Postal Rate Commission
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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 VALPAK DIRECT MARKETING SYSTEMS, INC.,
AND VALPAK DEALERS' ASSOCIATION, INC.
[VP/USPS-T42-1-14]
(May 26, 2006)

The United States Postal Service hereby provides its responses to the above-listed interrogatories of Valpak Direct Marketing Systems, Inc., and Valpak Dealers' Association, Inc., filed on May 12, 2005. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-1.
Please refer to your testimony at page 4, with respect to the Advanced Facer Canceller System ("AFCS"). Regarding the 1,083 AFCS machines you mention at page 4, line 8:
a. How many Postal Service facilities have only one AFCS machine?
b. How many Postal Service facilities have exactly two AFCS machines?
c. How many Postal Service facilities have exactly three AFCS machines?
d. How many Postal Service facilities have more than three AFCS machines?
e. Is Periodical letter-shaped mail (*e.g.*, newsletters) processed on AFCS machines?
f. To what extent, if any, are Standard Regular or Nonprofit letters processed on AFCS machines?

RESPONSE:

a. Number of facilities with exactly one AFCS machines: 44.

b. Number of facilities with exactly two AFCS machines: 76.

c. Number of facilities with exactly three AFCS machines: 34.

d. Number of facilities with more than three AFCS machines: 121.

e & f. To a minimal extent machinable letters of all mail classes are processed on the AFCS. For example, machinable Periodicals, Standard Regular or Nonprofit letter mail pieces that are mis-delivered or marked 'Return to Sender' by the recipient and deposited in collection mail are processed on the AFCS.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-2.

Please refer to your testimony, at pages 4-5, regarding the Multiline Optical Character Reader ("MLOCR").
a. At page 5, lines 5-6, you state that 646 MLOCRs will be replaced by DIOSSEC machines. Over what time period is the replacement of these 646 MLOCRs scheduled to occur?
b. How many MLOCRs will be replaced by May 2007?

RESPONSE:

a. The replacement of 646 MLOCRs with DIOSS-EC machines and DIOSS kits/upgrades is occurring concurrently with the removal of the MLOCRs. Removal of the MLOCRs began in September 2005 and is expected to be completed in June 2007. Deployment of the new DIOSS-EC machines and kits began in January 2006 and is also expected to be completed in June 2007.

b. 630 MLOCRs are expected to be replaced by May 31, 2007.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-3.

Please refer to your testimony, at page 6, regarding the Delivery Bar Code Sorter ("DBCS").
a. Of the more than 5,200 DBCS machines mentioned at page 6, line 12, please indicate how many facilities have 1, 2, 3, 4-5, 6-10, or more than 10 DBCS machines.
b. What is the largest number of DBCS machines at any facility?
c. If more than one facility has the largest number, please indicate how many facilities have that number of DBCS machines.

RESPONSE:

a. The DBCS machines for a particular facility, as reported below, may not be all under one roof but a portion may be at, for example, a supporting annex nearby.

Number of facilities with 1 DBCS machine: 17.

Number of facilities with 2 DBCS machines: 58.

Number of facilities with 3 DBCS machines: 41.

Number of facilities with 4-5 DBCS machines: 77.

Number of facilities with 6-10 DBCS machines: 97.

Number of facilities with more than 10 DBCS machines: 160.

b. One facility listed 81 DBCS machines.

c. N/A.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-4.
Please refer to your testimony at page 15. Regarding the 534 Automated Flats Sorting Machine 100 ("AFSM 100") mentioned at page 15, line 8:
a. In how many separate facilities are those 534 AFSM 100 machines deployed?
b. For the facilities to which AFSM 100 machines have been deployed, please provide a distribution showing how many facilities have only one AFSM 100 machine, how many facilities have exactly two such machines, and how many facilities have exactly three such machines?
c. What is the largest number of AFSM 100 machines at any facility?
d. If more than one facility has the largest number, please indicate how many facilities have that number of AFSM 100 machines.

RESPONSE:

a. The 534 AFSM 100 machines are in 230 separate facilities.

b. Number of facilities with exactly one AFSM 100 machine: 98

Number of facilities with exactly two AFSM 100 machines: 47

Number of facilities with exactly three AFSM 100 machines: 40

c. The largest number of AFSM 100 machines at any facility: 8

d. Number of facilities with the largest number (8) of AFSM 100s: 3

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-5.

Please refer to your testimony at page 6, lines 13-14, where you state that throughput of the DBCS machine is “approximately 37,000 pieces per hour and the staffing index is two clerks.”
a. Would it be reasonable to infer that productivity of the DBCS machine, when running at a normal pace, is approximately 18,000 pieces per labor hour?
b. Unless your answer to preceding part a is an unqualified affirmative, please explain why not, provide the correct figure for average productivity per labor hour, and explain how that figure is derived.

