

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

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS McCRERY  
TO INTERROGATORIES OF MAJOR MAILERS ASSOCIATION  
[MMA/USPS-T29-6-12]  
(June 7, 2005)

The United States Postal Service hereby provides its responses to above-listed interrogatories of the Major Mailers Association, filed on May 24, 2005. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**MMA/USPS-T29-6**

In response to Interrogatory MMA/USPS-T21-4A, USPS witness Abdirahman indicates that he relied on a mail flow density study performed by USPS witness Miller in Docket No. R2000-1. The results of that study can be found on page 55 of Library Reference USPS-LR-K-48. According to that study, 26.34% of the letters processed by the Outgoing ISS, 34.00% of the letters processed by the Outgoing OSS and 6.59% of the letters processed by the outgoing automation primary can be sorted directly to the incoming secondary sort operation. Please explain precisely how the outgoing operations in the ISS and the OSS can sort up to 5 times the amount of letters directly to the incoming secondary than the outgoing operations in the automation primary can sort directly to the incoming secondary?

**RESPONSE:**

The Outgoing Primary operation is used primarily for Business Reply Mail (BRM) and Customer Reply Mail (CRM) isolated off of the AFCS machines. These are business letters and cards being mailed back to firms and business throughout the country. As with other single-piece mail volume (e.g. stamped) which has a significant portion that returns to the service area from which it was mailed and therefore remains in the plant for incoming secondary operations, BRM and CRM has a much smaller percentage of mail that “turns around” and has a more even distribution to destinations throughout the country.

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**MMA/USPS-T29-7**

In response to Interrogatory MMA/USPS-T21-4C, USPS witness Abdirahman stated, in part:

Density tables are affected by bin capacity on the Bar Code Sorters (BCS). During the 1999 to 2004 time period, it is my understanding that the bin capacity for those machines did not change dramatically change. [sic]

- A. For FY 1999, please provide the bin capacity of Bar Code Sorters used in the following operations:
1. Outgoing Remote Bar Coding System
  2. Outgoing Automation Primary
  3. Outgoing Automation Secondary
  4. Incoming Remote Bar Coding System
  5. Incoming Automation Primary
  6. Incoming Automation Secondary
- B. For BY 2004, please provide the bin capacity of Bar Code Sorters used in the following operations:
1. Outgoing Remote Bar Coding System
  2. Outgoing Automation Primary
  3. Outgoing Automation Secondary
  4. Incoming Remote Bar Coding System
  5. Incoming Automation Primary
  6. Incoming Automation Secondary
- C. Is the bin capacity of Bar Code Sorters expected to change by TY 2006? If you answer yes, please provide the bin capacity of Bar Code Sorters used in operations 1-6 of Part B.
- D. Do you agree with USPS witness Abdirahman's conclusion that bin capacities have not changed dramatically between FY 99 and the test year in this case? Please explain your answer.

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**RESPONSE:**

A - B. I have interpreted bin capacity to equate to the total BCS complement available for sortation at the number of bins on this equipment. The question is attempting to understand the change in bin capacity from FY 99 to FY 04. The exact figures for total bins for both FY 99 and FY 04 are not readily available but from 1999 through 2004, the Postal Service has purchased 1,036 additional DBCSs and 236,536 additional bins (1,036 DBCSs with 46 bins each and 11,805 additional stacker modules). The Postal Service does not fully track MPBCS removals, but information that we do have indicates that in FY 99 there were 1,398 MPBCS machines (96 bins each) and there are only 626 machines in operation as of earlier this calendar year.

C. From the end of FY 04 through November 2004, an additional 965 stacker modules (15440 total bins) were deployed. This was the last of the deployment described on page 6, lines 14 – 19, in my testimony (USPS-T-29), which I now have been told was completed earlier than expected. In addition, approximately 27 new DIOSS machines, each with 206 stackers, are expected to be deployed by mid-FY 06.

D. I assume that witness Abdirahman's conclusion that bin capacities have not changed dramatically between FY 99 and the test year was based partially on his understanding of the statistical sensitivity of density tables within the cost models and the degree of change needed within the densities to produce a significant

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change to the results. Therefore, I am unable to agree or disagree with witness  
Abdirahman's conclusion.

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**MMA/USPS-T29-8**

In R2001-1, USPS witness Kingsley provided the following information in response to Interrogatory KE/USPS-T39-13F.

