

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

Postal Rate and Fee Changes, 2005

Docket No. R2005-1

INTERROGATORIES AND REQUESTS FOR PRODUCTION
OF DOCUMENTS OF PITNEY BOWES INC.
TO UNITED STATES POSTAL SERVICE WITNESS
MARC D. McCRERY
(PB/USPS-T29-1-16)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, Pitney Bowes Inc. ("Pitney Bowes") directs the following interrogatories and requests for production of documents to United States Postal Service Witness Marc D. McCrery.

Respectfully submitted,

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PB/USPS-T29-1. Please refer to page 11, lines 1-6 of your testimony and confirm that the Postal Service continues to want to shape First-Class Mail letters into a more efficient mail stream. If you do not confirm, please explain.

PB/USPS-T29-2. Please refer to page 11, lines 3-6 of your testimony where you state that “[b]eyond the various enhancements and new programs (e.g. PARS) previously discussed, there are only limited opportunities to increase efficiencies within letter mail processing operations through the application of proven technologies” and confirm that the “enhancements and new programs previously discussed” refer primarily to piece distribution operations. If you do not confirm, please explain.

PB/USPS-T29-3. Please refer to page 26, lines 28-30 of your testimony that states “[i]n the plants, trays are sorted manually, with the assistance of the tray handling equipment described above, or by TMS.” Please discuss the proportion of First-Class Mail letter tray sortations/handlings that are manual and unassisted with the “tray handling equipment described above,” that are manual and assisted with the “tray handling equipment described above,” and that use TMS. Please provide any supporting studies, data and reports.

PB/USPS-T29-4. Please refer to page 27, lines 25-26 of your testimony that states “[t]he automation of distribution operations places a premium on consistency and dependability in the allied operations that provide mail for piece distribution.” Please discuss with specificity if, as piece distribution operations have become increasingly automated and a smaller percentage of total mail processing costs, allied, package handling, and container handling mail processing operations have become increasingly important and a larger percentage of total mail processing costs.

PB/USPS-T29-5. Please confirm that mailers or presort bureaus prepare certain “pallet separations” (i.e., pallets of letter trays that destinate to different local/non-local postal facilities) for First-Class Mail letters. If you confirm, please describe with specificity the value of the “pallet separations” performed by mailers or presort bureaus to the Postal Service, including a discussion of how pallet separations reduce or avoid Postal Service transportation and mail processing costs. If you do not confirm, please explain. Please confirm that the Postal Service works with mailers and presort bureaus to design “pallet separations.”

PB/USPS-T29-6. If mailers or presort bureaus prepare certain “pallet separations” (i.e., pallets of letter trays that destinate to different local/non-local postal facilities) for First-Class Mail letters, please provide the following data for the letters placed on pallet separations and entered at different postal facilities than they would have been without the pallet separations (e.g., entered at local AMF versus the local P&DC).

- (a) The characteristics of the mail pieces (i.e., shape, presort level, automation, containerization, and any other relevant characteristics);
- (b) The volume of First-Class Mail single-piece letters;
- (c) The volume of First-Class Mail Bulk Metered Mail letters;
- (d) The volume of First-Class Mail nonautomation presort letters;
- (e) The volume of First-Class Mail MAADC automation letters;
- (f) The volume of First-Class Mail AADC automation letters;
- (g) The volume of First-Class Mail 3-Digit automation letters;
- (h) The volume of First-Class Mail 5-Digit automation letters;
- (i) The average number of local transportation legs avoided due to pallet separations;
- (j) The average number of platform handlings avoided due to pallet separations;
- (k) The average number of pallet breakdown activities avoided due to pallet separations; and
- (l) The average number of tray handlings avoided due to pallet separations.

PB/USPS-T29-7. If mailers or presort bureaus prepare certain “pallet separations” (i.e., pallets of letter trays that destinate to different local/non-local postal facilities) for First-Class Mail letters, please provide the following data and for the letters placed on pallet separations and entered at the same postal facility they otherwise would have been entered at but the pallets and trays are now processed more efficiently (e.g., crossdock pallet in lieu of pallet breakdown and tray sortation).

