

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

POSTAL RATE AND FEE CHANGES, 2006)

Docket No. R2006-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
THIRD INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO
UNITED STATES POSTAL SERVICE (VP/USPS-3)
(July 14, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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VP/USPS-3.

Please refer to the Postal Service response to VP/USPS-T14-6 (redirected from witness Bradley). This interrogatory seeks clarification of part b of that response. For simplicity, please assume that a participating ZIP code area has only three routes (Route Nos. 1, 2, and 3), and that the carriers deliver letters (L), flats (F), parcels (P), and sequenced mail (S).

- a. Would it be correct that, at the end of day 1, this ZIP code area would generate three observations, one for each route, with each observation containing the volume of each type of mail delivered on each route that day, along with time on the route? If this is not essentially correct, please explain what the initial, basic data entries consist of.
- b. Assuming that each carrier delivered his/her own route on day 1 (*i.e.*, there were no pivots), and V stands for volume, the observations for each route might be recorded as follows, with the sum of the day's activity in the ZIP area on the bottom line.

Route No.	<u>Letters</u>	<u>Flats</u>	<u>Parcels</u>	Sequenced <u>Mail</u>	<u>Time</u>
1	V_{1L}	V_{1F}	V_{1P}	V_{1S}	T_1
2	V_{2L}	V_{2F}	V_{2P}	V_{2S}	T_2
3	V_{3L}	V_{3F}	V_{3P}	V_{3S}	T_3
Sum: ZIP-Day	V_L	V_F	V_P	V_S	$T_1 + T_2 + T_3$

Is this what is meant by the response that “data ... are ... aggregated first at the route level, and ultimately (for purposes of estimating regressions) at the ZIP level” as set forth in the response to VP/USPS-T14-6(b)? If this is not a reasonable (simplified) depiction of the way that data for one day’s activities in a ZIP code area are recorded and aggregated, please explain how the basic volume data (V_{ij}) would be grouped and aggregated.

- c. Does one day’s activity for all carriers in the ZIP code area represent one observation that is used in the regressions, or are data over several days of carrier activity in the ZIP code area (*e.g.*, one week) first aggregated before running the regressions?
- d. Were any regressions run using the basic data — *i.e.*, the daily observations — for individual (unaggregated) routes? If so, please indicate the model or models described in the testimony of witness Bradley, USPS-T-14, in Docket No. R2005-1, for which such regressions were run, and provide summary results similar to those reported in USPS-T-14.