**Volume of Barcoded and Non-barcoded Letters (000)**

Subclass	Letters with USPS Applied Barcodes	Letters with Mailer Applied Barcodes	Letters Without Barcodes
<b>FY 1999</b>			
First Class	38,911,824	47,000,370	9,829,438
Standard	4,946,688	29,304,609	7,373,399
<b>Total</b>	<b>43,858,512</b>	<b>76,304,979</b>	<b>17,202,837</b>
<b>FY 2000</b>			
First Class	39,230,428	50,097,557	9,105,107
Standard	4,016,695	33,617,045	6,765,283
<b>Total</b>	<b>43,247,124</b>	<b>83,714,601</b>	<b>15,870,390</b>
<b>FY 2001</b>			
First Class	38,980,010	52,800,062	8,467,994
Standard	3,664,574	37,299,240	5,699,796
<b>Total</b>	<b>42,644,584</b>	<b>90,099,302</b>	<b>14,167,790</b>
<b>AP 12, FY 01</b>			
First Class	2,847,333	4,066,708	567,350
Standard	160,208	2,582,785	379,404
<b>Total</b>	<b>3,007,541</b>	<b>6,649,493</b>	<b>946,754</b>
<b>AP 13, FY 01</b>			
First Class	2,610,868	3,803,057	545,863
Standard	112,854	2,805,734	363,027
<b>Total</b>	<b>2,723,722</b>	<b>6,608,791</b>	<b>908,890</b>

Please provide similar information in the following table for BY 2004 such that the total of the three columns equals the total number of letters in the system.

Subclass	Letters with USPS Applied Barcodes	Letters with Mailer Applied Barcodes	Letters Without Barcodes
<b>First Class</b>			
<b>Standard</b>			
<b>Total</b>			

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**RESPONSE:**

As previously stated, the volume by class for USPS applied barcodes and letters without barcodes is not collected. The data in R2001-1 were obtained through ODIS-RPW which relies on sampling of the mail volume. The sampled volume is then multiplied by statistical expansion factors to get national estimates of mail volume. The volumes of USPS applied barcoded letters and letters without barcodes provided in response to MMA/USPS-T29-3 were obtained through the use of MODS, FAST Auto (Finalization on Automation Secondary Tracking), and FLASH report for manual volumes.

The report that produced the data provided in R2001-1 is no longer maintained, however, ODIS-RPW estimates that in FY 04, 94% of the USPS applied barcodes are applied to First-Class Mail letters and 6% are applied to Standard Mail letters, while 62% of letters without barcodes are First-Class Mail and 38% are Standard Mail. When you apply these percentages to the 39.6 billion USPS applied barcoded letters and 8.7 billion letters without barcodes, the result is 37.2 billion USPS applied barcodes are on First-Class Mail letters while 2.4 billion are on Standard Mail letters, and 5.4 billion letters without barcodes are First-Class Mail while 3.3 billion are Standard Mail. Due to the differences in how the figures are derived as described above, it would be highly unlikely that applying the percentages and completing the table would produce numbers that sum to the total First-Class Mail and Standard Mail letters provided in response to MMA/USPS-T29-3.

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**MMA/USPS-T29-9**

In R2001-1, the USPS provided information regarding nonmachinable First-Class letters in its response to POIR #4, Question 6.

A. Please provide similar information by filling in the following table for BY 04.

<b>Subclass</b>	<b>Non-Barcoded Non- Machinable Letters</b>
<b>First-Class S.P.</b>	
<b>First-Class Bulk</b>	
<b>Total</b>	

B. Do the volumes provided in your answer to part A include volumes that are nonmachinable but do not pay the nonmachinable surcharge because they weigh more than one ounce? If no, please explain exactly what the volumes provided in your answer to part A represent.

C. If your answer to part B is yes, please provide the volumes that are nonmachinable but do not pay the nonmachinable surcharge because they weigh more than one ounce?

**RESPONSE:**

<b>Subclass</b>	<b>Non-Barcoded Non- Machinable Letters</b>
<b>First-Class S.P.</b>	(est.) 35,723,651
<b>First-Class Bulk</b>	
<b>Total</b>	

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- A. In FY 04, there were 156,958,044 First-Class Single Piece letters on which the non-machinable surcharge was paid. Of this number, ODIS-RPW estimates that 35,723,651 did not have a barcode. In FY 04, there were 22,087,624 First-Class Presorted rate letters on which the non-machinable surcharge was paid. We have no estimate for the non-barcoded portion.
- B. No. The volumes are only for non-machinable First-Class letters on which the non-machinable surcharge was paid.
- C. See (B).

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**MMA/USPS-T29-10**

Please refer to your response to Interrogatory MMA/USPS-T29-2J where you indicate that 27.3 billion pieces were fed into the AFCS operation in FY 2004.

