



OFFICE OF
**INSPECTOR
GENERAL**
UNITED STATES POSTAL SERVICE

**Density of First-Class Mail on Air
Transportation**

Audit Report

March 12, 2012

Report Number NL-AR-12-003



HIGHLIGHTS

IMPACT ON:

First-Class Mail® (FCM) containers on air transportation networks.

WHY THE OIG DID THE AUDIT:

Our objective was to determine whether opportunities exist to increase the container density of FCM transported by air.

WHAT THE OIG FOUND:

The U.S. Postal Service was not always filling up letter trays and flat tub containers when transporting FCM by air. We determined that low mail container density existed, in part, because Postal Service managers were: not always segregating FCM containers in the cancelling or sorting processes to facilitate consolidation; running machines with identical and similar sort programs for mail to the same destinations; not always properly setting flat sorting machine sensors to fill containers; and not always using 1-foot letter trays when practical. Consequently, by not filling some containers bound for the same destination, the Postal Service spent more than \$27.3 million in excess air transportation costs over a 1-year period. We estimate the Postal Service could save an average of about \$24 million a year, or about \$240 million over 10 years by fully utilizing container space.

WHAT THE OIG RECOMMENDED:

We recommended the vice president, Network Operations, continue to develop optimization processes to increase FCM density, establish processes to improve density of mail in containers by separating FCM to be flown during operations, develop targeted secondary sort programs using fewer machines to process FCM to be transported by air; adjust sensors on flat sorting machines to allow mail to reach maximum container capacity, and require the use of 1-foot letter trays during manual outgoing sorting operations when possible.

WHAT MANAGEMENT SAID:

Management agreed with our findings and recommendations. Management stated they will continue to consolidate mail processing operations, use the Sort Program Optimization software, and review of the number of mail sorting machines to maximize container space. Management will also issue policy to adjust sensors on flat sorting machines and require the use of 1-foot letter trays in manual operations.

AUDITORS' COMMENTS:

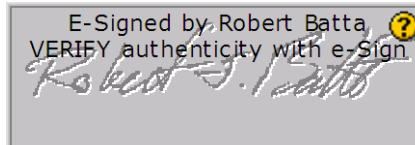
The U.S. Postal Service Office of Inspector General considers management's comments responsive to the recommendations.

[*Link to review the entire report*](#)



March 12, 2012

MEMORANDUM FOR: DAVID E. WILLIAMS, JR.
VICE PRESIDENT, NETWORK OPERATIONS



FROM: Robert J. Batta
Deputy Assistant Inspector General
for Mission Operations

SUBJECT: Audit Report – Density of First-Class Mail on Air
Transportation (Report Number NL-AR-12-003)

This report presents the results of our audit of the Density of First-Class Mail on Air Transportation (Project Number 11XG006NL000).

We appreciate the cooperation and courtesies provided by your staff. If you have any questions or need additional information, please contact Jody J. Troxclair, director, Transportation, or me at 703-248-2100.

Attachments

cc: Megan J. Brennan
Cynthia F. Mallonee
Frank Neri
Corporate Audit and Response Management

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Introduction

This report presents the results of our audit of the Density of First-Class Mail (FCM) on Air Transportation (Project Number 11XG006NL000). Our objective was to determine whether opportunities exist to increase the container density of FCM transported by air. The U.S. Postal Service Office of Inspector General (OIG) initiated this audit, which addresses operational risk. See [Appendix A](#) for additional information about this audit.

The U.S Postal Service uses various types of equipment in its plants to cancel and sort outgoing FCM (letters and flats) and has processes in place for combining and placing mail destined for the same location into containers for transportation. Containers the Postal Service uses for FCM include plastic or cardboard letter trays and flat tubs with specific dimensions and tare weights.¹ Some FCM has to be transported by air to meet service standards on either commercial passenger airlines (CAIR), Federal Express (FedEx), or United Parcel Service (UPS). The Postal Service pays commercial carriers and UPS by the pound, including the tare weight of the containers, and pays FedEx by the cubic foot. By increasing the density of mail in containers, the Postal Service can decrease overall air transportation costs by eliminating empty space within containers and reducing the number of containers to be transported.

