

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF POSTAL SERVICE WITNESS McCrERY
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA, INC., AND
ALLIANCE OF NONPROFIT MAILERS (MPA/USPS-T42-9-12)
(June 29, 2006)

The United States Postal Service hereby provides the responses of witness McCrery to the above-mentioned interrogatories of Magazine Publishers of America, Inc., and Alliance of Nonprofit Mailers, filed on June 15, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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MPA/USPS-T42-9. Please refer to your response to MPA/USPS-T42-1(a), where you state, “[i]n FY 2005, 44.7% of incoming secondary flats were finalized in manual operations in the field.” Please also refer to your response to MPA/USPS-T42-1(a), where you state, “[t]he systems that record volume for particular operations do not collect information by mail class or subclass, therefore, a calculated percentage cannot be provided.” Is 44.7% your best estimate of the percentage of Periodicals Outside County incoming secondary flats that were finalized in manual operations in the field in FY 2005? If not, please explain whether you believe that the percentage of Periodicals incoming secondary flats that were finalized in manual operations in FY 2005 in the field is higher or lower than 44.7%, and explain your rationale.

Response:

I do not feel I have a basis on which to confirm that this would be my best estimate for the percentage of incoming secondary Periodicals Outside County flats processed manually. However, I would presume that due to the service sensitivity of Periodicals, this class could likely have a higher percentage than the system average of flats processed manually.

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MPA/USPS-T42-10. Please refer to page 20, line 29 through page 21, line 1 of your testimony (USPS-T-42), where you state:

Also, any automation compatible Periodicals volume currently processed in a manual incoming secondary operation will be moved to an automated processing operation to the greatest extent possible when the processing window exists.

By how much do you believe this initiative will reduce the percentage of Periodicals Outside County incoming secondary flats that are finalized in manual operations in the field between FY 2005 and FY 2008? Please explain the basis of your estimate.

Response:

Due to the numbers of variables that impact such a reduction (e.g., number of zones added to automation by FY 2008, volume entered by customers by the critical entry time for automation, address quality improvements, etc.) and the fact that I do not have a current percentage upon which to base a reduction, I cannot produce an estimate.

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MPA/USPS-T42-11. Please refer to lines 4 through 10 on page 14 of your testimony (USPS-T-42), where you state:

Flats that originate from opening unit operations must also be 'prepped' before they can be inducted into piece distribution operations. Depending on where the prepping is performed, it can consist of unloading containers, separating bundles for subsequent operations, removing the packaging material, orienting, and stacking the flats in postal containers or on ledges of distribution equipment. All of the prepping operations are performed manually and are labor-intensive.

In answering this interrogatory, please assume that the bundle breakage rate is zero.

- (a) For non-carrier-route flats, are these prepping activities performed by clerks, mailhandlers, or carriers? If these activities are performed by either clerks or mailhandlers, please list the primary cost pools in which these activities are performed. Please explain your response fully.
- (b) For carrier route flats, are these prepping activities performed by clerks, mailhandlers, or carriers? If these activities are performed by clerks or mailhandlers, please list the primary cost pools in which these activities are performed. Please explain your response fully.

Response:

- a. These activities are usually performed by mail handlers in MODS operation 035, which is synonymous with cost pool Flat Mail Prep.
- b. In the absence of bundle breakage, carrier route flats normally are not prepped for piece distribution in the plant. These bundles are dispatched to the appropriate delivery unit where the bundles are distributed to carriers mostly by clerks, and then the bundles are broken open by carriers.

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MPA/USPS-T42-12. Please refer to witness Mayes' response to MPA/USPS-T25-2(a), where she states, "[t]he DSCF cost avoidance is calculated assuming that DSCF entry avoids one BMC equivalent handling and 0.194 SCF equivalent handlings." Please also refer to lines 7 through 8 on page 7 of witness Mayes' testimony (USPS-T-25), which states, "[t]he savings estimates generated in Appendix F of library reference USPS-LR-L-88 are calculated relative to Zone 1&2 Periodicals mail processing costs." Finally, please refer to Table 13 accompanying witness Loetscher's response to TW/USPS-T28-7-8, which shows container counts by container type, presort level, and entry facility type.

- a. Please provide your best estimate of the average number of BMC handlings and SCF handlings that DSCF-entered Periodicals avoid relative to Zones 1-8 Periodicals. Please provide all of your underlying calculations.
- b. Please provide your best estimate of the average number of BMC handlings and SCF handlings that DADC-entered Periodicals avoid relative to Zones 1-8 Periodicals. Please provide all of your underlying calculations.
- c. Does DSCF entry (relative to Zones 1-8) avoid handlings at any other types of facilities? If so, list the other types of facilities and provide your best estimate of the average number of handlings at each type of facility that is avoided by DSCF entry (relative to Zones 1-8) . Please provide all of your underlying calculations.
- d. Does DADC entry (relative to Zones 1-8) avoid handlings at any other types of facilities? If so, list the other types of facilities and provide your best estimate of the average number of handlings at each type of facility that is avoided by DADC entry (relative to Zones 1-8) . Please provide all of your underlying calculations.

Response:

With these responses, it is assumed that a handling can be a cross-dock of a pallet or sort of a sack.

- a. The handlings avoided would likely be: one at the origin SCF, one at the origin HASP/PER hub/BMC, one at the destination HASP/PER hub/BMC.

Depending on the zone, the origin and/or destination HASP/PER hub/BMC

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handling(s) may not be necessary, since the volume can be dispatched directly out of the origin SCF or HASP/PER hub/BMC to the destination SCF.

Therefore, my best rough estimate would be 2.5 handlings.

- b. The handlings avoided would likely be: one at the origin SCF, one at the origin HASP/PER hub/BMC, one at the destination HASP/PER hub/BMC.

Depending on the zone, the origin and/or destination HASP/PER hub/BMC handling(s) may not be necessary, since the volume can be dispatched directly out of the origin SCF or HASP/PER hub/BMC to the destination ADC.

Therefore, my best rough estimate would be 2.5 handlings.

- c. See response to subpart (a).
- d. See response to subpart (b).