

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2006-1

THIRD SET OF INTERROGATORIES OF TIME WARNER INC.
TO UNITED STATES POSTAL SERVICE WITNESS MILLER
(TW/USPS-T20-8-11)
(July 10, 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/ _____
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THIRD SET OF INTERROGATORIES TO WITNESS MILLER (USPS-T-20)

TW/USPS-T20-8 Please confirm that in your LR-L-43 mail flow models a non-carrier route flat will undergo a manual incoming secondary sort if and only if at least one of the following four conditions holds:

- (1) the flat's 3-digit destination ZIP code is served by a postal facility that uses neither AFSM-100 nor UFSM-1000 machines;
- (2) the flat is non-AFSM-100 machinable and its 3-digit destination ZIP code is served by a postal facility that does not use UFSM-1000 machines;
- (3) the flat was sorted manually in an upstream sorting operation; or
- (4) the flat is rejected from an attempt to sort it at an AFSM-100 or UFSM-1000 machine.

Please explain if not confirmed. If there are other conditions than those listed under which the LR-L-43 models will flow flats to manual incoming secondary sorting, please describe those conditions with specific references to the spreadsheets in LR-L-43.

TW/USPS-T20-9

- a. Please confirm that in reality some non-carrier route flats do undergo manual incoming secondary sorting even if none of the conditions described in the previous interrogatory hold, for example when:
 - (1) the facility serving the flat's destination ZIP code has an AFSM-100 machine but no scheme on that machine for the 5-digit zone that the flat is destined to;
 - (2) available machine capacity is insufficient to process all eligible flats in time for a critical dispatch

Please explain if you cannot confirm.

- b. Are you aware of still other reasons why a non-carrier route flat may end up undergoing manual incoming secondary sorting in today's postal system? If so, please specify them.

TW/USPS-T20-10 The attached tables A and B show, for Outside County Periodicals flats and Standard non-ECR flats respectively, the volumes of non-carrier route flats that undergo manual incoming secondary sorting according to the LR-L-43 mail flow models for those two subclasses. Each table gives the

volume of flats in each rate category and the percent of flats in each category that is shown as receiving manual incoming secondary sorting in the LR-L-43 model spreadsheets.

For outside county Periodicals, the volume modeled with manual incoming secondary (not including volumes from broken carrier route bundles) is 891 million pieces. The corresponding number for Standard non-ECR flats is 2,130 million.

Please confirm that the numbers in Tables A and B are correctly derived from the mail flow models in LR-L-43. If not confirmed, please explain and provide corrected numbers.

Table A: Outside County Flats to Manual Incoming Secondary According to LR-L-43		
Rate Category:	Non-Carrier Route Flats:	Flats to Manual Incoming Secondary:
Nonauto Basic Presort Flats	168,214,698	29.86%
Nonauto 3-Digit Presort Flats	172,270,322	31.42%
Nonauto 5-Digit Presort Flats	223,586,748	18.13%
Auto Basic Presort Flats	151,367,760	31.80%
Auto 3-Digit Presort Flats	1,038,021,663	28.84%
Auto 5-Digit Presort Flats	2,511,885,335	15.87%
All Non CR Flats	4,265,346,527	20.89%
Flats to Manual Incoming Secondary:		890,998,589

Table B: Standard Regular Flats to Manual Incoming Secondary According to LR-L-43		
Rate Category:	Non-Carrier Route Flats:	Flats to Manual Incoming Secondary:
Nonauto MADC Presort Flats	215,020,175	25.62%
Nonauto ADC Presort Flats	141,457,414	23.15%
Nonauto 3 Digit Presort Flats	421,057,344	21.66%
Nonauto 5 Digit Presort Flats	358,931,019	13.41%
Auto MADC Presort Flats	85,590,082	28.87%
Auto ADC Presort Flats	334,618,618	23.75%
Auto 3 Digit Presort Flats	4,470,785,082	21.10%
Auto 5 Digit Presort Flats	7,998,429,444	10.70%
Total Flats	14,025,889,177	15.19%
Flats to Manual Incoming Secondary:		2,130,201,305

TW/USPS-T20-11 Please refer to witness McCrery's response to MPA/USPS-T42-1a, in which he states:

In FY 2005, 44.7% of incoming secondary flats were finalized in manual operations in the field. The percentage

is derived from flat volume of 13,188,243,000 pieces that received manual incoming secondary distribution in the field out of 29,501,658,000 total incoming secondary flat volumes.

Please refer also to the preceding interrogatory, in which the percentages receiving manual incoming flats secondary distribution according to your mail flow models are shown to be 20.89% for Outside County Periodicals non-carrier route flats and only 15.19% for non-ECR Standard flats.

- a. Do you think it is likely that the LR-L-43 mail flow model for Outside County Periodicals flats understates the true volume of such flats that receives manual incoming secondary sorting? Please explain your answer.
- b. If your answer to part a above is affirmative, please discuss the types of modifications you believe would make your Outside County model simulate more accurately the true flow of Periodicals flats through the postal system.
- c. Please provide your or the Postal Service's best estimates of the true number of Outside County Periodicals flats receiving manual incoming secondary sort in: (1) the base year; and (2) the test year.
- d. Do you think it is likely that the LR-L-43 mail flow model for Standard Non-ECR flats understates the true volume of such flats that receives manual incoming secondary sorting? Please explain your answer.
- e. If your answer to part d above is affirmative, please discuss the types of modifications you believe would make your Standard flats model simulate more accurately the true flow of such flats through the postal system.
- f. Please provide your or the Postal Service's best estimates of the number of Standard Non-ECR flats receiving manual incoming secondary sort in: (1) the base year; and (2) the test year.