

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

POSTAL RATE AND FEE CHANGES, 2005)

Docket No. R2005-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
SECOND INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS JOHN KELLEY (VP/USPS-T16-2-5)
(May 2, 2005)

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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May 2, 2005

VP/USPS-T16-2.

This interrogatory includes the spreadsheets in Attachments A and B. Attachment A is from library reference USPS-LR-K-67, file 'LR-K-67.xls,' tab 5, "RPW." Please refer to the two spreadsheets in the attachments and respond to the following questions.

- a. Do the volume data shown in Attachment A, all of which are labeled as "ECR," exclude or include the volume of Nonprofit ECR mail?
- b. If your respond that those data in Attachment A **exclude** Nonprofit ECR volume, please compare the total volumes for letters (column 1) and nonletters (column 4) shown in row 6 of Attachment A with the comparable totals shown in row 4 of Attachment B, which is derived from library reference USPS-LR-K-77, Billing Determinants, and (i) explain why the totals in Attachment A differ from those in row 4 of Attachment B, and (ii) reconcile all differences in volume for each rate/shape category shown in Attachment B.
- c. If your response that those data in Attachment A **include** Nonprofit ECR volume, please compare the total volumes for letters (column 1) and nonletters (column 4) shown in row 6 of Attachment A with the comparable totals shown in row 12 of Attachment B, which is derived from library reference USPS-LR-K-77, Billing Determinants, and (i) explain why the totals in Attachment A differ from those in row 12 of Attachment B, and (ii) reconcile all differences in volume for each rate/shape category shown in Attachment B.

**RPW ECR Volumes by Rate Category (In Units)
FY 2004**

	(1) Letters	(2) Flats	(3) Parcels	(4) Total Nonletters	(5) Total L/F/P
1. ECR Basic Auto	2,115,099,136	1,438,255	--	1,438,255	2,116,537,391
2. ECR Basic	1,958,435,851	12,812,573,744	1,405,061	12,813,978,805	14,772,414,656
3. Subtotal: all Basic	4,073,534,987	12,814,011,999	1,405,061	12,815,417,060	16,888,952,047
4. ECR High Density	601,210,401	1,725,311,863	6,269	1,725,318,132	2,326,528,533
4. ECR Saturation	3,826,243,986	9,953,622,002	354,405	9,953,976,407	13,780,220,393
6. TOTAL	8,500,989,374	24,492,945,864	1,765,735	24,494,711,599	32,995,700,973

Source: LR-K-67, File FY 2004 RPW Volumes (in Thousands), cells B8:F12

**Standard Mail Enhanced Carrier Route Subclass
GFY 2004**

	Letters	Nonletters	Total	Total
1. ECR Basic	4,059,336,122	11,396,910,120	15,456,246,242	
2. ECR High Density	481,876,440	1,744,328,033	2,226,204,473	
3. ECR Saturation	2,783,103,074	9,879,894,649	12,662,997,723	
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4. TOTAL	7,324,315,636	23,021,132,802	30,345,448,438	Total

Source: USPS-LR-K-77, G-5, Page 2 of 5

4. NECR Basic	468,020,742	964,685,063	1,432,705,805	
6. NECR High Density	67,510,392	32,813,668	100,324,060	
7. NECR Saturation	661,059,108	456,163,561	1,117,222,669	
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8. TOTAL	1,196,590,242	1,453,662,292	2,650,252,534	Total

Source: USPS-LR-K-77, G-5, Page 4 of 5

ECR & NECR Combined

9. Basic	4,527,356,864	12,361,595,183	16,888,952,047	
10. High Density	549,386,832	2,709,013,096	3,258,399,928	
11. Saturation	3,444,162,182	10,336,058,210	13,780,220,392	
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12. TOTAL	8,520,905,878	25,406,666,489	33,927,572,367	

VP/USPS-T16-3.

Please refer to library reference USPS-LR-K-67, file 'Shape_GFY_2004rV.Final.xls,' labeled "Regular and ECR Standard Mail Summary by Shape and Presort Level, GFY 2004," tab, "Summary." Within this spreadsheet, please refer to the data within the block in columns B through K.

- a. What is the source of the data for ECR letters in cells G16 through G20?
- b. Are the data in the cells referenced in part a for ECR letters only, or are they for ECR and Nonprofit ECR letters combined?
- c. What is the source of the data for ECR flats in rows G34 through G37?
- d. Are the data in the cells referenced in part c for ECR flats only, or are they for ECR and Nonprofit ECR flats combined?
- e. Please compare the volume shown here for ECR Saturation letters (3,148,388,985) with the volumes of ECR Saturation letters shown in VP/USPS-T16-2, Attachments A and B (respectively, 3,826,243,986 and 2,783,103,074, or 3,444,162,182 for ECR and Nonprofit ECR combined), and explain and reconcile the different volume figures for what appears to be the same rate category.
- f. Please compare the volume shown here for ECR Saturation flats (9,514,577,244) with the volume of ECR Saturation flats shown in VP/USPS-T16-2, Attachment A (9,953,622,002) and explain and reconcile the different volume figure for what appears to be the same rate category.

VP/USPS-T16-4.

Please refer to library reference USPS-LR-K-67, file 'Shape_GFY_2004rV.Final.xls,' tab, "Standard Commercial," which is designated "Standard Mail by Shape, GFY 2004."