RESPONSE:
a & b. No. On Page 4, footnote 5 of my testimony, I explain the difference between throughput and productivity as follows, “Throughput is entirely distinct from productivity. Throughput is the number of pieces that can be fed through the machine during one machine run hour. Productivity is the total pieces finalized (pieces fed minus rejects) divided by the total workhours used (includes setup, sweep, jam clearance time, etc.)”. FY 2005 MODS productivity for DBCS was 8,349 pieces per hour.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-6.
Please refer to your testimony at page 15, line 14, where you state that throughput of the AFSM 100 is “approximately 17,000 per hour and the staffing index is five clerks.”
a. Would it be reasonable to infer that productivity of the AFSM 100, when running at normal pace, is approximately 3,400 pieces per labor hour?
b. Unless your answer to preceding part a is an unqualified affirmative, please explain why not, provide the correct figure for average productivity per labor hour, and explain how that figure is derived.

RESPONSE:

a & b. See response to VP/USPS-T42-5. FY 2005 MODS productivity for AFSM

100 was 2,035 pieces per hour.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-7.
a. Please describe briefly the nature of activities that are performed in the cancellation cost pool.
b. Please indicate the types of mail by shape (*e.g.*, letters, flats, parcels) that are handled in the cancellation cost pool, and give the approximate distribution of pieces by shape, if available.
c. Please indicate the classes and subclasses of mail that are processed in the cancellation cost pool, and give the approximate distribution of pieces by subclass, if available. If such data are not available, please identify each subclass that represents less than 5 percent of the volume processed in the cancellation cost pool.

RESPONSE:
a. The cancellation cost pool includes activities directly related to the separation and cancellation of letters, flats and parcels in the collection mail. Equipment used includes hand cancellers, mechanized cancellers, the Advanced Facer Canceller System (AFCS) for automated cancellation of letters, various dumpers, belts, tables and cullers, and possibly tabbing equipment used to seal open mailpieces so they can be processed on automation. Activities include moving mail into the operation, setting-up mail transport equipment, dumping, culling, facing, canceling, tabbing, separating, containerizing, and repairing collection mail.

b and c. This cost pool processes anything that can be placed in a collection box – letters, flats, small parcels, priority mail, return-to-sender, missent, keys, trash, etc. Letters are counted on the AFCS. Limited volume information on other mail in the cost pool is estimated by converting weight to pieces as the mail is entered into distribution operations. For FY 2005, this process produced the following volume information on letters and flats. A minimal but undetermined number of small parcels from collection boxes are also cancelled in this cost pool.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

Operation Num	Operation Name	Shape	Volume Non-Add TPH	Work Hours
010	HAND CANCELLATIONS*		874,579,037	1,646,363.66
	40% LETTERS - 60% FLATS			
011	MICRO MARK	LTR	757,627,464	171,914.17
012	M - 36	LTR	23,322,032	4,966.42
013	MARK II/HALF MARK	LTR	429,943,695	106,383.75
014	FLYER	LTR	724,728,452	211,060.42
015	ADV FACER CANCELLER SYS	LTR	26,483,755,741	1,581,941.22
016	FLAT CANCELLATIONS	FLT	269,541,594	348,339.72
017	CANCELLING OPERATIONS MISC		0	2,940,266.84
018	COLLECTION MAIL SEPARATION		0	2,012,705.55
019	TABBER	LTR	221,416,628	166,559.38
066	AFCS VIDEO FACING MODE	LTR	558,663,624	59,062.16
067	AFCS CANCELLED MODE ONLY	LTR	377,565,109	23,951.23

In addition, IOCS produces estimates of the workhours (but not volume – the MODS table above illustrates the distinction) devoted to each type and subclass of mail for each cost pool. (See witness Van-Ty-Smith, T-11, Table 3)

VP/USPS-T42-8.

a. When **BCS/DBCS** equipment is used for an **outgoing primary** sortation, what are the classes and subclasses of letter mail most commonly processed on that outgoing primary sortation scheme?
b. Does much Periodical letter-shape mail (*e.g.*, newsletters) receive an outgoing primary sortation on BCS/DBCS machines?
c. Unless your answer to preceding part b is to the effect that no Periodical lettershape mail receives outgoing primary sortation on BCS/DBCS equipment, would such sortation be merged with First-Class Mail, or kept separate?
d. Does much Standard Regular letter-shape mail receive an outgoing primary sortation on BCS/DBCS machines?
e. Unless your answer to preceding part d is to the effect that no Standard Regular mail receives outgoing primary sortation on BCS/DBCS equipment, would such sortation be merged with First-Class Mail, or kept separate? Please explain how outgoing automation compatible Standard Regular letter mail is processed on automation equipment.

