

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 THE GREETING CARD ASSOCIATION
[GCA/USPS-T42-8]
(July 26, 2006)

The United States Postal Service hereby provides the response of Postal Service witness Marc D. McCrery to the above-listed interrogatory of the Greeting Card Association, filed on July 12, 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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GCA/USPS-T42-8 Please refer to (i) your response to GCA/USPS-T-42-7(a) and (b); and (ii) your response to VP/USPS-T-42/7, to which your response to GCA refers.

(a) Does the notation “40% LETTERS – 60% FLATS” in the “Operation Name” column of the table in your response to VP/USPS-T42-7 refer only to Operation 010 “HAND CANCELLATIONS”? If your answer is not an unqualified “Yes,” please explain fully.

(b) Do the data provided in the line labeled Operation 016 “FLAT CANCELLATIONS” in the same table relate solely to machine cancellations of the kind described in your response to GCA/USPS-T42-7(a)? If your answer is not an unqualified “Yes,” please explain fully.

(c)

(i) Please explain the relationship between the volume figures in the “Volume Non-ADD TPH” column of the table and piece volume figures as reported in the RPW system.

(ii) If a letter-shape piece is rejected by the Advanced Facer Canceller System and then cancelled manually, would that piece be reflected in the TPH reported in the table for Operation 015 and reflected a second time in the TPH reported for Operation 010?

(d) Would it be a correct interpretation of your response to VP/USPS-T42-7 that

(i) letter-shape cancellations amount to approximately

Hand cancellations	349.8 million
Micro Mark	757.6
M-36	23.3
Mark II/Half Mark	429.9
Flyer	724.7
Adv Facer Canceller Sys	26,483.8
Total	28,769.1

and (ii) flat-shape cancellations amount to approximately

Hand cancellations	524.8 million
Flat cancellations	269.5
Total	794.3

If your answer is not an unqualified “Yes,” please explain fully and provide correct figures.

(e) Again with reference to the table cited above, please describe the operations and equipment reflected under Operation 011 “MICRO MARK,” Operation 012 “M-36,” Operation 013 “MARK II/HALF MARK,” and Operation 014 “FLYER.”

Response:

a. Yes.

b. Yes.

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c. (i) There is no relationship between volume reported in the RPW System and the volume figures in the referenced "Volume Non-ADD TPH" column.

The two systems' volume data are derived from two completely different methodologies. MODS TPH volumes are based on (a) counter readings from machines and (b) applying a pounds-to-pieces conversion factor to mail in operations that do not use a machine to handle or sort individual pieces. RPW volumes are primarily based on statistical samples of live mail as it exits the Postal Service and volume entered on postage statements at Bulk Mail Entry Units, both of which are reconciled and controlled to Accounting data, and data from other systems.

(ii) The piece will be reflected only in the TPH reported for Operation 010.

d. (i) No, the 'AFCS Cancelled mode only' volume provided in the response to interrogatory GCA/USPS-T42-7(a) should also be added to the letter-shape cancellations.

(ii) Yes.

e. All the equipment listed are cancellation equipment. The Operations are grouped under 010C – Composite Mail Preparation – Stamped.

Operation 011 - The Micro Mark was the main cancellation machine prior to the AFCS. Most Micro Marks have been scrapped. Some large sites have retained one or two machines to handle "non-machinable" rejects off of the AFCS. Some were also moved to small facilities that previously did not have cancellation equipment to handle local turn-around mail.

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Operation 012 - The M-36 was a cancellation machine that was being developed to replace the Micro Mark. It was not widely deployed.

Operation 013 - The Mark II machines were Micro Mark machines prior to a modification and upgrade.

Operation 014 - The Flyer is a small canceller that is manually fed. It is primarily used for thick mail pieces.