Within that spreadsheet, please refer to the data in column H, labeled "Letters, Pieces."

- a. What is the source of all data in column H?
- b. Please confirm that (i) the sum of the data in cells H35 through H38 totals 2,764,144,185; (ii) this amount is the sum of **piece-rated** ECR Saturation letters entered at Destination Bulk Mail Centers ("DBMCs"), Destination Sectional Center Facilities ("DSCFs"), Destination Delivery Units ("DDUs"), and "piece rate" (*i.e.*, no destination entry discount); and (iii) this amount corresponds to the total volume for all piece-rated ECR Saturation letters. If you do not confirm, please provide the correct total, including the source of any other data, for all piece-rated ECR Saturation letters.
- c. Please confirm that (i) the sum of the data in cells H81 through H84 totals 100,384,637; (ii) this amount is the sum of **pound-rated** ECR Saturation letters entered at DBMCs, DSCFs, DDUs, and "piece rate" (*i.e.*, no destination entry discount), and (iii) this amount corresponds to the total volume for all pound-rated ECR Saturation letters. If you do not confirm, please provide the correct total, and the source of any other data, for all pound-rated ECR Saturation letters.
- d. Assuming that you confirm preceding parts b and c, please confirm that the total volume of all ECR Saturation letters (*i.e.*, both piece-rated and pound-rated)

contained in this spreadsheet is 2,864,528,822. If you do not confirm, please provide the correct total.

- e. Please explain why the total volume for piece-rated ECR Saturation letters in this spreadsheet (2,764,144,185) and the total for piece-rated and pound-rated ECR Saturation letters (2,864,528,822) both differ from the billing determinants total for ECR Saturation letters (2,783,103,074) shown in library reference USPS-LR-K-77 and VP/USPS-T16-2, Attachment B.
- f. Please confirm that (i) the sum of the data in cells H43 to H46 totals 479,631,146; (ii) that this is the sum of **piece-rated** ECR High Density letters entered at DBMCs, DSCFs, DDUUs, and “piece rate” (*i.e.*, no destination entry discount); and (iii) the sum corresponds to the total volume for all piece-rated ECR High Density letters. If you do not confirm, please provide the correct total, including the source of any other data, for all piece-rated ECR High Density letters.
- g. Please confirm that (i) the sum of the data in cells H81 through H84 totals 10,372,672; (ii) this amount is the sum of **pound-rated** ECR High Density letters entered at DBMCs, DSCFs, DDUUs, and “piece rate” (*i.e.*, no destination entry discount), and (iii) this amount corresponds to the total volume for all pound-rated ECR High Density letters. If you do not confirm, please provide the correct total, and the source of any other data, for all pound-rated ECR High Density letters.

- h. Assuming that you confirm preceding parts b and c, please confirm that the total volume of all ECR High Density letters (*i.e.*, both piece-rated and pound-rated) contained in this spreadsheet is 490,003,819. If you do not confirm, please provide the correct total.
- i. Please explain why the total volume for piece-rated ECR High Density letters in this spreadsheet (479,631,146) and the total for piece-rated and pound-rated ECR High Density letters (490,003,819) both differ from the billing determinants total for ECR High Density letters (481,876,440) shown in library reference USPS-LR-K-77 and VP/USPS-T16-2, Attachment B.

VP/USPS-T16-5.

Please refer to library reference USPS-LR-K-67, file 'FY2004.DAL.MAILING.VOLUME.ESTIMATES.xls.' Within that spreadsheet, please refer to column D, labeled "Estimated FY04 DAL Mailings Per Year (000)."

- a. The datum in cell D11 (3,369,133) is labeled "Total Residential," and the datum in cell D20 (6,248) is labeled "Total Business." Please confirm whether the total of these two (3,375,381) is the Postal Service's total estimate of detached address label ("DAL") mailings (in 000) during Base Year 2004. If you do not confirm, please (i) provide the correct total, (ii) break down the total between flats and parcels, and (iii) indicate where the total (or the separate totals for flats and parcels) can be found in USPS-LR-K-67.

- b. Library reference USPS-LR-K-77, Billing Determinants, indicates that the total volume of ECR Saturation nonletters in FY 2004 was as follows:

ECR	9,879,894,649
NECR	<u>456,163,561</u>
Total	10,336,058,210

Using the above as a control total, would it be correct to conclude that the volume of addressed and unaddressed ECR nonletters in FY 2004 was as shown below? If the breakdown below is not correct, please provide the correct breakdown, and indicate whether and where it can be located in USPS-LR-K-67.

Un-addressed ECR Saturation nonletters	3,375,381,000
Addressed ECR Saturation nonletters	<u>6,960,677,210</u>
Total	10,336,058,210

- c. Regardless of whether you confirm the breakdown of addressed and unaddressed ECR Saturation nonletters or provide alternate data in response to preceding part b, for each category, please indicate the percent cased and the percent taken directly to the street; *i.e.*, fill in the table below for ECR Saturation nonletters, and indicate which spreadsheet and cells within the indicated spreadsheet in USPS-LR-K-67 that contain the information.

	Addressed	Unaddressed
Cased	_____	_____
Taken directly to Street	_____	_____