

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF POSTAL SERVICE WITNESS McCRERY  
TO INTERROGATORY OF MAJOR MAILERS ASSOCIATION  
(MMA/USPS-T42-7)  
(July 12, 2006)

The United States Postal Service hereby provides the response of witness McCrery to the above-mentioned interrogatory of Major Mailers Association, filed on June 28, 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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**MMA/USPS-T42-7**

USPS witness Kelley was asked how presort level might impact the probability that letters can be DPSed and therefore impact the cost of delivery. Specifically, he was asked to confirm that Mixed AADC Automation letters require more manual processing than 5- digit letters to prepare the mail for delivery. Can you confirm that statement? If not, please explain.

**Response:**

From what I understand and have been told about the cost model and estimates, the DPS percentages are driven by the number of times a mail piece in the model passes through an automation operation, due to the application of acceptance rates, such that the more finely presorted the mail piece (in general) the higher the DPS percentage. The acceptance rates, however, are based on average data that includes FCM single-piece, FCM presort, and Standard Mail pieces. Furthermore, the acceptance rates for “downstream” operations tend to be higher than those for “upstream” operations. This could be solely due to the fact that unreadable barcodes have been culled “upstream” or some other reason(s). There are no studies that have been conducted to determine the likelihood that a mail piece that is accepted in an “upstream” operation is accepted or rejected in “downstream” operations. Furthermore, there are no DPS percentages from a data collection system that indicate the values would differ by rate category, and it would not be possible to conduct any such studies because there is no way to be certain what rate a mail piece was assessed when viewing it at a delivery unit. The presort level would not be discernible at the delivery unit, and it would not be possible to

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ascertain if the piece was assessed an automation rate if it was prebarcoded by a mailer, nor could you be certain it was assessed a nonautomation rate if it bore a PERMIT and was not barcoded, or barcoded by the USPS (see Docket No. R2005-1, POIR No. 1, question 1a).

However, assuming we are comparing similar pieces in terms of the mail piece physical characteristics and address/barcode quality, I presume that Mixed AADC Automation letters could require more manual processing than 5-digit Automation letters due to the fact that the Mixed AADC letters likely require multiple automated piece handlings prior to being DPSed unlike 5-digit Automation letters. Whenever a piece is sorted on automation, there is a chance that it will be damaged or otherwise rejected and subsequently diverted to a manual operation. Thus, the more handlings on automation, the more opportunities for damage requiring subsequent manual processing. Empirically, however, I have no basis to suggest whether the magnitude of the potential difference in the amount of manual handling relating to this presumption is material or not.