

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

POSTAL RATE AND FEE CHANGES, 2006

DOCKET NO. R2006-1

**RESPONSE OF WITNESS OTUTEYE TO INTERROGATORIES OF
THE UNITED STATES POSTAL SERVICE
USPS/POSTCOM-T8-1-2**

The Association for Postal Commerce, the Alliance of Independent Store Owners and Professionals, the Direct Marketing Association, the Mailing and Fulfillment Service Association, and the Saturation Mailers Coalition (herein collectively "PostCom") hereby provides the responses of Witness Otuteye to Postal Service interrogatories USPS/PostCom-T8-1-2, filed September 19, 2006.

The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

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USPS/POSTCOM-T8-1. Please reconcile the following three statements in your testimony:

1. From page 8, lines 10 through 12

“...the biggest difference in how our letters run through automation equipment is not dependent on the envelope weight but is related to the maintenance of the Postal Service equipment.”

2. From page 9, lines 13 through 16

“The only difference in treatment between these heavier, “manual” labeled envelopes and our other, lighter envelopes seems to be that the Postal Service may choose to blend in our heavier envelopes to be processed along with lighter pieces.”

3. From page 9, lines 18 through 20

“We know of no examples where our mail in the 3.5 ounce to four ounce range has not been processed and automated exactly like all our other saturation envelopes weighing less than 3.5 ounces.”

RESPONSE:

I take issue with the implication in this question that the three separate statements in my testimony are inconsistent. Although I do not see any need to “reconcile” the three statements, I will add further explanation to address the limited portions of my testimony that you selected.

Our experience with our coupon envelope letters is that the Postal Service requests, and chooses to automate, our letter shaped pieces that weigh over 3.5 ounces. It is our experience with the SCFs where we do business that when the Postal Service automation equipment is properly maintained, the USPS experiences no differences in processing our envelopes that weigh under 3.5 ounces from those that weigh 3.5 to 4.0 ounces.

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Years back, when the Postal Service was in the process of converting more of its operations to automation, including requesting to us to bar code our letter shaped, ECR saturation envelopes, we noted that the Santa Ana SCF was experiencing a higher rejection rate on all of our mail then was experienced for mailings with a similar profile of weights in different zones in the San Diego office. We requested that the two SCFs compare notes. We found that the Santa Ana SCF was able to eliminate the problems it had experienced processing our mail when it adopted the maintenance and update procedures recommended by the San Diego SCF for the USPS automation equipment.

It is our consistent experience in SCFs throughout the country that the USPS wants and chooses to automate our mail when it exceeds 3.5 ounces. Our discussions with postal operations people are that envelopes in the 3.5 to 4.0 ounce range appear to be processed and handled exactly like all our other saturation envelopes weighing less than 3.5 ounces.

There was a time where we were experiencing delays in our mail delivery and were making inquiries to determine the reason for the delay. In these discussions, a postal service official expressed some surprise to learn that our envelopes occasionally exceed 4.0 ounces. Apparently the USPS processing plants had not made any differentiation in the past between our heaviest envelopes and our lighter pieces. It was suggested that we put a label on trays of our mail that exceed 3.9 ounces so that the USPS plants could make better decisions about whether or not to run the heaviest envelopes through their equipment. For our envelopes weighing over 3.9 ounces that are labeled "manual," we find

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that many SCFs still choose to automate all or most of it. With the envelopes weighing over 3.9 ounces, the machine operators may choose to blend in other mail pieces. We understand that a mix of all sizes of mail in processing, from the extremes of the lightest, single piece cards to the heavier letters at or exceeding 4 ounces, achieves the best efficiencies in processing on USPS automation equipment.

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USPS/POSTCOM-T8-2. When you state in your testimony on page 8, lines 2 and 3, that “We know of no facility that is not actually automating and processing our envelopes weighing from 3.5 ounces to four ounces,” please provide the number of facilities for which this statement can be substantiated for pieces weighing from 3.5 to 4.0 ounces, and also provide the total number of facilities into which you deposit 3.5 to 4.0 ounce pieces. Please provide all documents or notes related to these claims.

RESPONSE:

I do not personally visit plants or watch mail being automated and processed. But there are several current and former employees at Money Mailer who work closely with the postal facilities (mostly SCFs) where we enter our mail. The individuals that have seen, or had discussions with USPS automation and processing personnel regarding the processing of our coupon envelopes in the range of 3.5 to 4.0 ounces, include John Sabo, our Senior Vice President of Production Operations, Dale Martin, Director of Plant Operations, Rick Shaw, former Director of Production and Plant Manager, and Ross Frauman, Director of Customer Services and Support. Collectively, these individuals have visited, or had discussions about the processing of our mail in all facilities and SCFs that receive our mail in New Jersey, Delaware, Maryland, New York, Connecticut, Pennsylvania, North and South Carolina, Florida, Indiana, Illinois, Minnesota, Michigan, Missouri, California, Arizona, Colorado, Idaho, Utah, Nevada and Texas. These are markets and facilities where the frequency of our coupon envelopes hitting the weight range of 3.5 to 4.0 ounces is a regular occurrence for various zones of our mailings. Our personnel know from observations, and regular interaction with USPS operations personnel in these areas, that our mail in the 3.5 to 4.0 ounce weight range is being treated the same way as our lighter

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weight zones and mailings. A review of the most recent mailing cycle completed by Money Mailer shows that there were approximately 69 SCFs where we entered envelopes weighing between 3.5 and 4.0 ounces and were not asked to prepare, label, or enter our heavier zones or envelopes any differently from our zones weighing under 3.5 ounces. It is our firm belief that our heavier envelopes were all automated and processed the same way as our pieces weighing up to 3.5 ounces. We do not keep notes or documents relating to these discussions and observations. It is simply how our periodic mailings are routinely handled.

There are some SCFs in Arizona, Texas and Atlanta that may choose to cross dock some of our mail by sending it directly to the DDU rather than processing it on Postal Service automation equipment at the SCF. Our experience and observations are that these decisions seem to relate more to work loads and preferences of USPS management and personnel at the SCF and the DDU than based on the weight or automation compatibility of our envelopes.

Based upon our companies' collective experience, and the statements made to us by USPS representatives when we meet or discuss the handling of our mail, it would be the exception, not the rule, for the Postal Service not to process and automate our envelopes weighing from 3.5 to 4.0 ounces the same way as our envelopes weighing 3.5 ounces or less.