

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 ADVO, INC.
(ADVO/USPS-T42-1-7, 10-13, 15, 17)
(July 26, 2006)

The United States Postal Service hereby provides the responses of witness McCrery to the above-listed interrogatories of ADVO, Inc., filed on July 12, 2006.

Interrogatories ADVO/USPS-T42-8, 9, 14, 16, and 18-20 were redirected to witness Coombs.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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ADVO/USPS-T42-1. For the following types of mailer-prepared saturation/high-density flat mail containers dropped at a destination processing plant, please identify the steps the clerk/mailhandlers at that plant will perform on the mail:

- (a) 5-Digit Pallets with CR bundles
- (b) 5-Digit Pallets with CR sacks
- (c) CR sacks
- (d) 5-Digit Rolling containers with CR bundles
- (e) 5-Digit Rolling containers with CR sacks

Response:

(a & b) The pallet will be staged then cross-docked onto transportation to the appropriate delivery unit.

(c) The sacks will be sorted across a belt, on a sawtooth, or in a bullpen to the appropriate delivery unit containers; and these containers will then be loaded onto the appropriate delivery unit transportation.

(d & e) The rolling container will be staged then cross-docked onto transportation to the appropriate delivery unit.

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ADVO/USPS-T42-2. Please explain the extent to which and the conditions under which high-density flats and, separately, saturation flats are processed on:

- (a) The Delivery Bar Code Sorter
- (b) The Multiline Optical Character Reader (MLOCR)
- (c) The Remote Bar Coding System
- (d) Carrier Sequence Bar Code Sorter (CSBCS)
- (e) The Automated Flats Sorting Machine 100
- (f) The Upgraded Multi-Position Flats Sorting Machine 1000

Response:

(a) High density and saturation flats that have a length and width within the range of letter dimensions but exceed the maximum thickness of letters, which results in the pieces being categorized as flats, may be processed on DBCS equipment with expanded capabilities (see USPS-T-42, pages 6 and 7), if available, in order to merge the pieces into the DPS letter mail stream. In my opinion, this occurs to a minimal extent.

(b) I am not aware of any circumstances where this equipment would be used for either high density or saturation flats.

(c) If a bundle of high density or saturation flats breaks open prematurely, the pieces may subsequently be processed on an AFSM 100, which could utilize RBCS technology if any piece is unable to be resolved through barcode reader or OCR technology. The processing of pieces from broken bundles in this manner occurs routinely. Furthermore, any pieces processed on a DBCS with expanded capabilities as described in subpart (a) may also utilize RBCS technology if any

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piece is unable to be resolved through barcode reader or OCR technology. In my opinion, this occurs to a minimal extent.

(d) I am not aware of any circumstances where this equipment would be used for either high density or saturation flats.

(e & f) If a bundle of high density or saturation flats breaks open prematurely, the pieces may subsequently be processed on an AFSM 100 or UFSM 1000. The processing of pieces from broken bundles in this manner occurs routinely.

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- ADVO/USPS-T42-3.** If saturation flat bundles, trays, sacks, pallets or other containers are opened at destination processing plants, please explain:
- (a) Under what conditions would a saturation flat bundle, tray, sack, pallet or other container be opened?
 - (b) What kind of bundle, tray, or sack processing typically occurs on the saturation flats there?
 - (c) If opened at the plant, how are the saturation flats then prepared and containerized for transfer to the next facility/DDU?
 - (d) What DDU processing saved if plant processing is performed?

Response:

- (a) I can think of no circumstances where saturation flats would be intentionally opened and the pieces processed at a destination processing plant.
- (b & c) With the exception of the processing of flats from broken bundles, the only processing at plants on saturation flats would be the distribution of bundles, trays, and sacks if prepared on multi-zone containers (e.g., 3-digit or SCF pallets). Bundles would likely be sorted into wiretainers or pallet boxes for distribution to the appropriate delivery unit, while sacks would likely be sorted into rolling containers or pallet boxes and trays likely sorted into rolling containers.
- (d) N/A. See response to subpart (a).

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- ADVO/USPS-T42-4.** If high-density flat bundles, trays, sacks, pallets or other containers are opened at destination processing plants, please explain:
- (a) Under what conditions would a high-density flat bundle, tray, sack, pallet or other container be opened?
 - (b) What kind of bundle, tray, or sack processing typically occurs on the saturation flats there?
 - (c) If opened at the plant, how are the saturation flats then prepared and containerized for transfer to the next facility/DDU?
 - (d) What DDU processing saved if plant processing is performed?

