

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 McCRERY
(TW/USPS-T42-1-7)
(May 26, 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 McCrery (USPS-T-42).

If witness McCrery 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 McCRERY (USPS-T-42)

TW/USPS-T42-1 At page 29 of your testimony you state:

“Most of the sack sorters in plants have already been removed. Removal of BMC sack sorters is underway and will continue in the near future. As the success of the reduction in sacks effort is realized, sack sorters will continue to be decommissioned.”

- a. How many (non-BMC) plants have operational sack sorters today?
- b. How many (non-BMC) plants are expected to still have operational sack sorters in the test year?
- c. How many of the 21 BMC's no longer have an operational sack sorter today?
- d. By the beginning of the test year, how many BMC's are currently expected to still have operational sack sorters?
- e. By the end of the test year, how many BMC's are currently expected to still have operational sack sorters?

TW/USPS-T42-2 Please review the following statement and indicate whether you agree or disagree when the statement is applied to (1) sack sorters in BMC's and (2) sack sorters deployed in other plants. If you disagree, please explain why. If you partially disagree, please indicate how the statement would need to be modified in order for you to be able to be in full agreement.

“Sack sorting machines in postal facilities, even those with the ability to automatically scan sack labels, do not completely eliminate the need for manual sack sorting. Nor do they eliminate the need for manual reading of sack labels. The reason is that these machines often simply transport a sack to either a 'roller table' (as in BMC's), a 'sawtooth' operation or a 'sack slide' where employees must make a further (manual) separation according to which truck the sack should be dispatched to or which opening unit it should be taken to.”

TW/USPS-T42-3 Please answer each of the following questions. If you cannot provide completely accurate answers, please give at least approximate answers. Please explain how your answers are derived and provide references as appropriate.

- a. For a typical BMC sack sorter, approximately what percent of the sorted Periodicals or Standard sacks are transported by the sack sorter directly to the truck/trailer to which they will be dispatched, or the container in which they will be dispatched, or the (BMC) opening unit at which they will be opened, without any further sack separations needed by employees at the BMC?
- b. For a typical BMC sack sorter, approximately what percent of the sorted Periodicals or Standard sacks require a further manual sack separation (e.g., at a roller table) by employees at the BMC?
- c. For a typical sack sorter in a (non-BMC) plant, approximately what percent of the incoming Periodicals or Standard sacks are transported by the sack sorter directly to the truck/trailer to which they will be dispatched, or the container in which they will be dispatched, or the opening unit at which they will be opened, without any further sack separations needed by plant employees?
- d. For a typical sack sorter in a (non-BMC) plant, approximately what percent of the incoming Periodicals or Standard sacks require a further manual sack separation (e.g., at a sawtooth or sack slide) by plant employees?

TW/USPS-T42-4 Please assume that the Postal Service decides to evaluate whether it is time to “decommission” the sack sorter in a given BMC.

- a. What would be your likely role in such an evaluation?
- b. Please describe all factors that would be considered in such an evaluation, e.g., productivity factors, current and projected volumes, space and capital considerations, etc.
- c. Approximately what annual sack volume would be considered too low to make it worth while to keep a BMC sack sorter?
- d. Please describe in detail the type of (manual) sack sorting operation a BMC that eliminates its sack sorter would establish in order to process the remaining sacks.
- e. Is it likely that a BMC that eliminates its sack sorting machine would replace it with a manual operation that produces fewer separations, thus requiring more sack sorting to be performed at the plants? Please explain your answer.
- f. To what extent would a manual sack sorting operation that replaces a BMC sack sorter need to use secondary and tertiary sort schemes to achieve separations comparable with those achieved with the sack sorter?
- g. Please confirm that a BMC today dispatches incoming sacks directly to each SCF in its service area, as well as to some DDU's. If not confirmed, please explain. Please state also whether this is likely to change as BMC's eliminate their sack sorters. Will, for

example, sacks to some smaller SCF's be dispatched to their respective ADC's rather than directly to each SCF?

- h. In the hypothetical evaluation described above, what productivity rates would be used for separating sacks with and without the presence of a sack sorter?
- i. Please answer questions a through h above also under the assumption that the sack sorter considered for elimination is in a (non-BMC) plant.

TW/USPS-T42-5 Please consider a wheeled container that arrives at a plant with incoming Periodicals sacks from a BMC.

- a. Please confirm that the sacks in this container in most cases will require a manual sack sorting before the individual sacks can either be dispatched or taken to their appropriate opening units. Please describe also the conditions under which such sack sortation is able to be bypassed.
- b. Please describe the specific operations and sub-operations involved in the sortation of incoming sacks at a plant without a sack sorter, and the productivity rates (sacks per work-hour) typically achieved in such operations.
- c. Approximately how often is the separation of incoming sacks at a plant performed at: (1) the platform; and (2) in another area?