- (a) The characteristics of the mail pieces (i.e., shape, presort level, automation, containerization, and any other relevant characteristics);
- (b) The volume of First-Class Mail single-piece letters;
- (c) The volume of First-Class Mail Bulk Metered Mail letters;
- (d) The volume of First-Class Mail nonautomation presort letters;
- (e) The volume of First-Class Mail MAADC automation letters;
- (f) The volume of First-Class Mail AADC automation letters;
- (g) The volume of First-Class Mail 3-Digit automation letters;
- (h) The volume of First-Class Mail 5-Digit automation letters;
- (i) The average number of local transportation legs avoided due to pallet separations;
- (j) The average number of platform handlings avoided due to pallet separations;
- (k) The average number of pallet breakdown activities avoided due to pallet separations; and
- (l) The average number of tray handlings avoided due to pallet separations.

PB/USPS-T29-8. Please refer to the following generalized description of the flow of First-Class Mail single-piece letters through the Postal Service from entry to delivery.

Generalized Description of the Flow of First-Class Mail Single-Piece Letters
<p>1. Mail collection and entry.</p> <ul style="list-style-type: none"> a. Single-piece letters are picked up by carriers, deposited in collection boxes, or dropped off at Postal Service facilities and placed in letter trays or hampers. b. Trays are loaded onto rolling stock. c. Hampers and rolling stock are staged at delivery unit. d. Hampers and rolling stock are moved and loaded onto postal vans. e. Hampers and rolling stock are transported to local plant. f. Hampers and rolling stock are unloaded off postal vans onto platform.
<p>2. Rough cull operation.</p> <ul style="list-style-type: none"> a. Hampers and rolling stock are moved to rough cull operation. b. Rough cull operation performed (preliminary manual sortation of the mail by shape).
<p>3. Advanced Facer Canceller System (“AFCS”) operation.</p> <ul style="list-style-type: none"> a. Trays and hampers are moved to AFCS. b. Trays and hampers are dumped on AFCS. c. Empty trays and hampers disposed. d. AFCS operation performed that faces, cancels, and culls letters into prebarcoded, OCR-readable, all other (including script) mail, and rejects. e. All other (including script) mail goes through an AFCS Input Sub System (“ISS”) that captures and lifts images for the Remote Bar Coding System (“RBCS”). f. Letters are swept into trays. g. Trays are loaded onto rolling stock.
<p>4. Rolling stock is moved to staging area.</p>
<p>5. Outgoing Processing (outgoing RBCS, outgoing primary, and outgoing secondary schemes sort originating mail (after one or two passes) to automated distribution centers (“AADC”) under the Managed Mail Program (“MMP”), SCF/3-digit, and to 5-digit (the local service area)).</p> <ul style="list-style-type: none"> a. Prebarcoded letters. <ul style="list-style-type: none"> i. Set up piece distribution operation (e.g., load scheme, print tray labels, and retrieve/stage empty trays). ii. Rolling stock is moved to outgoing processing operation.

<ul style="list-style-type: none"> iii. Letters are loaded onto the delivery bar code sorter (“DBCS”) or mail processing bar code sorter (“MPBCS”) ledge. iv. Letters are inducted and sorted. v. Letters are swept into trays. vi. Trays are loaded onto rolling stock. <p>b. OCR-readable letters.</p> <ul style="list-style-type: none"> i. Set up piece distribution operation (e.g., load scheme, print tray labels, and retrieve/stage empty trays). ii. Rolling stock is moved to outgoing processing operation. iii. Letters are loaded onto multiline optical character reader (“MLOCR”) ledge. iv. Letters are inducted, sorted, and applied with a POSTNET barcode. v. Letters are swept into trays. vi. Trays are loaded onto rolling stock. <p>c. All other (including script) letters.</p> <ul style="list-style-type: none"> i. Set up piece distribution operation (e.g., load scheme, print tray labels, and retrieve/stage empty trays). ii. Rolling stock is moved to outgoing processing operation. iii. Letters are loaded onto retrofitted DBCS or MPBCS (with Output Sub System (“OSS”) capability). iv. Letters are inducted, sorted, and applied with a POSTNET barcode. v. Letters are swept into trays. vi. Trays are loaded onto rolling stock.
<p>6. Rolling stock is moved to staging area.</p>
<p>7. Scan-Where-You-Band (“SWYB”) Operation (bands and sleeves originating trays and assigns transportation)</p> <ul style="list-style-type: none"> a. Set up operation. b. Rolling stock is moved to SWYB operation. c. Trays are sleeved. d. Trays are loaded onto conveyor. e. Trays are strapped. f. Surface or air transportation is assigned and destinating and routing (“D&R”) labels applied. g. Trays are loaded onto rolling stock.
<p>8. Rolling stock (originating trays) is moved to staging area.</p>
<p>9. Rolling stock (originating trays) is moved and loaded onto postal vans or trucks.</p>
<p>10. Rolling stock is transported to local Air Mail Center (“AMC”), Hub and Spoke facility (“HASP”), or destinating AADC.</p> <ul style="list-style-type: none"> a. AMC. <ul style="list-style-type: none"> i. Originating AMC.