RESPONSE:

a. Machinable letters of First-Class Mail, Periodicals, and Standard Mail are most commonly processed on outgoing primary sortation scheme.

b. Yes, if the Periodicals letter-shaped mail pieces are machinable and require an outgoing primary sortation.

c. Since volume of Periodicals letter-shaped mail requiring outgoing primary sortation is so small, it may be merged with First-Class Mail.

d. Yes, if the Standard Regular letter-shaped mail pieces are machinable and require an outgoing primary sortation.

e. In general, Standard Regular letter mail processing is kept separate from other mail classes on outgoing primary sortation. On limited occasions, Standard Regular letter mail is merged with First-Class Mail, for example, if there is insufficient volume of Standard Regular letter mail to justify setting up a separate sortation scheme.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-9.
a. When **BCS/DBCS** equipment is used for an **outgoing secondary** sortation, what are the classes and subclasses of letter mail most commonly processed on that outgoing secondary sortation scheme?
b. Does much Periodical letter-shape mail (*e.g.*, newsletters) receive an outgoing secondary sortation on BCS/DBCS machines?
c. Unless your answer to preceding part b is to the effect that no Periodical lettershape mail receives outgoing secondary sortation on BCS/DBCS equipment, would such sortation be merged with First-Class Mail, or kept separate?
d. Does much Standard Regular letter-shape mail receive an outgoing secondary sortation on BCS/DBCS machines?
e. Unless your answer to preceding part d is to the effect that no Standard Regular mail receives outgoing secondary sortation on BCS/DBCS equipment, would such sortation be merged with First-Class Mail, or kept separate? Please explain.

RESPONSE:

a. Machinable letters of First-Class Mail, Periodicals, and Standard Mail are most commonly processed on outgoing secondary sortation scheme.

b. Yes, if the Periodical letter-shaped mail pieces are machinable and require an outgoing secondary sortation.

c. Since volume of Periodicals letter-shaped mail requiring outgoing secondary sortation is so small, it may be merged with First-Class Mail.

d. In general, Standard Regular letter mail processing is kept separate from other mail classes on outgoing secondary sortation. On limited occasions, Standard Regular letter mail is merged with First-Class Mail, for example, if there is insufficient volume of Standard Regular letter mail to justify setting up a separate sortation scheme.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-10.
a. When the **AFSM 100** is used for an **outgoing primary** sortation, what are the classes and subclasses of letter mail most commonly processed on that outgoing primary sortation scheme?
b. Does much Periodical flat-shape mail receive an outgoing primary sortation on the AFSM 100?
c. Unless your answer to preceding part b is to the effect that no Periodical flatshape mail receives outgoing primary sortation on the AFSM 100, would such sortation be merged with First-Class Mail, or Standard Regular, or kept separate?
d. Does much Standard Regular flat-shape mail receive an outgoing primary sortation on the AFSM 100?
e. Unless your answer to preceding part d is to the effect that no Standard Regular flats receive outgoing primary sortation on the AFSM 100, would such sortation be merged with First-Class flats, or kept separate? Please explain.

RESPONSE:
a. In general, letter mail is not processed on the AFSM100. Occasionally, First-Class Mail, Periodicals, and Standard letter mail that does not process well on letter automation equipment (e.g. pieces that are too rigid) is redirected to flats automation for processing on the AFSM 100.

b. Yes, if the Periodicals flat-shape mail is machinable and requires an outgoing primary sortation.

c. Generally, outgoing Periodicals flat-shaped mail is kept separate from First-Class Mail on the AFSM 100. However, recent operational and mail preparation changes will merge the processing of outgoing Periodicals flat mail with First-Class Mail flats at origin plants for destinations that are linked by surface transportation (See page 20, lines 23 – 29 of my testimony). Furthermore, the balance of Periodicals flats requiring outgoing sortation is on occasion merged with Standard flats, though in these cases the merged product is treated as Periodicals.

d. Yes, if the Standard flat-shape mail is machinable and requires an outgoing primary sortation. Generally, Standard mail is presorted and a relatively low volume of Standard flat mail requires outgoing primary sortation on the AFSM 100.

e. Standard Regular flats receiving outgoing primary sortation should not be merged with First-Class Mail flats, though on limited occasions it does occur.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-11.
a. When the **AFSM 100** is used for an **outgoing secondary** sortation, what are the classes and subclasses of flats letter mail most commonly processed on that outgoing secondary sortation scheme?
b. Does much Periodical flat-shape mail receive an outgoing secondary sortation on the AFSM 100?
c. Unless your answer to preceding part b is to the effect that no Periodical flatshape mail receives outgoing secondary sortation on the AFSM 100, would such sortation be merged with First-Class flats, or kept separate?
d. Does much Standard Regular flat-shape mail receive an outgoing secondary sortation on the AFSM 100?
e. Unless your answer to preceding part d is to the effect that no Standard Regular flats receive outgoing secondary sortation on the AFSM 100, would such sortation be merged with First-Class Mail, or kept separate? Please explain.