Conclusion

We determined the Postal Service was not always filling up letter trays and flat tub containers when transporting FCM by air and that opportunities exist to increase mail density within the containers. We found that low density existed, in part, because managers were (1) not always segregating FCM containers in the cancelling and sorting processes to facilitate consolidation, (2) running machines with identical and similar sort programs for mail to the same destinations, (3) not always properly setting flat sorting machine sensors to fill containers, and (4) not always using 1-foot letter trays, when practical. We concluded that, by not filling some containers bound for the same destination, the Postal Service spent more than \$27.3 million in excess air transportation costs over a 1-year period. We estimate the Postal Service could save an average of about \$24 million a year, or about \$240 million over 10 years by fully utilizing container space.

¹ Weight of the containers without mail.

Less-Than-Full Mail Containers

Some FCM was being transported by air in less-than-full mail containers bound for the same destinations across the country. If the mail containers were full, the Postal Service could have used about [REDACTED] fewer cubic feet of space on FedEx,² [REDACTED] fewer pounds on UPS, and [REDACTED] fewer pounds on CAIR.³ Table 1 estimates the amount of cubic feet or pound savings, and provides an associated estimated cost savings.

Table 1. Cost Savings if FCM Trays and Tubs are Filled to Maximum Density — April 1, 2010, through March 31, 2011⁴

Air Carrier	Estimated Amount of Cubic Feet or Pounds that could be Saved	Estimated Amount of Savings
FedEx	[REDACTED]	\$23,449,805
UPS	[REDACTED]	1,083,946
CAIR	[REDACTED]	2,771,007
TOTAL		\$27,304,758

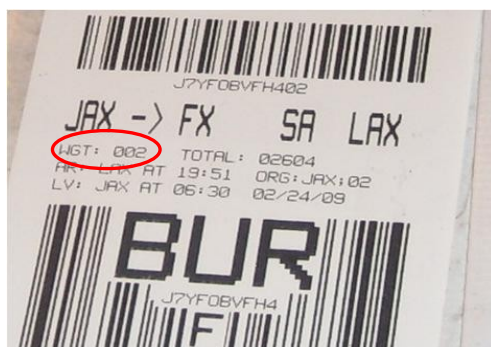
We observed and confirmed the low density of mail in containers throughout our audit fieldwork and while conducting prior audits. For example:

- At the Jacksonville, FL and Cleveland, OH plants, we found containers only partially full of both letter and flat mail being dispatched to the same destination. For example, the Dispatch and Routing (D&R) tags on the following FCM letter tray and flat tub showed they weighed only 2 and 3 pounds, respectively, whereas typical full trays and tubs weigh 15 and 20 pounds, respectively.

² The Postal Service pays FedEx based on cubic feet for day-turn operations.

³ The Postal Service pays UPS and commercial carriers based on weight.

⁴ We calculated the value of transportation cost incurred and the associated amount of cubic feet or pounds that could have been avoided if mail was processed in full letter trays and tubs by using Audit Command Language software.



**D&R Tag on FCM letter tray
from Jacksonville, FL to Burlington, CA**



**D&R Tag on FCM flat tub from
Cleveland, OH to Los Angeles, CA**

Source: OIG

- At the North Texas Processing and Distribution Center (P&DC), we observed three letter trays dispatched to Billings, MT assigned to fly on UPS. Two trays weighed 4 pounds⁵ each and one weighed 6 pounds. All three trays contained the same type of FCM dispatched from multiple processing machines and would have easily fit into one letter tray.
- In another case at the North Texas P&DC, we observed 1-foot trays available in the manual FCM letter distribution operation, but not being used. Instead, the Postal Service partially filled full size 2-foot letter trays in which to dispatch the mail for air transportation.



**Thirty-three mostly empty FCM letter
trays at the North Texas P&DC manual
operation for dispatch by air
transportation**



**Two letters in a FCM manual letter
tray at the North Texas P&DC for
dispatch by air transportation**

Source: OIG

⁵ We noted that 5,666,477 out of over 21 million trays weighed 4 pounds or less (26.25 percent) during the period of review, April 1, 2010, to March 31, 2011.

Of the 33 two-foot letter trays of FCM, in the picture to the left above, all were less (and in most cases much less) than half-full. One tray contained as few as two letters as shown in the picture above on the right. All of this mail could have been dispatched in half-size letter trays. If this mail had been dispatched in 33 half-size letter trays, the Postal Service would have reduced overall cubic feet and saved about \$94.75 for transporting this mail on FedEx. We determined the Postal Service could reduce overall transportation costs⁶ by using the 1-foot (half-size) letter trays in FCM manual operations as necessary.

