

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

POSTAL RATE AND FEE CHANGES, 2006)

Docket No. R2006-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
SECOND INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS MARC D. MCCRERY (VP/USPS-T42-15-25)
(June 1, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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VP/USPS-T42-15.

Please refer to your response to VP/USPS-T42-1.

- a. Do any of the 1,083 AFCS machines discussed in your response to that interrogatory have any significant differences as regards throughput rates, MODS productivity rates, or capacity?
- b. Unless your response to preceding part a is negative, please provide a brief description of the extent or range of such differences in throughput rates and productivity for the 1,083 AFCS machines now deployed.
- c. Unless your response to preceding part a is negative, please discuss the correlation, if any, between (i) deployment of AFCS machines with lower throughput rates or lower MODS productivity rates, and (ii) smaller postal facilities.

VP/USPS-T42-16.

Please refer to your response to VP/USPS-T42-3.

- a. Do any of the more than 5,200 DBCS machines discussed in your response to that interrogatory have any significant differences as regards throughput rates, MODS productivity rates, or capacity?
- b. Unless your response to preceding part a is negative, please provide a brief description of the extent or range of such differences in throughput rates and productivity for the 5,200 DBCS machines now deployed.

- c. Unless your response to preceding part a is negative, please discuss the correlation, if any, between (i) deployment of DBCS machines with lower throughput rates or lower MODS productivity rates, and (ii) smaller postal facilities.

VP/USPS-T42-17.

Please refer to your response to VP/USPS-T42-4.

- a. Do any of the more than 534 AFSM 100 machines discussed in your response to that interrogatory have any significant differences as regards throughput rates, MODS productivity rates, or capacity?
- b. Unless your response to preceding part a is negative, please provide a brief description of the extent or range of such differences in throughput rates and productivity for the 534 AFSM 100 machines now deployed.
- c. Unless your response to preceding part a is negative, please discuss the correlation, if any, between (i) deployment of AFSM 100 machines with lower throughput rates or lower MODS productivity rates, and (ii) smaller postal facilities.

VP/USPS-T42-18.

Please refer to your responses to VP/USPS-T42-5 and 6. In your response to VP/USPS-T42-5, the FY 2005 MODS productivity for DBCSs is 8,349 pieces per hour, while throughput is 18,000 pieces per labor hour; *i.e.*, productivity of the DBCS is only about 45.1

percent of throughput. In your response to VP/USPS-T42-6, the FY 2005 MODS productivity for the AFSM 100 is 2,035 pieces per hour, while throughput is 3,400 pieces per labor hour; *i.e.*, productivity of the AFSM 100 is 59.9 percent of throughput. Please explain why the ratio of productivity to throughput for the DBCS machine (45.1 percent) is so much lower than the ratio for the AFSM 100 (59.9 percent).

VP/USPS-T42-19.

Please refer to your response to VP/USPS-T42-7.

- a. Would you expect Periodicals to account for as much as 5 percent of the mail processed in the cancellation cost pool? If not, what would be a reasonable ballpark estimate for the percentage of mail in the cancellation cost pool represented by Periodicals?
- b. Would you expect Standard Mail to account for as much as 5 percent of the mail processed in the cancellation cost pool? If not, what would be a reasonable ballpark estimate for the percentage of mail in the cancellation cost pool represented by Standard Mail?
- c. Would you expect parcel-rated mail, including BPM, Media Mail and Library Mail, to account for as much as 5 percent of the mail processed in the cancellation cost pool? If not, what would be a reasonable ballpark estimate for the percentage of mail in the cancellation cost pool represented by parcel-rated mail?

- d. The work hours recorded to Operation Number 017, Cancelling Operations Misc., account for almost 32 percent of the total work hours shown in your responses to VP/USPS-T42-7(b) and (c). Please describe the major activities that take place in this operation.

VP/USPS-T42-20.

In Docket No. R2001-1, witness Kingsley testified that “subject to practical requirements such as transportation costs and the need to make the best use of our existing space, **we prefer larger plants.**” USPS-T-39, p. 29, ll. 10-12 (emphasis added).

- a. Do you concur generally with this statement by witness Kingsley?
- b. Do you have any reservations about this statement by witness Kingsley? If so, please state each reservation briefly.
- c. Please provide references to all studies that have been conducted within the last 10 years, either by the Postal Service or by any other organization, that analyze how unit cost (or productivity) varies in relation to size of mail processing plants.
- d. Of the references provided in response to preceding part c, please indicate each study that supports the assertion that larger mail processing plants are more efficient to operate, and have lower unit mail processing costs, than smaller mail processing plants.
- e. Aside from formal studies discussed in response to preceding parts c and d, what other evidence are you aware of that supports the conclusion that larger

plants are more economical and efficient to operate than smaller plants? Please explain.

VP/USPS-T42-21.

Please refer to Docket No. R2001-1, USPS-T-39, page 31, lines 1-2, where witness Kingsley has a table showing the effect of daily sort plan changes in automated and mechanized distribution operations at two facilities (A and B, say).

- a. Are you able to separate the data in that table and provide them for each of those of the two facilities individually?
- b. If so, please provide it in two separate tables in the same format used by witness Kingsley.
- c. Do you have available any other data which show the number of daily sort plan changes in distributions on DBCS machines at facilities with different numbers of DBCS machines (as discussed in your response to VP/USPS-T42-3)? If so, please provide such data, and indicate whether the number of daily sort plan changes declines as the number of DBCS machines within the facility increases.
- d. With respect to a comparison between automated mail processing in smaller facilities with only a few sorting machines versus larger facilities with greater volume of mail and more sorting machines, please cite all evidence of which you are aware showing that larger facilities with more volume and more machines have either (i) fewer scheme changes, or (ii) longer average run times

between scheme changes, or (iii) both fewer scheme changes and longer run times.

VP/USPS-T42-22.

Please refer to Docket No. N2006-1, USPS-LR-N2006-1/7, the chart on the “Highlights” page (preceding page i), “Total Pieces Handled per Person per Hour in Processing Plants for Fiscal Year 2004,” which shows small plants handling 1,970 pieces per hour versus 1,495 pieces per hour in large plants. Also, please refer to the response to VP/USPS-T12-4 in this docket, including the histogram attached thereto. Please explain how you would reconcile any assertions, including that of witness Kingsley referenced in preceding VP/USPS-T42-19, concerning the preference for larger plants with the above-referenced data, which indicate that smaller plants on average have higher productivity (and lower unit cost) than larger plants.

VP/USPS-T42-23.

Please refer to your response to VP/USPS-T42-10. Under what conditions would First-Class flats, Periodicals flats and Standard flats be given separate outgoing **primary** sortations on AFSM 100 machines? If volume is the primary factor, please indicate the volume level, in terms of machine utilization, that warrants separate primary outgoing sortations.

VP/USPS-T42-24.

Please refer to your response to VP/USPS-T42-11. Under what conditions would First-Class flats, Periodicals flats and Standard flats be given separate outgoing **secondary** sortations on AFSM 100 machines? If volume is the primary factor, please indicate the volume level, in terms of machine utilization, that warrants separate secondary outgoing sortations.

VP/USPS-T42-25.

Please refer to your response to VP/USPS-T42-13. Under what conditions would First-Class flats, Periodicals flats and Standard flats be given separate incoming **primary** sortations on AFSM 100 machines? If volume is the primary factor, please indicate the volume level, in terms of machine utilization, that warrants separate incoming primary sortations.