

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS McCRERY
TO INTERROGATORIES OF OFFICE OF CONSUMER ADVOCATE
[OCA/USPS-T42-1-6]
(June 27, 2006)

The United States Postal Service hereby provides the responses of Postal Service witness Marc D. McCrery to the above-listed interrogatories of Office of the Consumer Advocate, filed on June 13, 2006. OCA/USPS-T42-5(c) has been redirected to witness Bozzo.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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OCA/USPS-T42-1. This interrogatory seeks to clarify the processing of letter mail on the Advanced Facer Cancellor System (AFCS). Please refer to your testimony at page 2, lines 11-13, where it states:

Letter mail preparation operations first require that letters and cards are sorted into three separations: *barcoded*, *non-barcoded machinable*, and nonmachinable (manual) to the greatest extent possible. (emphasis added)

Also, please refer to your testimony at page 4, lines 1-3, where it states:

The AFCS culls, faces, cancels, and enables on-line sortation of letters and cards into either *local destinations*, *non-local destinations*, barcoded FIMs A and C, and rejects. (emphasis added)

- a. Please reconcile these two statements. For example, does the AFCS perform four separations (among others) of the following types: 1) local barcoded, 2) local non-barcoded, 3) non-local barcoded, and 4) non-local non-barcoded? Please explain.
- b. Please explain the distinction between “nonmachinable” letters and “rejects.” Give examples of both types of letters.
- c. Please state whether “nonmachinable” letters and “rejects” are manually processed. If your answer is that they are not, please explain. If your answer is that they are, please compare and contrast the manual processing of “nonmachinable” letters and “rejects.”

RESPONSE:

- a. The AFCS performs three separations:
 - 1) Barcoded FIMs A & C (local and non-local barcoded).
 - 2) Non-local, non-barcoded.
 - 3) Local, non-barcoded.

Note that mailpieces without FIMs A or C that cannot be resolved by the AFCS-OCR to at least a 5-digit ZIP Code level are sorted to an non-local, non-barcoded stacker. That separation is directed to OSS-enabled DBCS sort scheme that processes both local and

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non-local destinations. The AFCS also holds out rejected mail pieces that could not be oriented (e.g., did not have a stamp/FIM marking).

b. Non-machinable refers to mailpieces that are outside of the machinability specifications of a piece of equipment. Also, refer to sections 101.1.1 and 101.1.2 of DMM 300 (see <http://pe.usps.gov/text/dmm300/101.htm>) on the standards of a letter and non-machinability criteria of a mailpiece (e.g., letter containing a pen). Rejects is a generic term for mail pieces that are rejected and not sorted due to physical characteristics, addressing, or random error (e.g., envelope without a stamp rejected on an AFCS).

c. If non-machinable pieces meet the machinability criteria of a DBCS with expanded capabilities (see USPS-T-42, pages 6 and 7, for more information), they are routed to this equipment, if available, at the facility. Otherwise, they are redirected to a manual unit. Rejects often get another attempt on the original machine then routed to a manual unit or to another machine/operation, for example, AFCS rejects are faced, cancelled and processed on MLOCR/DIOSS.

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OCA/USPS-T42-2. This interrogatory seeks information on the processing of “low aspect ratio” letter mail on mail processing equipment. Please refer to the different types of mail processing equipment in your testimony at pages 4-11. Also, please refer to your response to GCA/USPS-T42-3, which references a mailpiece described in GCA/USPS-T42-1 (herein “low aspect ratio” mailpiece).

- a. Please confirm that the AFCS does not have the capability to physically cull from the mailstream the low aspect ratio mailpieces referenced above. If you do not confirm, please explain.
- b. Please confirm that none of the other mail processing equipment (i.e., excluding the AFCS) discussed in your testimony at pages 4-11 have the capability to physically cull from the mailstream the low aspect ratio mailpieces referenced above. If you do not confirm, please explain.

RESPONSE:

- a. Confirmed.
- b. Confirmed.

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OCA/USPS-T42-3. This interrogatory seeks information on the processing of “low aspect ratio” letter mail on mail processing equipment. Please refer to the different types of mail processing equipment in your testimony at pages 4-11. Also, please refer to your response to GCA/USPS-T42-3, which references a mailpiece described in GCA/USPS-T42-1 (herein “low aspect ratio” mailpiece).

