

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

POSTAL RATE AND FEE CHANGES  
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSE OF POSTAL SERVICE WITNESS MARC A. SMITH  
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC., AND  
VALPAK DEALERS' ASSOCIATION, INC.  
REDIRECTED FROM WITNESS ROBERT L. SHAW, JR.  
[VP/USPS-T2-4a]  
(April 29, 2005)

The United States Postal Service hereby responds to the above-listed interrogatory of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. filed on April 15, 2005. The interrogatory was redirected from witness Shaw.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

---

Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992, Fax -5402

RESPONSE OF POSTAL SERVICE WITNESS MARC A. SMITH  
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC., AND  
VALPAK DEALERS' ASSOCIATION, INC.  
REDIRECTED FROM WITNESS ROBERT L. SHAW, JR.

**VP/USPS-T2-4a.**

In certain library references in this docket, the cost estimates shown in your Tables 1 and 2 are broken down into finer levels, or "sub-units." For example, the costs for ECR mail are broken down between letter shaped mail and non-letter shaped mail.

a. When the Postal Service develops estimates of mail processing cost (Segment 3.1) and city carrier in-office cost (Segment 6.1) for letter and non-letter shaped mail within the ECR subclass, are those cost estimates based solely on IOCS data? Unless your answer is an unqualified affirmative, please indicate all other data and information used to develop cost estimates at this level of detail, and explain the source or sources of such other information and data.

**RESPONSE:**

a. The division of the total ECR processing costs into letter and non-letter, for each mail processing labor cost pool, relies only on IOCS. See the testimony of witness Van-Ty-Smith, USPS-T-11, for an explanation of the calculation of mail processing costs by class and subclass for each cost pool.

It is my understanding that the division of segment 6.1 city-carrier in-office direct-labor costs for ECR into letter and non-letter is based solely on IOCS data.

## CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

---

Eric P. Koetting

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2992, FAX: -5402  
April 29, 2005