TW/USPS-T42-6 In LR-L-49, at page 20, you describe the Periodicals Cost Reduction Initiative, about which you also testified in Docket No. R2005-1. You say:

“The outgoing distribution of flat mail pieces prepared in mixed bundles has recently been consolidated into significantly fewer facilities and moved to automated processing whenever practical. This consolidation has also allowed for the outgoing distribution of bundles prepared in mixed sacks to be processed in a mechanized or automated environment instead of across sack racks and ensured that Periodicals are not transported through the air.”

In your current testimony you say, at page 20:

“The outgoing processing and distribution of flat mail pieces prepared in new mixed (residual) bundles and sacks will be performed at the origin processing facility along with First-Class Mail for destinations served by surface transportation. This allows the mixed bundles and sacks to be processed in

existing outgoing distribution operations and utilize existing surface transportation networks.”

- a. Into how many facilities have you consolidated the “distribution of flat mail pieces prepared in mixed bundles”? Please provide a list of all such facilities. Please also state whether the Postal Service has come up with a separate term with which to characterize these facilities. For lack of a better term, they are referred to in the following questions as “flats consolidation” facilities.
- b. Are all “flats consolidation” facilities also designated as ADC’s for Periodicals? If no, how many are not?
- c. Are all Periodicals ADC’s included among the “flats consolidation” facilities? If no, how many are not?
- d. Does your statement about “distribution of flat mail pieces prepared in mixed bundles” also apply to the distribution of flats bundles prepared in mixed ADC sacks? In other words, if a mixed ADC sack is entered by a mailer, for example at an Associate Office, will that sack be transported to one of the “flats consolidation” facilities before being opened? If your answer is not affirmative, please explain the new policy for processing of Mixed ADC Periodicals sacks.
- e. Please confirm that in order for outgoing mixed Periodicals flats to receive an outgoing distribution together with First Class flats, it is necessary for the mailer to place in separate bundles and in separate sacks or other containers those flats that are addressed to destinations where First Class mail receives surface transportation. If this is not accurate, please explain fully the conditions under which Periodicals flats requiring outgoing distribution will be combined with First Class flats.
- f. Please confirm that Periodicals flats requiring outgoing distribution that either are addressed to destinations where First Class flats receive air transport, or are mixed together with such flats, will be processed in outgoing distribution, as well as all subsequent distribution steps, along with Standard flats. If not confirmed, please explain.
- g. Please confirm that Periodicals flats and flats bundles that receive outgoing distribution along with Standard flats, and that are addressed to destinations far from their origin, will travel through the BMC network.
- h. How many of the “flats consolidation” facilities are located either at or close to a BMC?
- i. How many of the “flats consolidation” facilities are located either at or close to an ASF?

- j. Please confirm that all plants will continue to perform outgoing processing of First Class flats. If not confirmed, please explain.

TW/USPS-T42-7 The following questions concern the flow of Periodicals sacks and pallets through the network of ADC facilities. If precise answers to some questions are not possible, please provide at least rough estimates, based on your knowledge of the Postal Service's surface transportation network.

- a. How many processing facilities are currently designated as ADC's for Periodicals?
- b. Please confirm that the Postal Service's surface transportation network does not include direct transportation (without transshipping) between all possible pairs of Periodicals ADC's.
- c. Please confirm that the Postal Service's surface transportation network does include direct transportation (without transshipping) between all possible pairs of BMC's. If not confirmed, please state what the exceptions are.
- d. Does the Postal Service have direct surface transportation between any pair in the extended BMC network that includes the ASF's?
- e. Please assume that a given Periodicals ADC which is not a "flats consolidation" facility receives a sack or a pallet that is presorted to a distant (located in a different BMC service area) ADC. Roughly what are the probabilities of the following transportation paths for such a sack or pallet:
 - (1) origin ADC directly to destination ADC;
 - (2) origin ADC to origin BMC (or BMC annex) to destination BMC (or annex) to destination ADC;
 - (3) origin ADC to destination BMC (or annex) to destination ADC;
 - or
 - (4) any other (please explain).
- f. Please assume that a given Periodicals SCF which is neither an ADC nor a "flats consolidation" facility receives a sack or a pallet that is presorted to a distant (located in a different BMC service area) ADC. Roughly what are the probabilities of the following transportation paths for such a sack or pallet:
 - (1) origin SCF directly to destination ADC;
 - (2) origin SCF to origin ADC and directly to destination ADC;
 - (3) origin SCF to origin BMC (or BMC annex) to destination BMC (or annex) to destination ADC;
 - (4) origin SCF to origin ADC to destination BMC (or annex) to destination ADC;

(5) any other (please explain).

- g. Same as part e above, except assuming the origin ADC is one of the “flats consolidation” facilities.