

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

NOTICE OF FILING REVISED
RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
L. PAUL LOETSCHER TO INTERROGATORY OF MAGAZINE
PUBLISHERS OF AMERICA, INC., REDIRECTED FROM
WITNESS TALMO (MPA/USPS-T27-1(g)-(i))
[ERRATA] (June 6, 2006)

The United States Postal Service hereby provides notice that it is today filing errata to the response of Postal Service witness Loetscher (USPS-T-28) to interrogatory MPA/USPS-T27-1, parts (g) through (i), redirected from witness Talmo (USPS-T-27). The original response was filed on June 2, 2006.

The header has been revised to indicate that witness Loetscher's response is to an interrogatory that has been redirected from witness Talmo. No other changes have been made. The instant response should replace the earlier response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Brian Reimer

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3037, Fax -5402

RESPONSE OF POSTAL SERVICE WITNESS LOETSCHER (USPS-T-28) TO
INTERROGATORY OF MAGAZINE PUBLISHERS OF AMERICA, INC.,
REDIRECTED FROM WITNESS TALMO (USPS-T-27)

modified June 6, 2006

MPA/USPS-T27-1. Please refer to USPS-LR-L-49 at 19-20; USPS-LR-L-85, Table 1; Table 3 of your testimony (USPS-T-27); and your testimony to page 7, line 17, through page 8, line 1, where you state:

Table 3 demonstrates that Periodicals flat-shaped mail presented by mailers in sacks is more costly to process than mail presented on pallets. The per-piece cost difference is due to differences in productivities for platform and other allied operations associated with unloading mail and moving mail to bundle sort operations at the 'destination' facility. The destination facility refers to the facility at which a pallet or sack is dumped or opened and the bundles or pieces therein are handled separately.

Please also refer to witness McCrery's response to Presiding Officer's Information Request No. 4, Question 6, in Docket No. R2005-1, which stated:

It should be noted that the [Skin Sack Cost Reduction] estimate is conservative since it reflects only savings at the destination facilities. However, it would be expected that further workhour reductions will be realized at origin facilities with fewer origin sack handlings and through a reduction in the overall network sack sorting workload for Periodicals.

Finally, please refer to lines 16 through 18 on page 6 of USPS-T-25, which states: "Periodicals that are entered by mailers at origin SCFs or intermediate facilities upstream from the destination SCF must undergo mail processing operations of a bulk transfer type, such as crossdocking, at the non-destination facilities."

- (g) What percentage of Periodicals Outside County sacks are entered at the "destination" facility as you use the term in your testimony? Please provide citations to data and analyses sufficient to replicate your response.
- (h) What percentage of Periodicals Outside County pallets are entered at the "destination" facility, as you use the term in your testimony? Please provide citations to data and analyses sufficient to replicate your response.
- (i) What percentage of Periodicals Outside County containers are entered at the "destination" facility, as you use the term in your testimony? Please provide citations to data and analyses sufficient to replicate your response.

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RESPONSE:

(g)-(i) Please reference Table 13 in the Excel workbook accompanying my response to TW/USPS-T28-7-8, which shows container counts by container type, presort level, and entry facility type. While this is the most detailed information available to estimate the requested container counts, it is not completely sufficient for doing so. Counts are requested for containers that are entered at the “destination” facility, which in this context refers to the facility where the container is opened and worked. Container counts in Table 13 are listed by the destination facility of the container level, which are not always the same facility where the container is opened.

For most container presort levels, Table 13 provides the requested counts by container type. It is my understanding that, for example, all ADC containers entered at destination ADC facilities will be opened and worked at these facilities, that MADC containers are usually worked at the OADC, and that SCF and 3-Digit containers at DSCF facilities and all containers entered at DDU facilities will be opened and worked at these facilities.

Complications arise when considering 5-Digit containers. It is my understanding that many flats are processed for incoming secondary schemes at the plant: according to witness McCrery (USPS-T-42), “...59 percent of flat mail incoming secondary (non carrier-route presort) volume was processed in the plants...”

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Consequently, it is my understanding that in Table 13 some of the 5-Digit containers entered at destination SCF facilities are opened and worked there while others are transported to the delivery unit for processing.

It is also my understanding that it would not be strictly appropriate to apply the 59 percent share to such 5-Digit containers for two reasons. First, this proportion refers to all flats, not just Periodicals flats. If, for example, the share of 5-Digit prepared Standard Mail flats processed in the plants is greater than 59 percent, then the share for Periodicals would necessarily be less, all else being equal.

Second, it is my understanding the proportion in USPS-T-42 refers to volume and not containers. Containers such as 5-Digit Scheme, 5-Digit Merged, and Metro Scheme containers may demonstrate a different share of plant versus delivery unit secondary processing than ordinary 5-Digit containers. With varying pieces per container, without knowing the plant processed share for these containers it is not possible to estimate the plant processed share of ordinary 5-Digit containers.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Brian M. Reimer

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3037, FAX: -5402
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Brian.M.Reimer@usps.gov