<ul style="list-style-type: none"> 1. Rolling stock is unloaded and staged. 2. Trays are sorted into air mail containers. 3. Air mail containers are loaded into outbound plane. 4. Empty rolling stock is disposed. ii. Destinating AMC. <ul style="list-style-type: none"> 1. Air mail containers are unloaded off inbound plane and staged. 2. Trays are sorted into rolling stock at destinating AMC. 3. Rolling stock is moved to staging area. 4. Rolling stock is moved and loaded onto postal vans or trucks. 5. Rolling stock is transported to destinating plant. b. HASP (consolidation and transfer points that do not perform originating or destinating distribution operations on mail). <ul style="list-style-type: none"> i. Rolling stock is unloaded and staged. ii. Rolling stock is loaded into outbound truck. iii. Rolling stock is transported to destinating plant.
<p>11. Rolling stock is unloaded and staged at destinating plant.</p>
<p>12. Tray Processing Operation or Opening Unit.</p> <ul style="list-style-type: none"> a. Tray Processing Operation (e.g., Tray Management System (“TMS”). <ul style="list-style-type: none"> i. Rolling stock is moved to tray processing operation. ii. Trays are inducted and sorted. iii. Tray strapping and sleeves are removed. b. Opening Unit (e.g., bullpen operation). <ul style="list-style-type: none"> i. Rolling stock is moved to bullpen. ii. Tray strapping and sleeves are removed. iii. Trays are sorted into rolling stock.
<p>13. Incoming Processing.</p> <ul style="list-style-type: none"> a. Incoming RBCS and Incoming MMP (achieves 3-digit or 5-digit after one sort). <ul style="list-style-type: none"> i. Set up piece distribution operation (e.g., load scheme, print tray labels, and retrieve/stage empty trays). ii. Rolling stock is moved to incoming processing operation. iii. Letters are loaded onto DBCS or MPBCS. iv. Letters are inducted and sorted. v. Letters are swept into trays. vi. Trays are loaded onto rolling stock. b. Incoming SCF/primary (achieves 5-digit after one sort). <ul style="list-style-type: none"> i. Set up piece distribution operation (e.g., load scheme, print tray labels, and retrieve/stage empty trays). ii. Rolling stock is moved to incoming processing

<ul style="list-style-type: none"> operation. iii. Letters are loaded onto DBCS or MPBCS. iv. Letters are inducted and sorted. v. Letters are swept into trays. vi. Trays are loaded onto rolling stock:
<ul style="list-style-type: none"> c. Incoming Secondaries (achieves delivery point sequence (“DPS”) after two or three passes). <ul style="list-style-type: none"> i. Set up piece distribution operation (e.g. load scheme, print tray labels, and retrieve/stage empty trays). ii. Rolling stock is moved to incoming processing operation. iii. Letters are loaded onto DBCS, MPBCS, or carrier sequence bar code sorter (“CSBCS”). iv. Letters are inducted and sorted on first pass. v. Letters are swept into trays. vi. Trays are moved for second pass. vii. Letters are loaded onto DBCS, MPBCS, or CSBCS. viii. Letters are inducted and sorted on second pass. ix. Letters are swept into trays. x. Trays are loaded onto rolling stock.
14. Rolling stock is moved to staging area.
15. Rolling stock is loaded onto postal van.
16. Rolling stock is transported to delivery unit.
17. Delivery Unit. <ul style="list-style-type: none"> a. Rolling stock is unloaded. b. Trays are sorted to carrier. c. Empty rolling stock is disposed. d. Trays are moved to platform by carrier. e. Trays are loaded into long-life vehicles. f. Letters are delivered. g. Empty trays are disposed.

(a) Please confirm that the generalized description is a representative, albeit simplified (e.g., does not discuss manual letter sorting operations or all the possible mail flow permutations), characterization of the flow of First-Class Mail single-piece letters through the Postal Service. If you do not confirm, please explain and produce, at a comparable level of detail, an amended generalized description that is representative of the flow of First-Class Mail single-piece letters.