- a. Please provide the name(s) of the manufacturer(s) of the 1,083 AFCSs currently in operation, and the number provided by each manufacturer.
- b. For the mailpiece referenced above, please provide each manufacturer’s estimated “probability of being rejected” on the AFCS after one attempt or pass, two attempts, and three or more attempts. Please provide tables or graphs from each manufacturer showing the estimated “probability of being rejected” (or, alternatively, being successfully processed) by aspect ratio.
- c. Please provide the name(s) of the manufacturer(s) of the 875 Multiline Optical Character Readers (MLOCs) currently in operation, and the number provided by each manufacturer.
- d. For the mailpiece referenced above, please provide each manufacturer’s estimated “probability of being rejected” on the MLOC after one attempt or pass, two attempts, and three or more attempts. Please provide tables or graphs from each manufacturer showing the estimated “probability of being rejected” (or, alternatively, being successfully processed) by aspect ratio. If the Postal Service has estimated a “probability of being rejected” (or, alternatively, being successfully processed) by aspect ratio based upon empirical tests, please provide that estimate and a table or graph showing those test results.
- e. Please provide the name(s) of the manufacturer(s) of the more than 5,200 Delivery Bar Code Sorters (DBCSs) currently in operation, and the number provided by each manufacturer.
- f. For the mailpiece referenced above, please provide each manufacturer’s estimated “probability of being rejected” on the DBCS after one attempt or pass, two attempts, and three or more attempts. Please provide tables or graphs from each manufacturer showing the estimated “probability of being rejected” (or, alternatively, being successfully processed) by aspect ratio. If the Postal Service has estimated a “probability of being rejected” (or, alternatively, being successfully processed) by aspect ratio based upon empirical tests, please provide that estimate and a table or graph showing those test results.
- g. Please provide the name(s) of the manufacturer(s) of the approximately 3,500 Carrier Sequence Bar Code Sorters (CSBCSs) currently in operation, and the number provided by each manufacturer.
- h. For the mailpiece referenced above, please provide each manufacturer’s estimated “probability of being rejected” on the CSBCS after one attempt or pass, two attempts, and three or more attempts. Please provide tables or graphs from each manufacturer showing the estimated “probability of being rejected” (or, alternatively, being successfully processed) by aspect ratio. If the Postal Service has estimated a “probability of being rejected” (or, alternatively, being successfully processed) by aspect ratio based upon empirical tests, please provide that estimate and a table or graph showing those test results.

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- i. Please provide the name(s) of the manufacturer(s) of the 547 Mail Processing Bar Code Sorters (MPBCSs) currently in operation, and the number provided by each manufacturer.
- j. For the mailpiece referenced above, please provide each manufacturer's estimated "probability of being rejected" on the MPBCS after one attempt or pass, two attempts, and three or more attempts. Please provide tables or graphs from each manufacturer showing the estimated "probability of being rejected" (or, alternatively, being successfully processed) by aspect ratio. If the Postal Service has estimated a "probability of being rejected" (or, alternatively, being successfully processed) by aspect ratio based upon empirical tests, please provide that estimate and a table or graph showing those test results.
- k. For subparts b., d., f., h., and j., above, please confirm that the estimated "probability of being rejected" is defined as the number of mailpieces referenced above that are sorted to reject bins (i.e., taken to subsequent automated processing or delivery operations) divided by the total number of such mailpieces. If you do not confirm, please explain.
- l. Please confirm that the estimated "probability of being rejected," as defined in subpart k., above, decreases as the aspect ratio for a low aspect ratio mailpiece increases from 1:1 to 1:1.3. If you do not confirm, please explain. If you do confirm, please explain whether your answer is based on empirical evidence or a theoretical understanding.
- m. Please confirm that 1 minus the estimated "probability of being rejected," as defined in subpart k., above, represents the estimated probability of being successfully processed (i.e., taken to subsequent automated processing or delivery operations) on the mail processing equipment referenced in subparts b., d., f., h., and j., above. If you do not confirm, please explain.

RESPONSE:

- a. All of the 1,083 AFCSs currently in operation were manufactured by ElectroCom Automation, Inc. (now Siemens Energy & Automation, Inc.).
- b. The manufacturer was not required to provide the data requested. The Postal Service conducted tests on the AFCS on aspect ratio with samples provided from the Greeting Card Association (GCA). The table below summarizes the data collected from the tests.

