

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS McCRERY
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM POSTAL SERVICE WITNESS ABDIRAHMAN
(ABA-NAPM/USPS-T22-9, 10(a), 10(h), 14(a))
(July 28, 2006)

The United States Postal Service hereby provides the responses of witness McCrery to the above-listed interrogatories of ABA-NAPM., filed on July 14, 2006.

These interrogatories were redirected from witness Abdirahman.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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ABA-NAPM/USPS-T-22-9. How many AADCs, 3-digit and 5-digit areas are there?

Response:

161 AADCs (160 effective August 3), 929 three-digit ZIP Codes, and 42,311 five-digit ZIP Codes including ZIP Codes for PO boxes, unique firms, and military ZIP Codes.

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ABA-NAPM/USPS-T-22-10.

- (a) Please describe for outbound operations in mail processing how the number of different 5-digit ZIP Codes in a batch of mail being processed and the number of bins on automation machinery can affect the number of passes that must be made to finish a given operation.
- (b) For each machine operation that assumes the processing of an Incoming Primary sortation, do you make any assumption about the number of 5-digit ZIP Codes for the 10,000 pieces fed? If so, what are they? If not, why not?
- (c) For each machine operation that assumes the processing of an Incoming Primary sortation, do you make any assumption about the number of bins for each machine? If so, what are they? If not, why not?
- (d) Is your mail flow model representative of all Incoming facilities and operations? Please fully explain your answer.
- (d) Would a 1,000,000 mail piece entry model enable you to provide more accurate results for your cost models than a 10,000 piece entry model?
- (f) How many sweepers do you assume for your 10,000 piece entry model; how many would you assume for a 100,000 or 1,000,000 piece entry model; and at what speed do you assume the sweepers are sweeping the mail from the sorting bins to letter trays?
- (g) Would explicit assumptions about the number of 5-digit ZIP codes and bins in a 100,000 piece or 1,000,000 piece mail flow model affect how many sweepers you had to assume for such a model, if the sweepers were assumed to sweep mail at the same rate as indicated in your answer to the preceding part of this question?
- (h) Please describe the relationship between the number of bins on an MLOCR or a BCS relative to the number of different 5-digit ZIP codes to be sorted, and how many times some or all of the mailpieces will have to be passed on that machine.

Response:

(a & h) Generally speaking, the greater the number of separations (e.g., 5-digit ZIP Codes) that must be finalized in an operation (e.g., incoming primary) and the fewer the number of output bins on the machine, the greater the increase in the volume requiring one or more additional passes in order to finalize the operation.

(b - g) Retained by Witness Abdirahman.

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ABA-NAPM/USPS-T-22-14. USPS witness McCrery states on page 11 of his testimony, lines 11-16, as follows: The availability of extra sort bins on the DBCS equipment provides the ability to process a significant portion of the letters to the 5-digit ZIP Code level on the incoming primary sort scheme even when the scheme has been established to sort the entire service area of the plant, a service area likely containing multiple 3-digit ZIP Codes. Therefore, a pure 3-digit letter tray versus a multiple 3-digit letter tray can have similar value in terms of the reduction in pieces handling. Yet, from LR-L-141, page 9, the weighted cents per piece for an AADC letter processed at an Incoming MMP is 1.326 cents, and at an Incoming SCF/Primary the weighted cents per piece for that letter is 0.26 cents. On page 11, the 3-digit presort letter avoids any processing at an incoming MMP and the incoming primary sort at an SCF costs a weighted average of 1.225 cents per piece

- (a) Is the phenomenon witness McCrery is noting true for all plants and service areas or only those selected for upgrades in bin capacity?
- (b) Please reconcile witness McCrery's statement above with the mail processing cost differences noted above between AADC and 3-digit presort for the incoming primary sort, namely a difference of 0.361 cents $((.986+.340+.188+.072)-(.958+.267))$, as shown in LR-L-41, page 9.
- (c) In your existing mail flow models, have you accounted at all for expanded bin capacities for DBCS? If so, please specify where and how. If not, why have you not accounted for any such changes?
- (d) If witness McCrery's statement implies a change in your mail flow models as a result of adding extra bins to DBCS and changing, for example, the number of piece handlings caused by fewer passes for a given mailpiece, please indicate specifically how your model would have to change and how the relative costs above would change, if at all.
- (e) Apart from network re-alignment plans, once the full deployment of DBCS with expanded bin capacity is completed, does the Postal Service envision dropping the 3-digit presort requirement in the DMM in favor of an AADC requirement?
- (f) Apart from network re-alignment plans, once the full deployment of DBCS with expanded bin capacity is completed, does the Postal Service envision eliminating the 3-digit presort rate?
- (g) If your answer to part (e) was in the affirmative, has the Postal Service contemplated the financial impact on the private sector mail processing industry from such a change?
- (h) If your answer to part (e) was in the affirmative, please explain fully whether such a change would, or would not, involve avoiding fewer costs for the Postal Service in mail processing than at are avoided at present. -

Response:

- (a) The statement is true for most plants and service areas. The extent to which the two tray levels have similar value is dependent on the number of bins;

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consequently, sites selected for upgrades in the number of bins will experience this phenomenon to a greater extent. The more bins that are available, the fewer the number of passes required for finalization of mail even when a tray contains pieces for multiple 3-digit ZIP Code areas (e.g., an AADC tray). However, a single 3-digit tray has significantly greater value, for example, when destinating to a typically smaller SCF located downstream from and within the service area of an AADC facility. The 3-digit ZIP Code tray can then be dispatched directly to the SCF facility at which a greater number of separations will certainly be performed on an incoming primary sortplan in comparison to the processing of these pieces on an AADC sort plan when placed in a multi-3-digit ZIP Code tray.

(b – h) Redirected to the Postal Service.