

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KELLEY
(USPS-T-30) TO INTERROGATORIES OF VALPAK (VP/USPS-T30-28 - 30)
(July 25, 2006)

The United States Postal Service hereby provides the response of witness Kelley to the following interrogatories of ValPak, Inc., filed on July 11, 2006: VP/USPS-T30-28 - 30.

Each 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
July 25, 2006

Response of Postal Service Witness Kelley to Interrogatories Posed by Valpak Direct Marketing Systems, Inc and Valpak Dealers' Association, Inc.

VP/USPS-T30-28.

Please refer to the responses of witness Czigler (USPS-T-1) to VP/USPS-T11-1 and 3. According to the response to VP/USPS-T11-1, IOCS tallies do not distinguish whether city carriers are casing or collating flats. According to witness Coombs, USPS-T-44 (p. 13, ll. 15-19), when city carriers have two sets of saturation flats to deliver, they sometimes will collate the flats rather than case them, because collating is more efficient.

- a. When you use IOCS tallies to estimate city carrier hours spent casing, and from the hours spent casing you estimate the volume "cased," what assumptions do you make with regard to: (i) the time spent collating and the volume that is collated (as opposed to cased); and (ii) the rate at which flats are collated?
- b. Since collated saturation flats are taken directly to the street as "sequenced" mail, while those flats actually cased are taken to the street as "cased mail," what assumptions do you make when using IOCS tallies for flats to estimate: (i) the total volume of flats taken to the street as sequenced mail; and (ii) the volume of collated flats taken to the street as sequenced mail?

Response

a. (i) No assumptions are made with regard to the amount of time or cost associated with collating. Since the IOCS does not distinguish between casing or collating costs, USPS-LR-L-67 regards 'pure casing' costs to include casing and collating.

(ii). For the sole purpose of partitioning ECR Saturation volume into cased or sequenced, USPS-LR-L-67 assumes that carriers case and collate pieces at the same rate (41.2 pieces per minute for letters and 27.4 pieces per minute for flats). This is done because the casing and collating costs cannot be distinguished in the IOCS.

b. (i). and (ii). The algorithm used to estimate cased and sequenced ECR Saturation volume is contained on page nine of my direct testimony. My references to IOCS 'casing' costs in Step 1 and Step 2 (page nine, lines seven through ten) include collating costs. As a result of the IOCS not distinguishing between collating and casing costs, ECR Saturation pieces that are collated are

Response of Postal Service Witness Kelley to Interrogatories Posed by Valpak Direct Marketing Systems, Inc and Valpak Dealers' Association, Inc.

considered cased rather than sequenced using the methodology for determining cased and sequenced volume described in my direct testimony.

Response of Postal Service Witness Kelley to Interrogatories Posed by Valpak Direct Marketing Systems, Inc and Valpak Dealers' Association, Inc.

VP/USPS-T30-29.

a. What is the unit cost for delivery of Standard letters to a post office box? If the unit costs for Standard Regular letters and Standard ECR letters differ, please provide each separately.

b. What is the unit cost for delivery of Standard flats to a post office box? If the unit costs for Standard Regular flats, Standard ECR non-saturation flats, and Standard ECR saturation flats differ, please provide each separately.

Response

a. and b. My understanding is that this information is not available.

Response of Postal Service Witness Kelley to Interrogatories Posed by Valpak Direct Marketing Systems, Inc and Valpak Dealers' Association, Inc.

VP/USPS-T30-30.

- a. What is the unit cost for delivery of Standard letters by highway contract carriers? If the unit costs for Standard Regular and Standard ECR letters differ, please provide each separately.
- b. What is the unit cost for delivery of Standard flats by highway contract carriers? If the unit costs for Standard Regular flats, Standard ECR non-saturation flats, and Standard ECR saturation flats differ, please provide each separately.
- c. What is the volume variability of the cost of delivery via highway contract carriers?

Response

a.-c. My understanding is that this information is not available.

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
July 25, 2006