We identified a number of causes for the low density of mail in containers as follows:

- Processing plants were not always segregating FCM to be transported by air in the cancelling and sorting processes to facilitate downstream consolidation and decrease the number of letter trays and flat tubs dispatched to each destination. For example, if the processing plants had identified and used one of the bins on the Advanced Facer Canceler System 200 (AFCS 200) machines to separate letter mail to be flown from other outgoing mail, they would need fewer processing machines and increase mail tray density.⁷
- Some processing plants were running machines with identical and similar sort programs for mail to the same destinations that resulted in nearly empty letter trays and flat tubs. By creating targeted secondary sort programs for mail transported by air, the Postal Service could reduce the number of sorting machines used, resulting in fewer, more densely packed FCM letter trays and flat tubs dispatched to each destination.
- Facilities were not always ensuring flat sorting machine sensors were appropriately set to fill containers prior to discharge from the machine.⁸ If this occurred, the Postal Service could reduce the number of flat tubs dispatched to each destination and benefit from less material handling at origins and destinations.
- Postal Service processing plants were not always using half-size⁹ 1-foot letter trays in manual operations to optimize container space when practical. Half-trays should be used when densities for individual destinations are low.

Overall, the Postal Service could have saved at least \$27.3 million if it maximized FCM container density before tendering them for transport by air from April 1, 2010 through March 31, 2011. If the FCM containers are filled to their maximum density before they are tendered for transport by air, the Postal Service could avoid about \$240 million in

⁶ According to estimates, the Postal Service could save as much as \$326,418.

⁷ The AFCS 200 machines have 12 letter bins separations instead of six for older models. For sites not equipped with AFCS 200 machines or with multiple flat sorting machines, secondary sort plans could be developed to run the mail on as few machines as possible.

⁸ We found that the Automated Tray Handling Systems (ATHS) on Automated Flats Sorting Machine (AFSM) 100 machines at processing plants were discharging less than full flat tubs for dispatch to all destinations, including air destinations. Compounding this situation is the fact that when the ATHS discharges the "full" flat tubs of mail onto the roller conveyor, there is some "settling" that occurs in these flat tubs.

⁹ A 1-foot letter tray is one-half the size of a standard 2-foot letter tray.

cost over the next 10 years, or an average of \$24 million a year. See [Appendix B](#) for details of unnecessary costs and potential cost avoidance.

Management Actions

The Postal Service developed a Sort Program Optimization (SPO) tool to standardize existing sort programs. Implementation of this optimization tool was completed for FCM letters at the end of fiscal year (FY) 2011 and will be completed in FY 2012 for FCM flats. Some of the benefits of using the SPO include: fewer handlings before mail is dispatched; standardized, accurate handling of outgoing mail; mail consolidation that creates fewer partially filled letter trays and flat tubs; and correct down flow information across sort programs. While the SPO tool was not developed specifically for mail to be flown, it may improve the density of some FCM letter trays and tubs.

Recommendations

We recommend the vice president, Network Operations:

1. Continue to develop optimization processes to increase First-Class Mail density to maximize container space.
2. For sites equipped with the Advanced Facer Canceler System 200 series machines, separate First-Class Mail to be transported by air for sorting on a single sorting machine for further processing and dispatch.
3. Develop targeted secondary sort programs to process First-Class Mail bound for air transportation to maximize container space.
4. For sites equipped with automated flat sorting equipment, adjust sensors to ensure flat tubs are filled to maximum capacity prior to discharge or removal from the machine.
5. Require that processing and distribution center managers use half-size, 1-foot letter trays in manual outgoing letter-sorting operations to optimize container space as necessary for mail dispatched on air transportation.

Management's Comments

Management agreed with our findings and recommendations. Management stated they would continue to work to consolidate mail processing operations to increase container density and work with the SPO software to flow FCM to be transported by air to a single sorting machine if it is the most efficient process. Management also agreed to continue to review the number of outgoing primary sort programs to maximize density and container space. For sites with automated flat sorting equipment, management will publish instructions requiring sensors be adjusted to ensure flat tubs are filled to capacity. In addition, management will issue instructions to use half-size trays for

manual outgoing letter operations to optimize container space. See [Appendix C](#) for management's comments in their entirety.¹⁰

Evaluation of Management's Comments

The OIG considers management's comments responsive to the recommendations and corrective actions should resolve the issues identified in the report. However, with respect to recommendations 2 and 3, management cited alternative solutions than those recommended in the report. While the stated solutions will help to address the issues identified, management needs to implement further actions as recommended to maximize density by separating FCM to be transported by air with the AFCS 200 machines early in the sort process to facilitate downstream processing to flow mail to a single sorting machine. Management should also develop targeted secondary sort programs to process FCM to maximize container space and reduce the number of letter trays and flat tubs dispatched from distribution operations. The OIG will continue to work with management on these recommendations through the process for closing significant recommendations.

