

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS McCRERY
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.,
AND VALPAK DEALERS' ASSOCIATION, INC.
[VP/USPS-T42-28]
(July 25, 2006)

The United States Postal Service hereby provides the response of witness McCrery to the above-listed interrogatory of Valpak Direct Marketing Systems, Inc., and Valpak Dealers' Association, Inc., filed on July 11, 2006.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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AND VALPAK DEALERS' ASSOCIATION, INC.

VP/USPS-T42-28.

a. For a DBCS machine, what is the minimum volume (or minimum time) required to make sorting of letter mail on a particular sort scheme economically efficient?

That is, what is the volume (or time) below which it would be more practical to use some alternative, such as:

(i) Where feasible, consolidation with letter mail from another class that requires the sortation on the same sort scheme, or

(ii) Manual sortation?

b. For an AFSM 100, what is the minimum volume (or minimum time) required to make sorting of flats on a particular sort scheme economically efficient? That is, what is the volume (or time) below which it would be more practical to use some alternative, such as:

(i) Where feasible, consolidation with flat mail from another class or subclass that requires sortation on the same sort scheme, or

(ii) Manual sortation?

Response:

(a) I am told that 10 minutes of mail is a good rule of thumb, but that it differs significantly with the situation. For letters, manual sorting is approximately 13 times more expensive than automated sorting, so even very short runs can be cost effective, especially since it is faster to sweep down a machine when there are only a few pieces in most stackers. For incoming mail, adding Standard Mail to a run of First-Class Mail is attractive, since there is no additional transportation cost involved and the availability of downstream automation processing time within, for example, incoming secondary operations is known. For outgoing mail, the requirement to upgrade any mixed-class trays (e.g., First-Class and Standard Mail) to First-Class transportation and processing limits this strategy. Manual processing of machinable mail is a last resort.

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(b) I'm told that a minimum volume of three to four thousand pieces is necessary to sort flats on a particular sort scheme. Below that number, consolidation with flat mail from another class would be considered, if feasible. If not feasible, then flats would be manually sorted.