- A. How many pieces were fed into the RBCS operation?
- B. Of the pieces fed into the RBCS operation, how many pieces left that operation (1) with a barcode sprayed on by the Postal Service, (2) with no barcode, and (3) with a barcode that had already been provided by the mailer? If your volume figures do not add up to 27.3 billion, please provide a description of what happened to the remaining pieces.

**RESPONSE:**

- A. RBCS data are not available by machine type from which the image was lifted.
- B. (1-2) AFCS does not apply barcodes to mail pieces. Data for pieces finalized by the RBCS is not available by machine type from which image was lifted.  
(3) 9.3 billion barcoded letters (CRM & BRM) were isolated off the AFCS machines in FY 2004. In FY 04, 27.3 billion pieces were fed into the AFCS. They include FIM, script, and enriched pieces. The pieces processed through RBCS are determined by the facility's mode of processing (i.e. either lift all/script lift). Pre-barcoded FIM pieces do not flow to RBCS and neither do enriched pieces if the site is operating in "script lift" mode. FIM pieces are sent to DBCS/MPBCS machines for FIM processing and the enriched pieces (if in script lift mode) are sent to MLOCR/DIOSS machines for barcoding.

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**MMA/USPS-T29-11**

Please refer to your response to Interrogatory MMA/USPS-T29-4B. You state that 89% all letters in the system were DPSed in FY 2004. You also explain that in the last case, USPS witness Kingsley's stated that 94.9% of the letters that could be DPSed in offices where automation equipment was being used was DPSed. For BY 2004, please provide (1) the actual number of letters that were DPSed, (2) the number of letters sent to offices where that mail could be DPSed, and (3) the total number of letters in the system.

**RESPONSE:**

To clarify, as stated in my testimony and cited in your original interrogatory MMA/USPS-T29-4, the figure of 89% refers to the percentage of barcoded incoming secondary letters finalized to delivery point sequence in both plant and delivery unit distribution. Witness Kingsley's figure of 94.8%, (not 94.9% as stated in this interrogatory), referred to the percentage of barcoded incoming secondary letters finalized to delivery point sequence in plant distribution only. For BY 2004, (1) the actual number of barcoded letters that were finalized to delivery point sequence was 113,204,413,000, (2) the number of letters sent to offices where that mail was finalized to delivery point sequence on the CSBCS was 15,063,852,000, and (3) the total letter volume was 149,661,002,000. It is important to note that the 149,661,002,000 figure represents all letters, but DPS percentages are calculated using only incoming secondary letter volume as the total opportunity.

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**MMA/USPS-T29-12**

Please refer to your response to Interrogatory MMA/USPS-T29-4C where you filled in the following table:

Subclass	Total Barcoded Letters	Total DPSed Letters	Total Letters That Do Not Require DPSing	Total Letters Not Able To Be DPSed
	(1)	(2)	(3)	(4)
First Class				
Standard				
Total	140.9	113.2	13.9	19.2

- A. Please explain why column (1) is 140.9 and the sum of columns (2) through (4) is 146.3.
- B. Do the 13.9 billion pieces that did not require DPSing in column (3) include non-barcoded letters? If not, please explain exactly what these 13.9 billion pieces represent.
- C. If column (3) includes non-barcoded letters, please provide the number of barcoded letters that did not require DPSing.

**RESPONSE:**

As stated in my response to MMA/USPS-T29-4C, based on the data available, the table could not be completed using these headings for columns 3 and 4. I provided the numbers which would partially complete the table, then provided additional available data on non-DPS automated and manual distribution.

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- A. First off, the 140.9 billion figure representing total barcoded letters is derived from a different source than the other three figures. The total barcoded letters is derived by totaling the automation discount letters from RPW, the barcoded Business Reply Mail and Courtesy Reply Mail volume isolated off the AFCS machines, and the USPS applied barcode volume pulled from MLOCR/RBCS data. The other three figures are derived from a combination of MODs, FAST, and FLASH report information. In addition to the different sources for the data, an additional reason why the three figures would not approximately add to the 140.9 billion figure is the fact that the 19.2 billion letters processed manually represents both barcoded and non-barcoded pieces. To clarify, the pieces processed in manual incoming secondary operations represent both rejected and nonmachinable pieces for automated zones as well as all pieces for manual zones. The 13.9 billion figure represents the volume of barcoded letters in automated incoming secondary operations that are not finalized to DPS. This volume is finalized to the carrier-route or sector-segment level and is usually for small offices with ten or less routes, as well as letters for some box sections.
- B. No. See part (A).
- C. See (B)

## **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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June 7, 2005