The OIG considers all the recommendations significant, and therefore requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the Postal Service's follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.




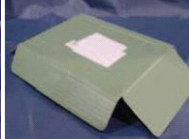


¹⁰ In addition to Appendix C, management provided an email dated March 2, 2012, that explicitly stated their agreement with recommendations 2 and 3 and with our monetary impact.

Appendix A: Additional Information

Background

Postal Service plants use various types of equipment to cancel and sort outgoing FCM letters and flats and to combine and place mail destined for the same locations into containers for transportation. One of the equipment types recently deployed at several Postal Service plants to process FCM letters is the AFCS 200 series. The AFCS 200 separates flat mail from letter mail and performs a preliminary sort prior to further processing. One advantage of the AFCS 200 is that there are 12 letter bins for separation rather than the six found in the earlier system versions. Other types of equipment Postal Service plants commonly use include the delivery barcode sorters to sort FCM letters and the AFSM 100 to sort FCM flats.

Most FCM the Postal Service handles is dispatched to air transportation in handling units such as plastic or cardboard tubs¹¹ for flats (envelopes too large to be processed with letters) and 2-foot plastic or cardboard letter trays. Half-size (or 1-foot) letter trays are also available for use.¹²

EIRS 74	EIRS 75	EIRS 78P	EIRS 79P	EIRS 74H	EIRS 75H
					
MM TRAY FIBERBOARD 24.5 X 11.5 X 5.25 252 PER PALLET TARE WT. 0.80 LBS	MM SLEEVE FIBERBOARD 24.5 X 11.5 X 5.25 666 PER PALLET TARE WT. 1.0 LBS	4-SIDED FLATS TRAY PLASTIC 18 X 13 X 11 84 PER PALLET TARE WT. 1.94 LBS	4-SIDED LID PLASTIC 27 X 19 1,152 PER PALLET TARE WT. 0.45 LBS	1/2 SIZE MM TRAY FIBERBOARD 13.8 X 11.5 X 5.25 400 PER PALLET TARE WT. 0.60 LBS	1/2 SIZE MM SLEEVE FIBERBOARD 13.8 X 11.5 X 5.25 1,131 PER PALLET TARE WT. 0.50 LBS

Source: http://blue.usps.gov/site/wcm/connect/network_operations/logistics_and_processing/mte
(click on "EIRS List")

Postal Service official description of some letter trays and flat tubs (trays) in which FCM is dispatched.

Container Density and Air Transportation Costs. The Postal Service has contracts with certain CAIR, FedEx, and UPS to fly some FCM to meet service standards and to balance service and cost. Since the Postal Service pays contractors for this service based on the cubic foot or pound, increasing the density of FCM letter trays and flat tubs could save the Postal Service money.

When FCM is transported by air on CAIR and UPS, the tare weight of the handling unit (tubs, trays, sacks, etc.) and mail are applied to the rate per pound paid. The charge for

¹¹ "Flat tubs" is the general vernacular and most common usage, both in the field and at headquarters and other management levels, for the mail transport equipment item described in official handbooks and policy statements as 4-sided flats trays.

¹² Equipment Inventory Reporting System (EIRS) is a computerized information system designed to help manage and identify available quantities of Mail Transportation Equipment.

FCM transported by air on FedEx is by cubic foot of the air containers used to transport letter trays and tubs. The Postal Service spends about \$500 million per year shipping FCM by air on FedEx, CAIR, and UPS.