Response:

- (a) I can think of no circumstances where high-density flats would be intentionally opened and the pieces processed at a destination processing plant.
- (b & c) With the exception of the processing of flats from broken bundles, the only processing at plants on high-density flats would be the distribution of bundles, trays, and sacks if prepared on multi-zone containers (e.g., 3-digit or SCF pallets). Bundles would likely be sorted into wiretainers or pallet boxes for distribution to the appropriate delivery unit, while sacks would likely be sorted into rolling containers or pallet boxes and trays likely sorted into rolling containers.
- (d) N/A. See response to subpart (a).

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ADVO/USPS-T42-5. Please provide responses to the following and explain if this differs by type of mail:

(a) What are the typical types of containers used by the USPS to transport plant-processed mail from one plant/BMC to another?

(b) Does the USPS ever put postal-processed mail into sacks for transport between facilities? If so, please explain the circumstances when this occurs.

(c) Does the USPS ever put postal-processed mail onto pallets for transport between facilities? If so, please explain the circumstances when this occurs.

(d) Does the USPS ever bundle postal-processed mail prior to transporting it between facilities? If so, please explain the circumstances when this occurs.

Response:

(a) Letter trays (all applicable classes), flat trays (all applicable classes), sacks, pallet boxes, and rolling containers (e.g., general purpose mail containers, wiretainers, and BMC containers).

(b) Yes, parcels from all applicable classes may be sacked for transport to another facility, and letters and flats from all applicable classes sorted to destinations with only a few pieces, typically out of a manual operation, may be bundled then sacked.

(c) Yes, pallets with pallet boxes, typically used for bundles and sacks in Periodicals, Standard Mail, and Bound Printed Matter.

(d) Yes, postal processed letter and flat mail may be bundled prior to transportation between facilities to maintain the orientation of the pieces in less than full trays or in sacks for all applicable classes.

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ADVO/USPS-T42-6. Please identify the typical types of containers that are used to transport the following from the processing plant to the delivery units. If some are in trays/tubs/other smaller containers that are then placed in larger containers, please explain. Please also explain whether any of the mail groupings listed below are containerized together.

- (a) Postal processed DPS mail
- (b) Postal processed Non-DPS, non-CR-bundled letter mail
- (c) CR-bundled letter mail
- (d) Postal automation-processed flat mail
- (e) Postal non-automation-processed, non-CR-bundled flat mail
- (f) CR-bundled flat mail
- (g) Mailer-prepared sacked CR bundles.

Response:

(a, b, & c) Transported in letter trays. Letter trays would be placed in another rolling container for transport to the delivery unit, and the letter trays from these three groupings could be containerized together.

(d & e) Transported in flat trays. Flat trays would be placed in another rolling container for transport to the delivery unit, and the flat trays from these two groupings could be containerized together.

(f & g) Transported in hampers, general purpose mail containers, BMC containers, pallet boxes, and wiretainers. Some carrier route bundled flat mail may be placed in sacks, dependant on volume. Those sacks would be placed in another rolling container for transport to the delivery unit.

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ADVO/USPS-T42-7. On page 21, you state: “In FY2005, 69 percent of flat mail incoming secondary (non carrier-route presort) volume was processed in the plants . . . “

(a) Does this mean that the remainder was sorted to carrier route manually at the delivery units? Please explain.

(b) Does this mean that the remainder were sent to the delivery unit in either mailer-prepared 5-digit bundles/sacks/trays or as separate pieces (in postal containers)? Please explain.

(c) For the 69 percent that were sorted to carrier routes in the plant, how was that sort maintained while being transferred to the delivery unit (e.g., in bundles or flat trays/tubs)?

Response:

(a) Yes, the remainder was sorted to carrier route manually at the delivery units.

(b) Yes, the remainder is sent to the delivery units in either mailer-prepared 5-digit bundles/sacks/trays or as separate pieces in postal containers.

(c) The 69 percent that were sorted to carrier routes in the plant are dispatched almost entirely in flat trays/tubs.

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(e) RBCS: N/A. RBCS is not a system that physically processes mail.

(f) AFSM100: Weight 20.0 ounces maximum

 Thickness .009 - 0.75 inches

 Length 6 – 15 inches

 Height 5 – 12 inches

 Stiffness Must meet USPS Turning Ability

 Requirement to ensure stiffer, large pieces can
 be processed.

 Flimsiness Must meet USPS Minimum Rigidity

 Requirement to assure enough stiffness such
 that pieces do not wrap around rollers or catch
 in belts.

(g) UFSM1000: Weight 96.0 ounces (6 pounds) maximum

 Thickness .009 – 1.25 inches

 Length 5 – 15.75 inches (down to 4 inches for pieces
 .25” or greater in thickness)

 Height 4 – 12 inches

 Stiffness No requirement

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ADVO/USPS-T42-11. For each of the following, please quantify the number of machines in service in 2007 and 2008 (as of the end of the year).