- (b) Please produce, at a comparable level of detail, an amended generalized description that is a representative characterization of the flow of First-Class Mail Bulk Metered Mail through the Postal Service from entry to delivery.
- (c) Please produce, at a comparable level of detail, an amended generalized description that is a representative characterization of the flow of First-Class Mail Nonautomation Presort Letters through the Postal Service from entry to delivery.
- (d) Please produce, at a comparable level of detail, an amended generalized description that is a representative characterization of the flow of First-Class Mail MAADC Automation Letters through the Postal Service from entry to delivery.
- (e) Please produce, at a comparable level of detail, an amended generalized description that is a representative characterization of the flow of First-Class Mail AADC Automation Letters through the Postal Service from entry to delivery.
- (f) Please produce, at a comparable level of detail, an amended generalized description that is a representative characterization of the flow of First-Class Mail 3-Digit Automation Letters through the Postal Service from entry to delivery.
- (g) Please produce, at a comparable level of detail, an amended generalized description that is a representative characterization of the flow of First-Class Mail 5-Digit Automation Letters through the Postal Service from entry to delivery.

PB/USPS-T29-9. Please describe with specificity the operations where the Postal Service removes strapping and sleeves from trays containing First-Class Mail letters. Include, but do not limit your description to, a discussion of the craft, number, and grade of employees, clocked-in MODS operation, and utilized mail transport equipment (“MTE”).

PB/USPS-T29-10. Please describe with specificity the operations where the Postal Service straps and sleeves trays containing First-Class Mail letters. Include, but do not limit your description to, a discussion of the craft, number, and grade of employees, clocked-in MODS operation, and utilized mail transport equipment (“MTE”).

PB/USPS-T29-11. Please describe with specificity Scan-Where-You-Band (“SWYB”) operations. Include, but do not limit your description to, a discussion of the craft, number, and grade of employees, clocked-in MODS operation, and utilized mail transport equipment (“MTE”).

PB/USPS-T29-12. Please describe with specificity opening units and bullpen operations that handle First-Class Mail. Include, but do not limit your description to, a discussion of the mail processing function, craft, number, and grade of employees, clocked-in MODS operation, and utilized mail transport equipment (“MTE”).

PB/USPS-T29-13. Please confirm that “pallet separations” (i.e., pallets of First-Class Mail letter trays that destinate to different local/non-local postal facilities) prepared by mailers at the request of the Postal Service allow the Postal Service to either transport the pallets directly to the final local facility (e.g., local plant, air mail center, hub and spoke facility, or mail consolidation center), typically avoiding platform and other mail processing operations at an intermediate local facility, or crossdock the mail at an intermediate local facility, typically avoiding entering, staging, and breaking down the pallet, sorting the trays into rolling stock, and staging and loading the rolling stock at the intermediate local facility. If you do not confirm, please explain.

PB/USPS-T29-14. Please confirm that a higher proportion of 5-digit automation letters than of MAADC automation letters are prepared on “pallet separations” (i.e., pallets of First-Class Mail letter trays prepared by mailers at the request of the Postal Service that destinate to different local/non-local postal facilities). If you do not confirm, please explain.

PB/USPS-T29-15. Please confirm that, for presorted First-Class Mail letters, opening unit activities include, among others, breaking down rolling stock or pallets, sorting trays to rolling stock, and removing tray sleeves and strapping. If you do not confirm, please explain, discuss the opening unit activities, and discuss the operations for presorted First-Class Mail letters where the Postal Service breaks down rolling stock and pallets, sorts trays to rolling stock, and removes tray sleeves and strapping.

PB/USPS-T29-16. Please refer to USPS witness Eggleston's response to CSA/USPS-T26-24 in Docket No. R2000-1, Tr. 13/5128-29 where she states that "[t]he IOCS handling tallies record the mail actually being handled by the employees recorded as working a given mail processing operations (cost pool), rather than the mail expected to be handled in a given operation."

(a) Please confirm that the Postal Service does infrequently handle letter-shaped mail in non-letter operations. If you do not confirm, please explain.

(b) Please confirm that Postal Service clerks and mail handlers do infrequently work in operations that are different than the operation into which they are clocked. If you do not confirm, please explain.

(c) Please confirm that either of these possibilities could result in a non-zero cost for First-Class Mail letters in a non-letter cost pool. If you do not confirm, please explain.