RESPONSE:
a. There are no classes and subclasses of flats letter mail that are commonly processed on the AFSM 100.

b. Yes, if the Periodicals flat-shape mail is machinable and requires an outgoing secondary sortation.

c. See response to VP/USPS-T42-10c.

d. Yes, if the Standard flat-shape mail is machinable and requires an outgoing secondary sortation. Generally, Standard mail is presorted and relatively low volume of Standard flat mail requires outgoing secondary sortation on the AFSM 100.

e. Standard Regular flats receiving outgoing secondary sortation should not be merged with First-Class Mail flats, though on limited occasions it does occur.

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-12.

This question concerns **primary incoming** sortation of letter mail on **BCS/DBCS** equipment.
a. Are barcoded Periodical letters (*e.g.*, newsletters) merged with First-Class letters during either a primary or secondary incoming sortation?
b. If your answer to preceding part a is negative, please explain how barcoded Periodical letters are processed up to the point where they are ready for DPSing.
c. Are barcoded Standard Regular letters merged with First-Class letters during either a primary or secondary incoming sortation?
d. If your answer to preceding part c is negative, please explain how barcoded Standard Regular letters are processed up to the point where they are ready for DPSing.

RESPONSE:

a. Yes, barcoded Periodicals letters are merged with First-Class Mail letters during both incoming primary and secondary sortation.

b. N/A

c. In general, Standard Regular letters are merged with First-Class Mail letters during incoming secondary sortation. On limited occasions, Standard Regular letters are merged with First Class letters on incoming primary, for example, if there is not enough volume of Standard Regular letters to justify setting up separate sortation schemes.

d. N/A

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-13.
This question concerns primary incoming sortation of flats on AFSM 100 machines.
a. Are barcoded Periodical flats merged with First-Class flats during either a primary or secondary incoming sortation on the AFSM 100?
b. If your answer to preceding part a is negative, please explain (i) how barcoded Periodical flats now are processed on automation equipment, and (ii) how barcoded Periodical flats will be processed after the deployment of the Flats Sequencing System ("FSS"), as discussed in your testimony at page 18, lines 10-16.
c. Are barcoded Standard Regular flats merged with First-Class or Periodical flats during either a primary or secondary incoming sortation on the AFSM 100?
d. If your answer to preceding part c is negative, please explain (i) how barcoded Standard Regular flats now are processed on automation equipment, and (ii) how barcoded Standard Regular flats will be processed after deployment of the FSS, discussed in your testimony at page 18, lines 10-16.

RESPONSE:

a. Certain plants occasionally merge barcoded machinable Periodicals flats with First-Class Mail flats during incoming primary sortation scheme, while other plants routinely do so. Barcoded machinable Periodicals flats are routinely merged with First-Class Mail flats at incoming secondary sortation scheme on the AFSM 100.

b.(i) Barcoded machinable Periodicals flats for automated zones that are not prepared in carrier-route bundles are sorted to an incoming secondary sortation scheme for automated zones. On an incoming secondary sortation scheme the flats are sorted to carriers or firms.

(ii) As I state on page 18, lines 10 -16 of my testimony, machinable flat pieces for delivery to a single or multiple 5-digit zones will be sorted to Delivery Point Sequence (DPS) – walk sequence for each carrier – on a Flats Sequencing System (FSS). To achieve that sequence, flats in single or multiple 5-digit zones will be processed twice on FSS.

c. Certain plants occasionally merge barcoded machinable Standard Regular flats with either First-Class Mail or Periodicals flats during incoming primary sortation while other plants routinely do so. If the operational window allows, barcoded machinable Standard Regular flats are routinely merged with First-Class Mail flats during incoming secondary sortation on the AFSM 100.

d. (i) Barcoded machinable Standard Regular flats for automated zones that are not prepared in carrier-route bundles are sorted to an incoming secondary sortation scheme for automated zones. On an incoming secondary sortation scheme the flats are sorted to carriers or firms.

(ii) See response to VP/USPS-T42-13b(ii).

RESPONSE OF WITNESS MCCRERY TO
INTERROGATORY OF VALPAK

VP/USPS-T42-14.

a. Are you the Postal Service's expert witness on delivery operations in Docket No. R2006-1?
b. Unless your response to preceding part a is affirmative, please indicate who is considered to be the Postal Service's expert witness on delivery operations in Docket No. R2006-1.

RESPONSE:

a & b. As indicated in the roadmap testimony (USPS-T-47) at Tables 3-5 of Attachment 1, as well as in the text at pages 24 and 62, Joyce Coombs (USPS-T44) is the delivery operations witness for the Postal Service in this case.