

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS HUNTER TO INTERROGATORIES OF
VAL-PAK DEALERS' ASSOCIATION, INC., VAL-PAK DIRECT MARKETING
SYSTEMS, INC., AND CAROL WRIGHT PROMOTIONS, INC.
(VP-CW/USPS-T5-1-7)

The United States Postal Service hereby provides the responses of witness Hunter to the following interrogatories of Val-Pak Dealers' Association, Inc., Val-Pak Direct Marketing Systems, Inc., and Carol Wright Promotions, Inc.:
VP-CW/USPS-T5-1-7, filed on March 20, 2000.

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

K. N. Hollies
Kenneth N. Hollies

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

K. N. Hollies
Kenneth N. Hollies

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April 3, 2000

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VP-CW/USPS-T5-1. This interrogatory pertains to a Standard A detached address label ("DAL") mailing where the dimensions of the accompanying mailpiece are nonletter-shaped.

- a. If an IOCS tally is taken when a clerk is casing the DALs, does the tally indicate that the clerk is handling a letter or a nonletter? That is, are the in-office mail processing costs associated with this tally charged to letters or nonletters?
- b. When the revenues, volumes and weights of the mailing are recorded from Form 3601, are the revenues, volumes and weights recorded under the letters or nonletters category?
- c. What effort does the Postal Service make to assure that the costs of processing DAL mailings are recorded or measured in a manner that is consistent with the way revenues, volumes and weights are recorded? Please provide citations to all documents or instructions that support your answer.

RESPONSE. This response is based on my understanding of discussions with other postal officials.

- a. A nonletter-shaped DAL mailpiece is recorded in the IOCS under the appropriate nonletter category for the parent mailpiece.
- b. My response to this part assumes that PS Form 3602 is of interest and not Form 3601 with which I am unfamiliar; the nonletter data are recorded under the appropriate nonletter category for the parent mailpiece.
- c. No reporting category is established for DAL mailpieces under either the IOCS or the RPW System; however, both systems are consistent in that the information from the parent mailpiece is recorded. Under the RPW System, the parent mailpiece information is captured directly from the rate category detail found on the source PS Form 3602 postage statements. These forms are shown in Appendix A of USPS-LR-I-26/R2000-1. The

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**IOCS recording rule for the parent mailpiece is found on page 12-8 of the
F-45 Handbook provided in Library reference USPS-LR-I-14/R2000-1.**

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VP-CW/USPS-T5-2. Does the Postal Service have any data or information that shows the revenue, pieces and weight of Standard A Mail that was entered with DALs in FY 1998? If so, please provide the revenue, pieces and weight of DAL mailings by subclass, by rate category and, if available, by shape.

RESPONSE. The RPW System does not capture and report DAL mailpiece information separately from other Standard Mail (A) information. I also understand from discussions with other postal officials that this information is not collected elsewhere.

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VP-CW/USPS-T5-3. For those Standard A letter-shaped pieces that weigh in excess of the breakpoint and pay the nonletter rate:

- a. Are the revenues, volumes and weight of such pieces recorded in the RPW system as letters or nonletters?
- b. When an IOCS tally is taken of a clerk who is handling one or more overweight Standard A letter-shaped pieces that was entered at the rate for nonletters, does the tally indicate that the clerk is handling a letter or a nonletter? That is, are the mail processing costs for such pieces recorded and measured in a manner that is consistent with the way revenues, pieces and weight are recorded?
- c. What effort does the Postal Service make to assure that the costs of handling overweight Standard A letter-shaped pieces are recorded in a manner that is consistent with the way revenues, pieces and weight are recorded? Please provide citations to all documents or instructions that support your answer.

RESPONSE.

- a. A Standard Mail (A) letter-shaped mailpiece over the breakpoint is recorded as a nonletter in the RPW System.
- b. I understand that in IOCS, the letter shape is defined in terms of the mailpiece's dimensions. See USPS-LR-I-14/R2000-1, page 12-8. Thus, if a Standard Mail (A) mailpiece over the breakpoint exceeds 0.25 inches in thickness, it would not be recorded as a letter in IOCS.
- c. This response is based in part on my understanding of discussions with other postal officials. Under the RPW System, revenue and volume data for mailpieces over the breakpoint are captured directly from the rate category detail found on the PS Form 3602 postage statements.

Additionally, mail processing category information is captured from the postage statements for this shape-based mail category. Library reference

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**USPS-LR-I-81/R2000-1 explains how the shape-based volumes are
combined with IOCS data to develop related unit costs.**

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VP-CW/USPS-T5-4. For Standard A Mail, are there any differences between the way revenue, volume and pieces data in the RPW system were recorded in FY 1998 and the 1998 Billing Determinants? If so, please discuss and explain fully.

RESPONSE. It is my understanding that the RPW System estimates of totals are passed directly to the billing determinants for the FY 1998 period, and as such, there are no differences in the reported measures.

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VP-CW/USPS-T5-5. For Standard A Mail, are there any differences between the way revenue, volume and pieces data are recorded in (i) the RPW system and/or the Billing Determinants, and (ii) the PERMIT system? If so, please state all differences and explain why each item is tracked differently.

RESPONSE. The PERMIT System captures some additional processing category information for the Standard Mail (A) category for shape-based volume determination as explained in my response to VP-CW/USPS-T5-3(c). This information, however, is not used to compute postage or report revenue and volume information at the subclass and rate category level as required under the RPW System. See also the response to VP-CW/USPS-T5-4.

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VP-CW/USPS-T5-6. For your response to this question, please refer to **ADVO/USPS-T28-1**. Please cite all instances in the testimony, workpapers and library references submitted with the Postal Service's filing in this Docket where FY 1998 volume data for Standard A Mail differ from those reported in the RPW system and the 1998 Billing Determinants, and explain fully why different volume data are used.

RESPONSE. Other than as described in the response to **ADVO/USPS-T28-1**, I am not aware of any estimates of Standard Mail (A) volume for the Base Year 1998 period additional to those provided in Table 2 of my testimony.

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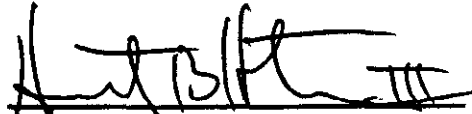
VP-CW/USPS-T5-7. Interrogatories VP-CW/USPS-T5-1 and 3 above asked you to discuss possible differences in (i) the way revenue pieces and weight of Standard A Mail are recorded in the RPW system and (ii) the way costs of such mail are recorded in the IOCS. Aside from the two specific instances referred to in those interrogatories, please list all other instances of which you are aware where data recorded for revenue, pieces and weight may diverge or have some different classification from data recorded for IOCS tallies (and costs developed from those tallies).

RESPONSE. It is my understanding that the two systems report Standard Mail

(A) data consistently at the mail class and rate category level. I am not aware of any differences between the two systems.

DECLARATION

I, Herbert B. Hunter III, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

A handwritten signature in black ink, appearing to read 'H B Hunter III', written over a horizontal line.

Herbert B. Hunter III

Date: April 3, 2000