The *Operations Concepts and Guidelines* document dated January 3, 2000, states that processing facilities should use half-trays when mail density is low. Postal Service Headquarters officials stated that half-trays were most applicable at manual letter distribution operations and cited that material handling systems deployed after this guideline would have challenges¹³ if this half-tray requirement were applied to current automated distribution operations.¹⁴

Objective, Scope, and Methodology

Our objective was to determine whether opportunities exist to increase the container density of FCM transported by air. To accomplish our objective, we interviewed officials from Postal Service Network Operations at headquarters. We also evaluated the types and characteristics of FCM being transported on air networks; considered on-time service standards; analyzed systemic causes for less-than-full containers; and analyzed alternate solutions for making the best use of air networks. We referred to our prior work¹⁵ related to the transport of mail on all air networks in comparing those field observations and inspections to those conducted during this review at the North Texas and Cleveland P&DCs. We focused on opportunities in mail processing and distribution operations that would result in the reduction of the number and size of handling units dispatched and assigned for transport on air transportation.

To identify any related cost savings, we examined and analyzed relevant documents including:

- Scan data for FCM transported by air for a 1-year period from April 1, 2010, through March 31, 2011.
- Postal Service policies governing processing and dispatch operations.
- Postal Service policies governing assignment of mail to air transportation.

We examined computer-generated data to analyze mail volume, individual handling unit characteristics, and costs. We did not audit or comprehensively validate the data; however, the large amounts of data – tens of millions of records – its untimely accessibility, and lengthy analytical processes significantly constrained our work.

¹³ Challenges include the tray lines with automatic sleeves and strappers – there is no “in-line” sleeving capability for half-size 1-foot letter trays – only for the regular size letter tray (2-foot).

¹⁴ Postal Service Headquarters management is also moving toward standardizing bin assignments and SPO for letter and flat mail processing machines, providing opportunities to establish guidelines for improving the density of FCM letter trays and flat tubs, and reducing the overall number of units being handled on a daily basis.

¹⁵ Our prior work included a series of audits concerning operational inefficiencies under the FedEx Transportation Agreement nationwide and issues with a major Postal Service customer in each postal area – listed under “Prior Audits.”

To address these data limitations, we applied alternate procedures. We discussed the data with Postal Service senior officials, managers, supervisors, and employees. We reviewed source documents associated with container weights and processing operations and discussed our initial findings and recommendations with senior Postal Service officials and considered their perspective. We considered the results of observations and physical inspections related to the density of FCM transported on air networks. We also applied conservative principles to our cost-reduction estimates and projected potential savings.

We conducted this performance audit from February 2011 through March 2012,¹⁶ in accordance with generally accepted government auditing standards and included such tests of internal controls as we considered necessary under the circumstances. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective. We discussed our observations and conclusions with management on January 9, 2012, and included their comments where appropriate.

¹⁶ Observations from prior audits that we relied on were conducted from March 2006 through May 2010.

Prior Audit Coverage

Our previous audits identified FedEx operational efficiency opportunities related to surface mail flown on FedEx, FCM flown on FedEx, and FedEx air container capacity and bypass container usage. Postal Service management generally agreed to our audit recommendations.

Report Title	Report Number	Final Report Date	Related Monetary Impact ¹⁷
<i>Air Networks – Issues In the Pacific Area Associated with a Major Postal Service Customer</i>	NL-AR-08-001	11/23/2007	\$80.4 million
<i>Air Networks – Federal Express Transportation Agreement – Pacific Area</i>	NL-AR-08-002	2/19/2008	\$13.3 million
<i>Air Networks – Federal Express Transportation Agreement – Western Area</i>	NL-AR-08-008	9/29/2008	\$19.1 million
<i>Air Networks – Federal Express Transportation Agreement – Southwest Area</i>	NL-AR-09-002	3/3/2009	\$5.9 million
<i>Air Networks – Federal Express Transportation Agreement – Southeast Area</i>	NL-AR-09-007	7/31/2009	\$9.7 million
<i>Air Networks – Federal Express Transportation Agreement – Capital Metro, Eastern, Great Lakes, and Northeast Areas</i>	NL-AR-10-005	5/25/2010	\$16.4 million
<i>Air Networks – Federal Express Transportation Agreement – National Analysis</i>	NL-AR-10-010	9/29/2010	None

The dollar amounts listed above include only the opportunities related to FedEx air containers. The current audit concentrates on improving the mail container density, and reducing the number of individual letter trays and flat tubs tendered to FedEx, UPS, and CAIR.

¹⁷ Related cumulative monetary impact amounts for the density finding within these reports include over \$27.5 million in unnecessary questioned costs and an estimated \$117.3 million in funds put to better use over 10 years. The dollar amounts listed below include only the opportunities related to FedEx air containers. The current audit concentrates on improving the mail container density, and reducing the number of individual letter trays and flat tubs tendered to FedEx, UPS, and CAIR.

