

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

UNITED STATES POSTAL SERVICE NOTICE OF ERRATA TO DIRECT
TESTIMONY OF MARC D. McCRERY (ERRATA)
(April 28, 2005)

The United States Postal Service provides notice that it is filing errata to witness McCrery's testimony.

On page 17, lines 13 and 14 contained a sentence which stated: "Currently, automated flats are sorted into Delivery Point Sequence in 11,690 zones." This sentence should read as follows: "Currently, incoming secondary distribution is performed on automation/mechanization for 11,690 zones."

When the above correction was made, the last line on page 17 became the first line on page 18. Thus, revised page 17 and page 18 are attached for inclusion in the text of witness McCrery's testimony.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1 significantly fewer facilities and moved completely to automated processing.
2 Furthermore, this consolidation will allow for the outgoing distribution of bundles
3 prepared in mixed sacks to be processed in a mechanized or automated
4 environment instead of across sack racks. Also, any automation compatible
5 Periodicals volume currently processed in a manual incoming secondary operation
6 will be moved to an automated processing operation to the greatest extent possible
7 when the window exists. Periodicals, particularly weekly and daily publications, are
8 processed in some cases manually in order to not risk service failure.

9 5. Automation/Mechanization Update

10 In FY 2004, 58 percent of incoming secondary volume was processed in the
11 plants, and 92 percent of this volume was finalized on automated operations. At the
12 same time, the percent of total flats workload in plants was 81 percent on the AFSM
13 100, 10 percent on the UFSM 1000, 9 percent in manual sortation. Currently,
14 incoming secondary distribution is performed on automation/mechanization for
15 11,690 zones.

16 Overall, deployments of the current and future programs to enhance flats
17 processing have resulted and will result in positive improvements for processing
18 operations.

19 6. Description of Future System Beyond the Test Year

20 With the deployments of the AFSM 100 and the UFSM 1000 complete, new
21 methods to distribute and deliver flats are being researched and developed to
22 ensure that current methods are continually improved. The value of DPS flats is still
23 being reviewed and explored. While the specifics are yet to be resolved, it is
24 envisioned that the Postal Service may DPS flats with a different type of equipment
25 than what is used today. Originally, the AFSM 100, or a machine similar to it, such
26 as a sequencer, was planned to be used to process and sequence flats. The
27 decision has now been made not to use the AFSM 100 to sort flats in delivery
28 sequence order. This is due to the inability to increase the mail sorting speed and
29 the problems caused by improper mailpiece orientation in flat trays. Of course, flats
30 that are not machinable on a sequencer are unlikely to be included in DPS. Current
31 development efforts may help make the following programs available: Delivery Point

1 Packaging (DPP), a one-pass system of sorting both letters and flats, and the Flats
2 Sequencing System (FSS), a two-pass system for sorting flats in delivery sequence
3 order.

4 Two significant changes for mailers are expected if and when the Postal
5 Service moves toward a DPS environment for flats. First, all flats that claim the
6 barcode discount will be required to bear an 11-digit barcode, similar to letters, in
7 order to sort to delivery point. Second, carrier route presorted packages will not
8 have value for DPS zones, with 5-digit presort being the finest sort required, similar
9 to what happened with letters. Emphasis will also be on the machinability and entry
10 level characteristics to maximize the candidate flat volume for DPS. The Postal
11 Service intends to continue working with the mailing industry on these issues,
12 providing ample time for mailers to make any needed changes in the future.

13 14 C. Parcels, Bundles, Sacks, and Trays

15 In this part of my testimony, I provide an overview of operations as they relate
16 to the processing of parcels, bundles, sacks, and trays today and in the test year.

17 1. Parcel Processing

18 Standard Mail and Package Services parcels are predominantly processed
19 within the bulk mail network consisting of 21 Bulk Mail Centers (BMCs) and eight
20 Auxiliary Service Facilities (ASFs). Priority Mail and First-Class Mail parcels are
21 predominantly processed in processing and distribution centers and Logistics and
22 Distribution Centers (L&DCs).

23 a. Equipment

24 Apart from the recent enhancements described below, machinable parcels
25 have been processed in the BMCs with the same basic equipment for approximately
26 30 years. ASFs are not similarly equipped. Non-machinable outside parcels
27 (NMOs) are either sorted manually or with the use of mechanized sorting equipment
28 at several BMCs depending on the non-machinability characteristics of the parcel.
29 This equipment ranges from basic rolling conveyors to more elaborate keying and
30 sorting machines. Priority and First-Class Mail parcels are processed either
31 manually or using parcel and bundle sorting equipment.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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