

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MAIL PROCESSING NETWORK RATIONALIZATION
SERVICE CHANGES, 2011

Docket No. N2012-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS NERI TO FIRST
SET OF INTERROGATORIES OF TIME INC. TO UNITED STATES POSTAL
SERVICE WITNESS NERI (TI-USPS-T4-1-5)**

(January 5, 2012)

United States Postal Service witness Neri (USPS-T-4) provides responses to the above-listed interrogatories of Time Inc. dated December 22, 2011. Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

TI-USPS-T4-1. Please refer to Figure 5: Current Operating Plan in your testimony. It appears to indicate that the Flat Sequencing Systems (FSS) currently operate only from noon to 6 pm, i.e., only for six hours. Please refer also to Figure 8: Proposed Operating Plan. It appears to indicate that the FSS will operate from midnight to 6 am, again for only six hours.

- a. Please confirm that both figures are wrong with respect to the FSS and indicate the correct actual and proposed FSS operating hours. If you cannot confirm, please explain why the Postal Service would operate these machines for only six hours.
- b. Does the proposed network change include changes in the list of zones designated as FSS zones, or will they remain the same? If they will change, please explain how.
- c. Is the Postal Service planning other changes in the designation of FSS zones, independent of the network changes described in your testimony? If Yes, what changes are planned?
- d. Will the facilities in which the FSS currently are installed remain part of the proposed network? If not, please describe all planned relocations of FSS machines.

RESPONSE:

- a. Confirmed. Errata to the testimony will be forthcoming.
- b. Yes. There are potential changes to FSS zones based on machine moves. The number and extent of the potential changes are unknown at this time.
- c. The Postal Service does not have any specific changes planned at this time. Work load is reviewed on a reoccurring basis to determine if any changes are necessary. Such review would be independent of this proceeding.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

RESPONSE to TI/USPS-T4-1 (continued):

d. There is a potential for FSS relocations based on the proposed network laid out in this proceeding. Based on the hypothetical network presented as part of this proceeding, as many as 10 FSS machines could be moved. It cannot be overemphasized that the degree to which these FSS machines will actually move depends upon (a) the outcome of the each of the AMP studies, (b) the amendments to 39 C.F.R. Part 121 that result from the market dominant product service standard rulemaking, and (c) any further modifications that result from consideration of the advisory opinion issued at the conclusion of this docket. Accordingly, this count is only illustrative, and is provided solely for the purpose of indicating the nature and magnitude of the changes that could potentially result from the network consolidation plan under review in this docket. This count should not be interpreted as reflecting that any decisions associated with the Request have been made or implemented.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

TI-USPS-T4-2. Your testimony describes a reduced network with many fewer mail processing facilities than are used today, and how the reduced number of facilities will allow for simplified sorting schemes and reduce the need for secondary sorting schemes.

- a. Will the 21 network distribution centers (NDCs, formerly BMCs) remain part of the network and play the same role as today? If not, please describe all changes planned in the number and role of NDCs.
- b. Periodicals flats mailers currently prepare ADC bundles from pieces left over after making up 3-digit/SCF bundles, and ADC pallets or sacks after making up 3-digit/SCF sacks. In the reduced set of processing facilities that you propose, how many, if any, will be designated as ADCs for the purposes of Periodicals flats?
- c. Is it reasonable to expect that the proposed reduction in the number of processing facilities will also reduce the need for ADC level distribution of pieces as well as of flats bundles? If no, please explain why not. Please also state whether any cost savings that might result from reduced need for Periodicals ADC distribution have been calculated and included in the present filing. If it has been included, please indicate where.

RESPONSE:

- a. Yes.
- b. The Postal Service is still analyzing the role of an ADC sort in the proposed network. Based on the reduction of facilities proposed, there are a significant number of 3-digit ZIP Codes associated with each facility. In some locations, it may be necessary to create scheme separations due to the amount of primary sorting required, which may necessitate the creation of multiple SCF designations within a given facility, along with an ADC role for the overall facility for the volume that cannot be made up to a certain depth.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

RESPONSE to TI/USPS-T4-2 (continued):

c. Yes. The Postal Service did not estimate any workload reductions as part of this case, so therefore no savings have been estimated.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

TI-USPS-T4-3. Many Periodicals flats continue to be sorted manually, particularly in the incoming secondary sort, despite the apparent abundance of automated equipment for sorting today's sharply reduced number of flats. Please comment on whether you believe the consolidation into a network of fewer facilities will help increase automation of the sorting of Periodicals and other flats. If you believe it will lead to increased automation and reduced manual sorting, please quantify the impact to the extent possible. In particular:

- a. In non-FSS zones, approximately what is the probability that a non-carrier route Periodicals flat today will receive incoming secondary sorting on a piece sorting machine capable of reading an intelligent mail barcode (IMB)?
- b. In non-FSS zones, under the modified and reduced network you propose, approximately what will be the probability that a non-carrier route Periodicals flat will receive incoming secondary sorting on a piece sorting machine capable of reading an IMB?
- c. Approximately what percentage of Periodicals flats today carry an IMB?

