Postage	Fees	Postage and Fees	Revenue per piece
Package Services					
Parcel Post					
Destination Entry	262,237				
Inter-BMC	54,200				
Intra-BMC	36,259				
Total Parcel Post with pickup fee	352,695	1,122,268	438	1,122,706	3.183220
Bound Printed Matter	577,889	588,090	798	588,888	1.019034
Special Rate	153,075	253,300	339	253,639	1.656955
Library Rate	24,916	43,207	50	43,257	1.736143
Domestic Mail Fees		1,587	(1,587)	0	
Special Handling		30	(30)	0	
Parcel Airlift Fees		8	(8)	0	
Package Services	1,108,574	2,008,490	0	2,008,490	1.811777
Total USPS Penalty Mail	381,827	0	0	0	0
Free-for-the-Blind	44,450	0	0	0	0
Total Domestic Mail	206,521,803	62,111,656	0	62,111,656	0.300751
International					
Postage	1,181,875	1,486,913	9,717	1,496,630	1.266318
Terminal & Transit	0	276,137	0	276,137	
Fees, etc.	0	9,717	(9,717)	0	
Total	1,181,875	1,772,767	0	1,772,767	1.499962
Total All Mail	207,703,678	63,884,423	0	63,884,423	0.307575
Special Services					
Registry	11,875	101,897	0	101,897	8.580551
Certified Mail	277,995	514,467	0	514,467	1.850636
Insurance	63,950	130,440	0	130,440	2.039714
COD	3,223	17,943	0	17,943	5.566602
Delivery Confirmation	27,306	28,306	0	28,306	0.154315
Money Orders *	235,125	195,174	0	195,174	0.830085
Return Receipts	232,401	339,472	0	339,472	1.460715
Stamped Cards	210,932	-	0	-	
rev included in FCM					
Stamped Envelopes	400,000	15,110	0	15,110	0.037774
Box/Carrier Service	16,890	694,629	0	694,629	41.127725
Subtotal	1,635,819	2,037,437	0	2,037,437	1.245515
Other			0	26,223	n/a
Total	1,635,819	2,063,660	0	2,063,660	1.261546
Total Mail & Services	207,703,678	65,948,084	0	65,948,084	0.317510
Other Income		295,706	0	295,706	
Revenue Forgone		66,888	0	66,888	
Interest and Investment Income *		33,300	0	33,300	
Total, all items	207,703,678	66,343,978	0	66,343,978	0.319416

* Money order revenues include interest of \$ - net out of Investment Income above if added to MO revenue

RESPONSE OF U.S. POSTAL SERVICE WITNESS MOELLER TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 2

2610

7. If there are any planned rate changes for international mail between the base year and the test year, please provide the average percentage change for each year in which there are planned changes and the effective date of each change.

RESPONSE:

The financial calculations in this Request anticipate that international rate changes will be implemented in conjunction with the implementation of the resulting domestic rates. Although specific rates have not been developed, an assumption of a nine percent increase was used in the TYAR scenario. Such an assumption (i.e., an increase similar to the system-average increase for domestic mail) is consistent with previous requests, and helps project the institutional cost burden that will be borne by international mail in the Test Year. The rates developed for domestic mail to meet the revenue requirement, therefore, reflect this added international revenue.

It is my understanding that proposed changes to three commercial categories of international mail have been published in the *Federal Register*, with an implementation date of January 13, 2002. The rate adjustment for these categories is 5.6 percent, which results in an increase in overall outbound revenues of less than one half of one percent.

**RESPONSE OF U.S. POSTAL SERVICE WITNESS MOELLER TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 5, QUESTION 4**

2611

4. The response to POIR No. 2, Question 6, Attachment, page 4 of 8 shows 1,205,533 thousand pieces as the TYAR volume forecast for International Mail. In USPS-LR-J-159 the TYAR volume forecast for International Mail is 1,205,553 thousand pieces. Which amount is correct?

RESPONSE:

The correct amount is 1,205,553.

1 CHAIRMAN OMAS: Is there any additional written
2 cross-examination for Witness Moeller?

3 (No response.)

4 CHAIRMAN OMAS: This brings us to oral cross-
5 examinations. Two parties had initially requested oral
6 cross-examination: the Newspaper Association of America,
7 which Mr. Baker announced to the chair this morning that
8 they would not be crossing, and Val-Pak Direct Marketing
9 Systems, Inc. and Val-Pak Dealers Association, Inc. Mr.
10 Miles?

11 MR. MILES: Mr. Chairman, on behalf of the Val-Pak
12 Companies, we have no oral cross-examination for Mr.
13 Moeller, so we will withdraw our previous request.

14 CHAIRMAN OMAS: All right. Thank you. Is there
15 any other followup cross-examination?

16 (No response.)

17 CHAIRMAN OMAS: Are there any questions from the
18 bench?

19 (No response.)

20 CHAIRMAN OMAS: Mr. Moeller, you're going to have
21 a light day today.

22 Mr. Tidwell, would you like any time with your
23 witness?

24 MR. TIDWELL: Oh, I think we'll pass this once.

25 CHAIRMAN OMAS: Thank you, sir. Mr. Moeller, that

1 completes your extensive testimony here today, and we
2 appreciate your appearance and your contribution to our
3 record, and we thank you.

4 THE WITNESS: Thank you.

5 CHAIRMAN OMAS: You are now excused.

6 THE WITNESS: Thank you.

7 (The witness was excused.)

8 CHAIRMAN OMAS: This concludes today's hearing,
9 and we now stand adjourned. Thank you.

10 (Whereupon the hearing was concluded at 10:31
11 a.m.)

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REPORTER'S CERTIFICATE

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2

3 DOCKET NO.: R2001-1

4 CASE TITLE: Postal Rate and Fee Changes

5 HEARING DATE: January 11, 2002

6 LOCATION: Washington, D.C.

7

8 I hereby certify that the proceedings and evidence are
9 contained fully and accurately on the tapes and notes
10 reported by me at the hearing in the above case before the
11 Postal Rate Commission.

12

13

14 Date: January 11, 2002

15

16


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