

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 KELLEY
TO INTERROGATORY OF VALPAK (VP/USPS-T28-4),
REDIRECTED FROM WITNESS TAUFIQUE
(May 4, 2005)

The United States Postal Service hereby provides the response of witness Kelley to the following interrogatories of ValPak, filed on April 20, 2005, and redirected from witness Taufique: VP/USPS-T28-4.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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May 4, 2005

**Response of Postal Service Witness John Kelley to ValPak Interrogatories
(Redirected from Witness Taufique)**

VP/USPS-T28-4 Please refer to the 8.312-cent cost for delivery of Standard Regular Basic presort flats referenced in VP/USPS-T28-3, part b.

- a. Does this reflect the bottom-up cost for delivery, or have adjustments been made? If the latter, what are the adjustments?
- b. Is this delivery cost the same for Standard Regular nonprofit and for-profit mail? If so, are there no differences in delivery cost incurrence between these two categories?
- c. Does this delivery cost include both in-office costs and street costs?
- d. Is this delivery cost a marginal cost? If not, please explain what type of cost it is.
- e. Does this delivery cost recognize differences between city routes and rural routes?
- f. Please confirm that the updated figure for the 8.312-cent cost for delivery of Basic presort flats is 9.795 cents, 17.7 percent higher than the Docket No. R2001-1 figure (found on the first sheet of file LR-K-101.xls in library reference USPS-LR-K-101). If you do not confirm, please provide the appropriate updated figure.

Response:

- a. I am not sure what you mean by the term bottom up cost for delivery. For an explanation of the methodology used to calculate the 8.312-cent unit cost for delivery of Standard Regular presort flats, refer to the testimony of Witness Schenk in Docket No R2001-1.
- b. I am not aware of any differences in the delivery cost for Standard Regular nonprofit and for-profit mail. I have not studied the issue.
- c. Yes.
- d. The delivery cost is a marginal cost.
- e. Yes.
- f. Not confirmed. The 9.795 cent unit-cost for Basic presort flats would more properly be considered an update of the 8.440 unit cost found in Docket No. R2001-1/PRC-LR-7.

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

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