RESPONSE:

- a. [This subpart has been redirected to witness Marc Smith (USPS-T-9) for response.]
- b. An increase is expected in the percentage of non-carrier route Periodical flats that will receive an incoming secondary sort on equipment capable of reading an IMB, however the extent is not yet known.
- c. In Fiscal Year 2011, approximately 51.9% of Periodicals had a Full Service IMB.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

TI-USPS-T4-4. Your testimony, starting at page 9, describes the various types of machines used to sort parcels in mail processing facilities, e.g. the APPS, the APBS, the SPBS and the LIPS machines.

- a. Please confirm that the machines you describe are also used to distribute bundles of Periodicals and Standard flats. Additionally, please describe the extent to which sorting of flats bundles is performed on each type of these machines and any changes in the use of each type of machine in the reduced network that you propose.
- b. Of the various types of machines used to sort Periodicals and Standard flats bundles, which ones have the capability to read an IMB on the bundle?
- c. How many APPS, APBS, SPBS and LIPS machines are deployed in postal facilities today, and how many will be deployed in the reduced network that you propose?
- d. Is the Postal Service today contemplating any other type of bundle sorting machine? If yes, please explain fully and state how many such machines would be deployed in the network you propose.
- e. For each type of machine used by the Postal Service to sort flats bundles, approximately what percentage of all ADC, SCF and 3-digit flat bundle sorts does it perform? For example, what percentage of such bundle sorting is performed on APPS machines?
- f. In the modified and reduced processing network you propose, approximately what percentage of all ADC, SCF and 3-digit flats bundles sorts will be performed by each type of bundle sorting machine? For example, what percentage of such bundle sorts will be performed on APPS machines?
- g. For flats bundles to non-FSS zones, approximately what is the probability today that they will be sorted on bundle sorting machines capable of capturing IMB barcodes on the bundles, and what will be the corresponding probability in the reduced and modified network you describe?

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

RESPONSE to TI/USPS-T4-4 (continued):

a. Confirmed. The majority of flats bundles are currently sorted on these pieces of equipment and will continue to be sorted on these pieces of equipment in the proposed network.

b. APPS and APBS have the capability of reading an IMB on the bundle.

c. Current Scenario – 74 APPS, 194 APBS, 13 SPBS, 29 LIPS

Potential Future Scenario – 74 APPS, 199 APBS (Includes 183 as described in USPS Library Reference N2012-1/37) and 16 APBS to be located at NDCs. Note, NDCs are not under evaluation in this docket.

It cannot be overemphasized that the degree to which these machine counts will reflect any final network depends upon (a) the outcome of each of the AMP studies, (b) the amendments to 39 C.F.R. Part 121 that result from the market dominant product service standard rulemaking, and (c) any further modifications that result from consideration of the advisory opinion issued at the conclusion of this docket. Accordingly, this count is only illustrative, and is provided solely for the purpose of indicating the nature and magnitude of the changes that could potentially result from the network consolidation plan under review in this docket. This count should not be interpreted as reflecting that any decisions associated with the Request have been made or implemented.

d. The Postal Service is not contemplating purchasing, designing or building any other type of bundle sorting machine at this time.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

RESPONSE to TI/USPS-T4-4 (continued):

e. APBS – 4.13%

APPS – 45.37%

LIPS – 2.05%

SPBS – 48.45%

Note, these numbers represent FY 2011 workload, and the Postal Service began upgrading its SPBS to APBS during this time-frame, whereas the count by equipment in subpart (c) for the current environment represents a recent point in time.

f. In the modified network proposed, the Postal Service estimates approximately 40% will be processed on an APPS, and 60% on an APBS. Note, in the assumed future network environment, the Postal Service has assumed all SPBS will become APBS.

g. [This subpart has been redirected to witness Marc Smith (USPS-T-9) for response.]

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

TI-USPS-T4-5.

- a. Please confirm that processing facilities that use APPS or APBS machines to sort flats bundles in most cases also use those machines to sort Priority mail.
- b. Please confirm also that Priority and Periodicals/Standard flats bundles normally are not sorted on APPS or APBS machines at the same time. Please explain if unable to confirm.
- c. In a typical mail processing facility today that uses APPS or APBS machines to sort Priority mail as well as Periodicals/Standard flats bundles, what hours of the day are typically set aside for Priority mail and other parcels, and what hours are typically used to sort flats bundles?
- d. In the modified and reduced network that the Postal Service describes in its proposal, typically, what hours of the day will APPS or APBS machines be dedicated to sorting of Priority mail and other parcels, and what hours will typically be available for sorting of Periodicals/Standard flats bundles?

RESPONSE:

- a. Confirmed.
- b. When the Periodicals/Standard flat bundles will not require additional downstream processing and are color coded with the same delivery day as Priority Mail, the operational windows, transportation schedule, arrival profile, and equipment availability may enable the local manager to make the decision to process these products together into the same container.
- c. Each site develops a daily operating plan based upon national clearance times, service commitments, color codes, volume by product, equipment capacity, downstream processing requirements, and the arrival profile of each product.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NERI
TO TIME INC. INTERROGATORY**

RESPONSE to TI/USPS-T4-5 (continued):

d. Each site will continue to develop a daily operating plan based upon national clearance times, service commitments, color codes, volume by product, equipment capacity, downstream processing requirements, and the arrival profile of each product.