Appendix B: Monetary and Other Impacts

Monetary Impacts

Air Carrier	Questioned Costs¹⁸ Impact Category	Amount
FedEx	FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density	\$23,449,805
UPS	FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density	1,083,946
CAIR	FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density	2,771,007
Total		\$27,304,758

Air Carrier	Funds Put to Better Use¹⁹ Impact Category	Amount
FedEx	FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density	\$206,032,540
UPS	FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density	9,523,671
CAIR	FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density	24,346,368
Total		\$239,902,579

¹⁸ Questioned Costs: unnecessary, unreasonable, unsupported, or an alleged violation of law, regulation, contract, etc. These costs may be recoverable or unrecoverable and are usually a result of historical events.

¹⁹ Funds that could be used more efficiently by implementing recommended actions.

Questioned Costs Applicable to FedEx

Savings Applicable to FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density, Transported on FedEx – April 1, 2010, through March 31, 2011

FedEx Questioned Costs by Schedule Period	Cubic Feet that Could Have Been Avoided	Amount
April 2010	██████████	\$2,214,395.64
May 2010	██████████	1,969,540.63
June 2010	██████████	1,511,575.04
July 2010	██████████	2,234,286.22
August 2010	██████████	2,257,850.58
September 2010	██████████	2,357,335.98
October 2010	██████████	2,311,211.98
November 2010	██████████	1,748,296.96
December 2010	██████████	1,471,195.12
January 2011	██████████	1,953,378.24
February 2011	██████████	1,725,529.57
March 2011	██████████	1,695,208.72
Total	██████████	\$23,449,804.68

Questioned Costs Applicable to United Parcel Service

Savings Applicable to FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density, Transported on UPS – April 1, 2010, through March 31, 2011

UPS			
Assigned Origin Air-Stops	Number of Units that Could Have Been Avoided	Total Pounds that Could Have Been Avoided	Savings
ATL	24,673		\$ 24,968.60
BDL	28,890		28,530.10
BIL	8,521		8,175.70
BOS	47,226		46,797.90
BWI	53,782		51,310.20
CLE	11,543		11,298.35
CLT	7,328		7,061.40
CMH	8,913		8,701.40
CVG	15,719		16,129.15
DEN	1,220		1,190.75
DFW	48,314		46,150.65
DSM	6,116		6,077.70
DTW	27,340		26,917.40
EWR	74,099		75,713.15
GRR	16,648		17,153.90
GSO	3,056		2,916.30
IAD	2,575		2,593.65
IND	29,411		30,223.65
JAX	16,545		16,679.70
JFK	81,036		86,215.95
LAS	1,805		1,768.35
LAX	74,163		75,137.25
MCI	19,382		19,943.85
MCO	10,197		9,206.35
MIA	2,624		2,857.90
MKE	27,663		27,738.00
MSP	34,782		35,321.80
OAK	98,988		99,730.95
ONT	21,166		20,735.35
ORD	34,639		35,211.30
PDX	51,127		50,383.35
PHL	89,694		85,609.55
PHX	5,697		5,322.95
PIT	3,730		3,726.60
RDU	7,101		6,404.20
RNO	1,028		952.15
ROC	25,947		25,778.85
SDF	19,943		18,919.95
SEA	1,477		1,477.00
SLC	19,746		19,368.10
SMF	19,497		19,488.75
STL	3,477		3,519.20
TPA	553		539.00
TOTAL	1,087,381		\$ 1,083,946.35

Questioned Costs Applicable to Commercial Passenger Airlines

Savings Applicable to FCM Letter Trays and Flat Tubs not Filled to Their Maximum Density, Transported on CAIR – April 1, 2010, through March 31, 2011