Sample Set	Envelope Size	Aspect Ratio	Legal Size	Legal Ratio	Performance Acceptable	Quantity	Reject Mechanical	Reject Cancellation	Weak Ink	Cancelled	Percent Cancelled
1	3 X 4	1.33	NO	YES	NO	200	200	0	0	0	0.00
2	3-1/16 X 3-1/16	1.00	NO	NO	NO	224	224	0	0	0	0.00
3	3-5/8 X 6-1/2	1.79	YES	YES	YES	200	3	0	0	197	98.50
4	3-3/4 X 6-3/4	1.80	YES	YES	YES	200	0	0	0	200	100.00
5	3-3/4 X 9-3/4	2.60	YES	NO	YES	196	0	0	196	0	100.00
6	3-7/8 X 5	1.29	YES	NO	YES	200	0	0	0	200	100.00
7	4 X 5-3/8	1.34	YES	YES	YES	199	0	0	0	199	100.00
8	4 X 8	2.00	YES	YES	YES	228	0	0	0	228	100.00
9	4 X 9-3/8	2.34	YES	YES	YES	198	0	0	0	198	100.00
10	4-1/8 X 6-1/4	1.52	YES	YES	YES	200	0	0	0	200	100.00
11	4-1/4 X 6-1/8	1.44	YES	YES	YES	202	0	0	0	202	100.00
12	4-1/4 X 9-1/4	2.18	YES	YES	YES	199	0	0	0	199	100.00
13	4-1/4 X 9-1/2	2.24	YES	YES	YES	195	0	0	0	195	100.00
14	4-3/8 X 6-3/4	1.54	YES	YES	YES	196	0	0	0	196	100.00
15	4-1/2 X 8	2.00	YES	YES	YES	330	0	0	0	330	100.00
16	5 X 5	1.00	YES	NO	NO	250	8	145	0	97	38.80
17	5 x 7-1/2	1.50	YES	YES	YES	194	0	0	0	194	100.00
18	5-3/8 X 6-7/8	1.28	YES	NO	YES	198	0	0	0	198	100.00
19	5-3/8 X 8	1.49	YES	YES	YES	197	0	0	0	197	100.00
20	5-1/2 X 5-1/2	1.00	YES	NO	NO	199	0	102	10	87	48.74
21	5-5/8 X 5-5/8	1.00	YES	NO	NO	250	3	121	0	126	50.40
22	5-3/4 X 5-3/4	1.00	YES	NO	NO	250	14	113	1	122	49.20
23	6 X 6	1.00	YES	NO	NO	250	4	109	18	119	54.80
24	6-1/4 X 6-1/4	1.00	NO	NO	NO	200	200	0	0	0	0.00
25	6-1/4 X 8-3/4	1.40	NO	YES	NO	203	203	0	0	0	0.00
26	6-1/8 X 9-1/4	1.51	YES	YES	YES	198	2	0	0	196	98.99
27	6-1/2 X 6-1/2	1.00	NO	NO	NO	250	250	0	0	0	0.00
28	6-1/2 X 10	1.54	NO	YES	NO	200	200	0	0	0	0.00
29	6-3/4 X 6-3/4	1.00	NO	NO	NO	262	262	0	0	0	0.00
30	7 X 7	1.00	NO	NO	NO	249	249	0	0	0	0.00
31	7-1/4 X 7-1/4	1.00	NO	NO	NO	225	225	0	0	0	0.00
32	7-1/2 X 7-1/2	1.00	NO	NO	NO	250	250	0	0	0	0.00
33	8-1/4 X 8-1/4	1.00	NO	NO	NO	250	250	0	0	0	0.00
34	8-1/2 X 15-1/2	1.82	NO	YES	NO	200	200	0	0	0	0.00
35	8-7/8 X 12-1/2	1.41	NO	YES	NO	198	198	0	0	0	0.00

Table 3. Cancellation Rates for Aspect Ratio Test Deck

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The test recommendations were, “There is marginal benefit to the acceptance of mail just outside the current aspect ratio requirement when compared to the combined effort to:

- (1) change widely published requirements;
- (2) obsolete, revise, and redistribute templates and gauges; and
- (3) revise training materials and current mail acceptance procedures.

Therefore, no changes or exceptions are recommended to the current size and aspect ratio requirements.”

- c. All of the 875 MLOCRs currently in operation were manufactured by ElectroCom Automation, Inc. (now Siemens Energy & Automation, Inc.).
- d. The manufacturer was not required to provide the data requested. The Postal Service has not conducted any tests to determine the probability of a mail piece being rejected on the MLOCR based on aspect ratio.
- e. All of the more than 5,200 DBCSs currently in operation were manufactured by ElectroCom Automation, Inc. (now Siemens Energy & Automation, Inc.).
- f. The manufacturer was not required to provide the data requested. The Postal Service has not conducted any tests to determine the probability of a mail piece being rejected on the DBCS based on aspect ratio.
- g. All of the approximately 3,500 Carrier Sequence Bar Code Sorters (CSBCSs) currently in operation were manufactured by IBM, Inc (became Loral, Inc. and is now Lockheed Martin Distribution Technologies).

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- h. The manufacturer was not required to provide the data requested. The Postal Service has not conducted any tests to determine the probability of a mail piece being rejected on the CSBCS based on aspect ratio.
- i. All of the 547 MPBCSs currently in operation were manufactured by ElectroCom Automation, Inc. (now Siemens Energy & Automation, Inc.).
- j. The manufacturer was not required to provide the data requested. The Postal Service has not conducted any tests to determine the probability of a mail piece being rejected on the MPBCS based on aspect ratio.
- k. Confirmed. Note that on equipment other than the AFCS, the “probability of being rejected” could also be due to bad addressing, barcoding, or random error rather than processing difficulty related to the aspect ratio.
- l. Confirmed.
- m. Confirmed.

