

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

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT
WITH BANK OF AMERICA CORPORATION

Docket No. MC2007-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS AYUB TO INTERROGATORY OF VALPAK DIRECT MARKETING
SYSTEMS, INC. AND VALPAK DEALERS' ASSOCIATION, INC.
(VP/USPS-T1-9)
(April 12, 2007)**

The United States Postal Service hereby provides the response of witness Ayub to the following interrogatory of Valpak Direct Marketing Systems, Inc., and Valpak Dealers' Association, Inc.: VP/USPS-T1-9, filed on March 9, 2007. The interrogatory is stated verbatim and is followed by the response. The Postal Service's response to VP/USPS-T1-17 will be forthcoming.

UNITED STATES POSTAL SERVICE

By its attorneys:

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VP/USPS-T1-9. Please refer to your testimony at page 16, lines 8-9.

- a. For letters that fail to be “read and accepted” — i.e., the 3.2 percent that are excluded from the baseline value — please describe or list each reason known to the Postal Service that cause letters to fail to be read and accepted during the first pass on Postal Service letter sorting equipment (e.g., (i) poor reflectance of window envelope, (ii) barcode not readable in window, (iii) envelope not sealed properly, (iv) unreadable barcode (e.g., smeared, tilted, wrong position), (v) printed address and barcode inconsistent, (vi) color/contrast cause barcode/address to be unreadable, (vii) contents too thick, etc.).
- b. For each reason provided in response to preceding part a, please state whether the reason is primarily under the control of the Postal Service or the mailer.
- c. If the Postal Service has data on the number or relative frequency associated with each reason which you list or describe in response to preceding part a, please provide such data. If not, please indicate the chief reasons thought to account for the majority of failures of letters to be read and accepted during the first pass on Postal Service sorting equipment.
- d. Please provide copies of all studies since FY 2002 concerning reasons for failure of some presorted letters to be read and accepted on the first pass through the Postal Service’s letter sorting equipment.
- e. To the extent known, please indicate those reasons considered to be the most important factors likely to cause 3.2 percent of BAC’s mail to fail being read and accepted by Postal Service sorting equipment on the first pass.
- f. What influence has use of MERLIN had on accept rates? In addition to deployment of MERLIN, please list all technological changes made by the Postal Service in the last five years that would improve the accept rates.
- g. Do the various generations of sorting equipment now in place have technological differences that would cause accept rates to differ in different locations?
- h. Is the Postal Service considering any technical changes that would increase accept rates? If so, please identify such changes and indicate whether such changes are being developed, or are currently being tested, and when procurement and deployment might be anticipated.

RESPONSE:

- a. Several factors can have an influence on read rates. The factors include (1) the quality of the printed barcode, (2) placement of the barcode, (3) mailpiece dimensions, (4) mailpiece material, (5) USPS processing equipment capability and technology, and (6) USPS processing equipment maintenance etc.
- b. Please see my response to part (a) above. Factors (1) – (4) are under the control of the mailer in the sense that the mailer can influence them by changing

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its mail processing operations. However, the postal regulations that set forth the minimum requirements for mailpiece quality and design are promulgated by the Postal Service. These standards are designed to ensure that mailpieces that meet such standards can be read by Postal Service mail processing equipment. Factors (5) and (6) are under the control of the Postal Service in the sense that they cannot be influenced by mailer behavior.

- c. Based on results from the seamless acceptance pilot test, the primary reason for less than optimal read rates has been the quality of the barcode applied by the mailer, factor (1) identified in my response to part (a) above.
- d. To my knowledge, no studies analyzing the reasons for the failure of presorted letters to be read and accepted on the first pass through the Postal Service's letter sorting equipment have been conducted since FY 2002.
- e. The most important factors would be the same factors that cause other customers' mailings to fail. Those factors are set forth in my response to part (a) above.
- f. MERLIN has raised the bar on barcode quality because it provides the Postal Service with a structured approach to measuring the quality of a mailpiece and provides specific feedback to mailers in the event of verification failure. The Postal Service continues to enhance processing equipment as technology evolves. For example, the incorporation of the Wide Field of View camera into postal letter processing equipment has enhanced the read capability of that equipment.

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- g. Yes, at least potentially. Older equipment has limitations of various kinds, and new equipment, while theoretically capable of greater performance than the older equipment, requires careful adjustment to achieve its potential. One of the key determinants of read rate differences, however, is the quality of the addresses entered on the mailpieces by the mailer.
- h. While the Postal Service continues to enhance processing equipment, the Postal Service is not, to my knowledge, considering any technical changes for increasing the barcode read rate on letter mail.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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