CAIR			
Assigned Origin Air-Stops	Number of Units that Could Have Been Avoided	Total Pounds that Could Have Been Avoided	Savings
ABQ	300		\$ 228.46
ANC	1,759		1,651.25
ATL	60,445		43,989.37
AUS	56,777		55,415.51
BDL	75,328		67,597.55
BOS	240,614		203,920.81
BWI	74,664		58,288.76
CLE	21,057		19,631.21
CLT	41,518		29,149.61
CMH	10,725		8,814.99
CVG	3,000		2,134.54
DEN	146,028		109,084.36
DFW	206,260		172,443.35
DSM	2,488		1,940.40
DTW	59,979		47,482.60
EWR	129,485		120,713.16
GSO	23,482		15,842.38
GUM	5,169		4,660.39
HNL	90,720		73,265.11
IAD	57,009		46,572.40
IAH	162,400		160,535.97
IND	3,838		2,959.26
JFK	101,302		86,500.71
LAS	36,480		28,398.04
LAX	240,420		193,830.92
LGB	6		5.28
MCI	41,303		32,252.24
MCO	19,494		13,695.16
MIA	32,538		31,776.07
MKE	102,738		79,124.56
MSP	97,987		73,174.49
MSY	21,751		22,557.21
OAK	40,457		32,368.14
OMA	25,393		18,679.06
ONT	22,869		17,288.82
ORD	258,340		204,441.91
PDX	83,515		65,327.40
PHL	97,603		68,029.76
PHX	94,407		66,143.20
PIT	22,465		17,137.68
RDU	20,368		15,671.33
SAN	50,602		41,618.30
SAT	7,923		7,172.03
SDF	141		89.58
SEA	97,005		77,297.01
SFO	124,565		97,470.64
SJU	15,918		12,031.31
SLC	48,778		35,770.51
SMF	30,013		23,442.36
SNA	90,168		70,162.01
STL	40,216		33,374.77
TPA	60,791		50,610.17
TUS	11,965		9,244.76
TOTAL	3,410,566		\$ 2,771,006.87

Appendix C: Management's Comments

DAVID E. WILLIAMS
VICE PRESIDENT, NETWORK OPERATIONS



February 29, 2012

SHIRIAN B. HOLLAND

SUBJECT: Draft Audit Report - Density of First-Class Mail on Air Transportation
(Report Number NL-AR-12-DRAFT)

Thank you for the opportunity to respond to the recommendations contained in the Draft Audit Report- Density of First-Class Mail on Air Transportation (Report Number NL-AR-12-Draft). Management agrees with all recommendations and will address each separately below.

Recommendation 1:

Continue to develop optimization processes to increase First-Class Mail density to maximize container space.

Management Response/Action Plan:

Management agrees with the recommendation. As we consolidate mail processing operations, the outgoing sort programs container density will be increased.

Target Implementation Date:

April 2013

Responsible Official:

Frank Neri, Manager, Processing Operations

Recommendation 2:

For sites equipped with the Advanced Facer Cancellor System 200 machines, separate First-Class Mail to be transported by air for sorting on a single sorting machine for further processing and dispatch.

Management Response/Action Plan:

Management will continue to work with the software capabilities of Sort Plan Optimization to operationally flow First-Class Mail to a single sorting machine if this provides the most efficient processing method to meet operational clearance times.

Target Implementation Date:

April 2013

Responsible Official:

Luke Grossman, Manager, Network Development & Support

Recommendation 3:

Develop targeted secondary sort programs to process First-Class Mail bound for air transportation to maximize container space.

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Management Response/Action Plan:

Management will continue to review the number of outgoing primary sort programs running on the equipment to maximize the density and container space.

Target Implementation Date:

April 2013

Responsible Official:

Frank Neri, Manager, Processing Operations

Recommendation 4:

For sites equipped with automated flat sorting equipment, adjust sensors to ensure flat tubs are filled to maximum capacity prior to discharge or removal from the machine.

Management Response/Action Plan:

Management agrees with this recommendation. A maintenance management order will be published directing sites to check and adjust sensors as necessary to ensure flat tubs are filled to maximum capacity prior to discharge or removal from the machine.

Target Implementation Date

April 2012

Responsible Official:

Robert Albert, Manager, Maintenance Technical Support

Recommendation 5:

Require that processing and distribution center managers use half-size, 1-foot letter trays in manual outgoing letter-sorting operations to optimize container space as necessary for mail dispatched on air transportation.

Management Response/Action Plan:

Management agrees with this recommendation. Instruction will be issued to the field to use the half-size trays in manual outgoing letter operations to optimize container space on destinations that do not have the densities for full trays.

Target Implementation Date:

April 2012

Responsible Official:

Frank Neri, Manager, Processing Operations

This report and management's response do not contain information that may be exempt from disclosure under the Freedom of Information Act (FOIA).



David E. Williams

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cc: Sally K. Haring
Frank Neri
Luke Grossman
Robert Albert
Jack Larrimore
Marty Bender