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OCA/USPS-T42-4. This interrogatory seeks information on the processing and rate treatment of “low aspect ratio” letter mail. Please refer to your testimony at pages 2-11, concerning the processing of letter-shaped mail. Also, please refer to your response to GCA/USPS-T42-2, which references a mailpiece described in GCA/USPS-T42-1 (herein “low aspect ratio” mailpiece).

- a. Please confirm that the low aspect ratio mailpiece referenced above would receive manual letter processing, rather than being processed as a manual or machinable flat or parcel. If you do not confirm, please explain.
- b. Please confirm that for rate purposes, the low aspect ratio mailpiece referenced above would pay the rate applicable to the first ounce for a single-piece flat shaped mailpiece. If you do not confirm, please explain.

RESPONSE:

- a. Confirmed
- b. Confirmed. Regardless of weight, letters that do not meet the aspect ratio, or have any other nonmachinable characteristics, will be subject to the rates for flats.

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OCA/USPS-T42-5. This interrogatory seeks information on the processing of “low aspect ratio” letter mail on mail processing equipment. Please refer to your response to GCA/USPS-T42-1, which describes a “low aspect ratio” mailpiece. Your response to GCA/USPS-T42-1(b)(i), states that “Certain facilities manually face and cancel the rejects and direct them to a MLOCR/DIOSS for automated processing.”

- a. What types of facilities “manually face and cancel the rejects” for further automated processing? Please identify the types of facilities referred to, and the number of such facilities where this manual activity takes place.
- b. Please confirm that, in the facilities that “manually face and cancel the rejects,” the costs of this manual activity are recorded as manual operations. If you do not confirm, please explain.
- c. Please provide the MODS operation codes and the total and unit costs associated with these manual activities.
- d. In those facilities that “manually face and cancel the rejects,” what is the probability of being rejected again on a MLOCR/DIOSS?

RESPONSE:

- a. In response to GCA/USPS-T42-1(b) (i), the references to “certain facilities” was intended to convey that on occasion facilities manually face and cancel the rejects either manually or on another more tolerant piece of equipment other than AFCS. Any origin facility may perform such activities. The decision to perform such activities depends on available staffing, daily volume, day of week, condition of rejects, etc.
- b. Confirmed that MODS operation 010, part of the cancellation cost pool, is designated for recording hours used for manually facing and canceling mail pieces. However, please note the clocking problem for this cost pool described in my testimony (USPS-T-42, page 39, lines 5 - 12).
- c. Redirected to witness Bozzo.
- d. I have no basis on which to provide the response. As stated in GCA/USPS-T42-3, “mailpieces with an aspect ratio of less than 1:1.3 have a tendency to tip over on a

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side during subsequent automated processing steps”, which would add to the probability of being rejected.

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OCA/USPS-T42-6. This interrogatory seeks information on the processing of “low aspect ratio” letter mail on mail processing equipment. Please refer to your testimony at pages 2-11, concerning the processing of letter-shaped mail. For purposes of this interrogatory, refer to the assumed mailpiece described in GCA/USPS-T42-1 (herein “low aspect ratio” mailpiece).

- a. Please provide the number of low aspect ratio mailpieces referenced above that are finalized for delivery in one sortation, i.e., one pass, or manual separation.
- b. Please provide the number of low aspect ratio mailpieces referenced above that are finalized for delivery in two sortations. What proportion of sorts for these low aspect ratio mailpieces are on automated processing equipment, and what proportion are manual processing?
- c. Please provide the number of low aspect ratio mailpieces referenced above that are finalized for delivery in three sortations. What proportion of sorts for these low aspect ratio mailpieces are on automated processing equipment, and what proportion are manual processing?
- d. Please provide the number of low aspect ratio mailpieces referenced above that are finalized for delivery in four sortations. What proportion of sorts for these low aspect ratio mailpieces are on automated processing equipment, and what proportion are manual processing?
- e. Please provide the number of low aspect ratio mailpieces referenced above that are finalized for delivery in five or more sortations. What proportion of sorts for these low aspect ratio mailpieces are on automated processing equipment, and what proportion are manual processing?
- f. With respect to subparts a.-e., above, what is the maximum number of sortations you are aware of that have been needed to finalize for delivery the low aspect ratio mailpieces referenced above.
- g. Please answer subparts a.-f., above, assuming the mailpiece described in GCA/USPS-T42-1 has an aspect ratio that exceeds 1:3, i.e., is a machinable letter.

Response:

a - g. I have no basis on which to provide responses. I am unaware of data on the processing of low aspect ratio pieces in isolation such that the information requested can be provided. I am also unaware of data that provides the total volume of letters sorted once, twice, three times, etc. across all mail processing facilities.