

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 PITNEY BOWES, INC.
REDIRECTED FROM WITNESS ABDIRAHMAN
(PB/USPS-T22-9)
(July 26, 2006)

The United States Postal Service hereby provides the response of witness McCrery to the above-listed interrogatory of Pitney Bowes, Inc., filed on July 12, 2006.

The interrogatory was redirected from witness Abdirahman.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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PB/USPS-T22-9. Please refer to USPS-LR-L-48 and USPS-LR-L-110 for CRA mail processing costs by cost pool and to USPS-LR-L-1 for high-level descriptions of the cost pools.

a. Please confirm that cost pool MODS 13 1TRAYSRT contains costs for tray sorting activities that include mechanical tray sorter and robotics operations. If you do not confirm, please explain fully. Please describe how the activities performed in this cost pool process/handle pallets, rolling stock, and trays of First-Class Mail letters.

b. Please confirm that cost pool MODS 17 1DISPATCH contains costs for dispatch activities that include separating, staging, and moving processed mail for subsequent distribution or outbound transportation. If you do not confirm, please

explain fully. Please describe how the activities performed in this cost pool process/handle rolling stock, and trays of First-Class Mail letters.

c. Please confirm that cost pools MODS 17 1OPBULK and MODS 17 1OPPREP contain costs for opening units that include breaking down containers of mail and preparing letters for processing in piece sorting operations. If you do not confirm, please explain fully. Please describe how the activities performed in this cost pool process/handle pallets, rolling stock, and trays of First-Class Mail letters.

d. Please confirm that cost pool MODS 17 1OPTRANS contains costs for transporting containers of mail between work areas and weighing mail to and from distribution operations. If you do not confirm, please explain fully. Please describe how the activities performed in this cost pool process/handle pallets, rolling stock, and trays of First-Class Mail letters.

e. Please confirm that cost pool MODS 17 1PLATFRM contains costs for platform operations that include loading and unloading trucks, crossdocking pallets and other containers of mail, sorting mail during the vehicle unloading process, and activities performed by transfer clerks, ramp clerks, and expeditors. If you do not confirm, please explain fully. Please describe how the activities performed in this cost pool process/handle pallets, rolling stock, and trays of First-Class Mail letters.

f. Please confirm that cost pool MODS 17 1SCAN contains costs for scanning mail operations that include loading, scanning, labeling, and unloading of trays utilizing Air Contracting Data Collection System, Automatic Airline Assignment, Automatic Tray Slewing, or Scan-Where-You-Band equipment. If you do not confirm, please explain fully. Please describe how the activities performed in this cost pool process/handle pallets, rolling stock, and trays of First-Class Mail letters.

g. Please confirm that cost pools MODS 18 1MISC, MODS 18 1SUPPORT, and MODS 99 1SUPP_F1 contain costs for general mail processing support operations. If you do not confirm, please explain fully. Please describe the mail processing support activities that constitute these cost pools.

h. Please confirm that cost pool NONMODS ALLIED contains costs for allied labor activities that include platform and collection activities, moving mail to/from

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other operations, and separating/breaking down mail. If you do not confirm, please explain fully. Please describe how the activities performed in this cost pool process/handle pallets, rolling stock, and trays of First-Class Mail letters.

i. Please confirm that cost pool NONMODS MISC contains costs for all mail processing activities not otherwise classified in the other non-MODS cost pools. If you do not confirm, please explain fully. Please describe the mail processing activities that constitute this cost pool.

j. Please confirm that cost pools MODS 48 LD48 OTH and MODS 48 LD_ADM contain mail processing distribution, allied, support, miscellaneous, and admin costs in customer service facilities. If you do not confirm, please explain fully. Please describe the mail processing activities that constitute this cost pool.

Response:

a. Confirmed.

Activities include obtaining Mail Transport Equipment (MTE) & working mail containers, setting up the operation, feeding trays from working mail containers, handling and removing rejects, replacement of full containers, staging dispatch containers, and other allied duties associated with the operation.

b. Confirmed.

Activities include obtaining MTE and working mail, setting up the operation, sorting mail into dispatch containers, replacement of full containers, staging dispatch containers, and other allied duties associated with the operation.

c. Confirmed.

Activities include setting up the operation, preparation of mail containers for processing in piece distribution operation and allied duties associated with the operation.

d. Confirmed.

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Activities include weighing containers (pallets, rolling stock etc) on manual In-house scale and transporting containers between work areas.

e. Confirmed.

Activities include loading and unloading trucks, moving containers of mail using Powered Industrial Equipment (PIV) or manually, cross-docking pallets and other containers of mail, sorting mail during the vehicle unloading process, and activities performed by transfer clerks, ramp clerks, and expeditors.

f. Confirmed. Activities include the application of labels, loading and unloading of trays, clearing jams, changing printer applicator tape and other allied activities associated with the operations.

g. Confirmed. I am told that MOS 99 1SUPP_F1 is simply the combination of MODS 18 1MISC and MODS 18 1SUPPORT. I am also told that these cost pools can best be defined as consisting of MODS operations that do not fit within other cost pools. The operations are listed in USPS-LR-L-55, Table I-2B; see page I-20.

h. I am told that this can be confirmed in terms of how such costs are classified within IOCS. I am also told that the IOCS questions and responses used to define these cost pools may be found in USPS-LR-L-55 starting at the bottom of page II-27.

i. I am told that this can be confirmed in terms of how such costs are classified within IOCS. These activities are described in the response to MPA/USPS-T11-2.

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j. I am told that this can be confirmed and that the operations that define these cost pools may be found in USPS-LR-L-100 on page II-15.