- (a) DBCS
- (b) CSBCS with the Wide Field of View cameras
- (c) DIOSS-EC
- (c) MLOCR
- (d) RBCS
- (e) AFSM 100
- (f) UFSM 1000

Response:

The attached file provides the number of machines estimated to be in service by March 2007 and March 2008. Machine quantities by 2007 and 2008 year end are not readily available.

EQUIPMENT DEPLOYMENTS - CURRENT and PROJECTED

EQUIPMENT / PROGRAMS	Estimated Inventory as of March 31, 2007 (middle of test year)	Estimated Inventory as of March 31, 2008 (middle of test year)
AFSM 100	537	537
CSBCS	3,750	3,750
DBCS TOTAL	5,346	5,547
DBCS-I thru V plain & with kits and 94 DBCS-ECS	5,181	5,181
# of DBCS-I thru V and EC converted under PARS I & II and OCR Enhancements	(445)	(506)
DBCS VI	5	235
DIOSS-D machines (OCR Enhancements)	374	395
DIOSS-E and -C kits (OCR Enhancements)	211	222
DBCS V mach (PARS II)	20	20
UFSM 1000	355	355
MLOCR	294	229

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ADVO/USPS-T42-12. For each of the following, please quantify the proportion of zones and routes in the system that each will cover in 2007 and 2008 (as of the end of the year).

- (a) DBCS
- (b) CSBCS with the Wide Field of View cameras
- (c) DIOSS-EC
- (c) MLOCR
- (d) RBCS
- (e) AFSM 100
- (f) UFSM 1000

Response:

Decisions on how zones are assigned or reassigned to different types of equipment are made locally and there is no national source to provide such data.

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ADVO/USPS-T42-13. Will there be combinations of DBCSs, DBCS-ECs, CSBCS, and DIOSS-ECs in some plants?

(a) Will each of these types of machines be used for DPSing? If not, please explain.

(b) If so, please explain how they will be used in combination. If not, please explain how they will be deployed (by geography and/or type or size of facility).

(c) If so, please quantify the proportion of zones and routes in the system that will be covered in total by these types of machines in 2007 and 2008 (as of the end of the year).

Response:

Some plants will have combinations of DBCSs, DBCS-ECs, CSBCSs, and DIOSS-ECs. CSBCSs are primarily located in delivery units.

(a) Yes, they may.

(b) The decision to use combinations of DBCSs, DBCS-ECs and CSBCSs is made locally. In general, CSBCSs are used for automated zones with a fewer number of routes, the mail for which is first sorted to carrier-route on the DBCS machines. The main drivers for the assignment of zones to DBCS equipment are the number of stackers on the machines, if they differ, the number of deliveries in the zone, and how they can be packed with other zones. Whether a machine has expanded capabilities is not a significant factor. DIOSS capabilities are not a factor in DPS processing.

(c) Decisions on how zones are assigned or reassigned to different types of equipment are made locally and there is no national source to provide such data.

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ADVO/USPS-T42-15. For ECR/NECR High-Density, or Saturation barcoded, machinable letter mail:

- (a) How is that mail subsequently processed if it is rejected by the DBCS?
- (b) If there are statistics on DPS rejection rates for that type of mail for FY05, please provide them.

Response:

(a) The letters may be sent to another barcode sorter in attempt to process the rejected pieces to the carrier-route level; otherwise, they would be dispatched in a 5-digit tray to the delivery unit.

(b) I am not aware of statistics for DPS rejection rates specific for these types of mail.

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ADVO/USPS-T42-17. On page 33, you discuss the Breakthrough Productivity Initiative (BPI).

- (a) Please explain how annual BPI hour/cost savings are calculated.
- (b) Are BPI hour/cost savings calculated for processing operations at the delivery unit too? Please explain.
- (c) Are BPI hour/cost savings calculated for carrier operations at the delivery unit too? Please explain.

Response:

a. The premise of BPI is the reduction of opportunity hours. I am told that opportunity hours are determined using a number of parameters -- actual work load, actual work hours, actual productivities, target productivities, and earned work hours – as described below. Actual productivity is the result of actual work load divided by actual work hours. Target productivities are parameters established by specific work categories based on expected results. Actual productivity is compared to target productivity through the use of earned hours. Earned hours are the result of actual work load divided by the target productivity. Opportunity hours are the difference between actual work hours and earned work hours.

The following demonstrates the calculations:

Actual Work Load	Actual Work Hours	Actual Productivity	Target Productivity	Earned Hours	Opportunity Hours
(A)	(B)	(C=A/B)	(D)	(E=A/D)	(F=B-E)
150,000	250	600	750	200	50

- b. Opportunity hours are calculated for processing distribution operations at Post Offices.
- c. Opportunity hours are calculated for carrier operations at Post Offices.