

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2006-1

FIRST SET OF INTERROGATORIES OF TIME WARNER INC.
TO UNITED STATES POSTAL SERVICE WITNESS MILLER
(TW/USPS-T20-1-3)
(June 8, 2006)

Pursuant to sections 25, 26 and 27 of the rules of practice, Time Warner Inc. directs the following interrogatories to United States Postal Service witness Miller (USPS-T-20).

If witness Miller is incapable of providing an answer to any question, it is requested that an answer be provided by the Postal Service as an institution or by another person capable of providing an answer.

Respectfully submitted,

s/ _____
John M. Burzio
Timothy L. Keegan

COUNSEL FOR
TIME WARNER INC.

Burzio & McLaughlin
Canal Square, Suite 540
1054 31st Street, N. W.
Washington, D. C. 20007-4403
Telephone: (202) 965-4555
Fax: (202) 965-4432
E-mail: burziomclaughlin@covad.net

**FIRST SET OF INTERROGATORIES TO WITNESS MILLER
(USPS-T-20)**

TW/USPS-T20-1 For this and the following interrogatories, please refer to the spreadsheet 'PER OC FLATS.xsl' in LR-L-43, which you sponsor.

- a. Please refer to the 'Productivities' page in the spreadsheet. Confirm that for outgoing bundle sorting you use a MODS productivity rate equal to 443 units (bundles) per hour for processing on an APPS machine and 341 units (bundles) per hour for the older SPBS/LIPS machines. Please confirm also that the APPS rate is higher than the SPBS/LIPS rate by a factor of 1.2997.
- b. Please refer to the 'Piggybacks' page in the spreadsheet. Confirm that it shows an APPS piggyback factor equal to 2.199 and an SPBS/LIPS factor equal to 1.589. Please confirm also that the ratio between the APPS and the SPBS/LIPS piggyback factors is equal to 1.3843.
- c. It seems a natural conclusion that when the ratio between the piggyback factors exceeds the ratio between the productivity rates, then it must be less costly to perform outgoing bundle sorting on the older SPBS/LIPS machines than on the newer APPS machines. Please state whether you agree with this conclusion and explain your answer. If you do not agree, please describe any advantages of the newer machines that are not revealed by simply comparing productivity rates and piggyback factors.

TW/USPS-T20-2

- a. Please confirm that an APPS machine uses remote encoding (REC) for items (e.g., parcels, bundles) whose address the machine cannot read. If not confirmed, then what happens to such items?
- b. Does your flats mail flow model for Periodicals account for the use of remote encoding by APPS machines? If No, why not? If Yes, please explain how it is accounted for, with reference to the cost and model pages for a given presort/auto category. For example, refer to spreadsheet pages '3D AUTO Cost' and '3D AUTO MODEL' to illustrate how you model APPS remote encoding.

- c. Please confirm that the piggyback factor you use for APPS (2.199) does not include REC costs. If the corresponding APPS piggyback factor with REC costs included can be determined, then please provide it.
- d. Please confirm that the corresponding model you presented in Docket No. R2005-1 used an APPS piggyback factor equal to 2.814.
- e. Please confirm that the piggyback factor you used for the APPS in Docket 2005-1 did include the cost of remote encoding. If not confirmed, then why was it so much higher than the factor you use in the current docket? If confirmed, why did you change it in your current model?

TW/USPS-T20-3

- a. Please refer to spreadsheet 'ACCEPT RATES' and confirm that your flat mail flow model assumes the same acceptance rates (98.7% outgoing and 98.22% incoming) for APPS, SPBS and LIPS machines.
- b. Please confirm that the productivity rates you obtain from LR-L-56 are measures of pieces fed (TPF) per workhour.
- c. Please refer to spreadsheet 'YRscrub2005.xls' in LR-L-56 and confirm that the ratio of total pieces handled (TPH) to total pieces fed (TPF) is much smaller for APPS (82.7% outgoing and 81.2% incoming) than for SPBS/LIPS machines, whose accept rates vary between 98.5% and 100%.
- d. Given the relatively low acceptance rates on APPS machines, according to LR-L-56, please provide all available information on what happens to the approximately 18% of items that the APPS machines at least initially reject. In particular, what percentage of these items are:
 - (1) resolved through remote encoding;
 - (2) fed back at least once onto the APPS belt;
 - (3) keyed by employees working at the APPS;
 - (4) redirected to a manual sorting operation; or
 - (5) any other (please explain)?