

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

NOTICE OF UNITED STATES POSTAL SERVICE  
OF FILING RESPONSES TO QUESTIONS RAISED BY  
COMMISSIONER TISDALE DURING ORAL CROSS-EXAMINATION  
OF POSTAL SERVICE REBUTTAL WITNESS ORONZIO

The United States Postal Service hereby provides responses to questions raised by Commissioner Tisdale during the oral cross-examination of United States Postal Service witness Oronzio. On December 15, 2006, the Postal Service provided notice of its expectation that these responses would be available today, December 22, 2006.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF UNITED STATES POSTAL SERVICE  
TO QUESTIONS POSED ON DECEMBER 5, 2006  
TO WITNESS ORONZIO (USPS-RT-15)**

**Commissioner Tisdale:** "Do you have any idea what percentage of those manual letters are rejects from BCSs and OCRs?"  
(Tr. 36/12299)

**Commissioner Tisdale:** "I had previously asked that if you could provide us with the portion of letters going into manual that were rejects from BCSs and OCRs. Can we add to that the nonautomation and facer cancellers?"  
(Tr. 36/12303-4)

**RESPONSE:**

We interpret the questions as asking for the percentages of unique letters processed manually that originated as rejects from the BCSs, OCRs, and "nonautomation" which we understand to mean letters that were nonmachinable or could not be barcoded. The nonautomation mail consists of two parts: nonmachinable collection mail separated at the AFCS including the culling operation, and letters diverted from automation as nonmachinable in practice. Manual Outgoing Letter Primary (MODS 030) FHP is letters that do not have any level of presort and consists almost entirely of letters from the AFCS/cull. Other manual letter sortation operations require some level of presort so their FHP consists of presort letters diverted from automated sorting. Automation reject volumes cannot be reliably estimated as manual letter TPH minus FHP, much less divided between OCRs and BCSs, because TPH consists of many of the same letters being sorted multiple times in successive manual letter sorts while FHP pieces are unique. Instead, we elected to estimate automation rejects by sending an electronic query to the End-of-Record (EOR) database at each plant

to determine the letters rejected on each type of machine for reasons that would result in manual sorting. Automation rejects do not overlap with FHP in manual letters since they have already been “handled” in a sorting operation.

Unfortunately, this procedure is still imperfect since automation rejects are frequently rerun on another machine in an effort to keep the letters in automation, i.e. the same letter can be rejected more than once in automation before it is sent to manual. We are not aware of any way to compensate for this problem. Mail rejected for appropriate reasons in automation is our best estimate of the unique automation rejects sent to manual sorting. Counts of the following specific conditions were requested from the plant servers:

- Pieces Non-Read
- Pieces No Code
- Pieces with old (stale) ID tag
- Pieces with an unreadable ID tag
- Pieces with an unreadable image (applies to ISS (image lift) operations)
- Mechanical Rejects/Last Stacker

Technical notes on the data extraction process are:

- DPS 1st & 2nd pass rejects were removed as they do not flow to manual operations
- Operation 046 non-read volume was removed because this mail is lifted and flowed to operation 047
- Data was pulled for all MODS reporting offices.
- Machine offices without MODS volume were excluded
- Sites which were closed during the year were removed to provide 12 months of data (accounted for 0.25% of total manual FHP volume)
- When compared to the reported manual piece handlings (TPH), our calculated volume is about 18% above the reported volume

The attached spreadsheet contains the requested information. There are two graphs with a supporting data table. The first graph shows the percentage distribution of sources of manual letters by month in FY 2006. The most notable

feature of this graph is the migration of rejects from the MLOCR to the DBCS as OCRs are added to the DBCSs and OCR processing moves from MLOCRs to DBCSs. The second graph was added to display two other features of the data that are less apparent in the first graph. The data for the second graph is the same as the first, but here each month's distribution of sources is expressed as a percentage of the peak total manual volume in December. It is apparent in this graph that letters sent to manual are trending downward, particularly from automation rejects, as our technology improves. Also, we see that the December peak is due to the seasonal peaks in FHP-030, MLOCR rejects, and DBCS rejects, as expected since the primary sources of these flows are nonmachinable collection mail (FHP – 030) and unreadable collection mail (MLOCR and DBCS rejects). In contrast, the sources that flow from diversion of presort mail – FHP-other and BCS rejects – show little seasonal change.