

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, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SHAW TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING
SYSTEMS, INC.
VP/USPS-T1-1-2, 4-6

The United States Postal Service hereby provides the responses of witness Shaw to the following interrogatories of Val-Pak, VP/USPS-T1-1-2, 4-6, filed on October 3, 2001. Interrogatory VP/USPS-T1-3 was redirected to the Postal Service.

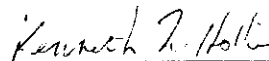
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Kenneth N. Hollies

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October 17, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

VP/USPS-T1-1:

- a. Do In-Office Cost System ("IOCS") tallies distinguish between Standard ECR flats that are mailed with Detached Address Labels ("DALs") and other Standard ECR flats?
- b. Do IOCS tallies distinguish between Standard parcels that are mailed with DALs and other Standard parcels?
- c. Do IOCS tallies distinguish between Periodicals that are mailed with DALs and other Periodicals?
- d. Do IOCS tallies distinguish between Bound Printed Matter ("BPM") pieces that are mailed with DALs and other BPM?
- e. If the answer to any of the preceding parts a, b, c, or d is affirmative, please indicate all entries in IOCS tallies where the distinction is recorded, with appropriate references to the current IOCS data collector's handbook. If whatever you reference has not been submitted as a library reference, please do so.

RESPONSE

- a. No. DAL information is only recorded when the sampled employee is handling a single piece of mail or when the top piece rule is applicable (please see USPS-LR-I-14/R2000-1, IOCS Field Instructions Handbook F-45, pages 12-3 through 12-4 for top piece rule). DAL information is not recorded for mixed mail tallies.
- b. No. Please see response in part (a.)
- c. No. Please see response in part (a.)
- d. No. Please see response in part (a.)
- e. N/A (Not Applicable).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW
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VP/USPS-T1-2: Can IOCS tallies be used to estimate separately the mail processing cost of Standard ECR Mail with DALs (i.e., those flats or parcels - either separately or combined - that are mailed with DALs) and Standard ECR mail without DALs?

- a. If your answer to the above question is affirmative, for Base Year please provide whatever cost estimates are available (i.e., for flats and parcels separately, or for flats and parcels combined, if that is the only estimate that is available).
- b. If your answer to the above question is anything other than an unqualified affirmative, please explain what changes in the IOCS would be necessary in order to develop such cost estimates.

RESPONSE

No, since DAL information is not available for mixed mail tallies.

- a. N/A (Not Applicable).
- b. The IOCS laptop software would need to be modified to separately record the shape distributions not only for each subclass, as is currently done, but for each subclass and DAL combination (please see USPS-LR-I-14/R2000-1, pages 17-1 through 17-3). This software and data collection procedure change would require additional training for the data collectors. The IOCS mainframe software would also have to be extensively modified to separate records that are associated with DALs from other records without DALs so as to assign them unique activity codes. This would entail changes to the programs that assign activity codes, programs that edit the data, programs that distribute mixed mail tallies, and the cost distribution programs.

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VP/USPS-T1-4: As a hypothetical, please assume that while a carrier is still in the Destination Delivery Unit ("DDU") the carrier accidentally drops on the floor a number of flat-shaped Standard ECR pieces that are to accompany DALs (e.g., a bundle breaks accidentally). Assume further that each flat-shaped piece in the bundle is a wrap consisting of a host piece with five inserts inside the host piece. Assume also that, as a result of being dropped on the floor, many of the inserts become separated from their host pieces. Finally, assume that the carrier is the subject of an IOCS tally and at the moment of the tally the carrier was retrieving from the floor one or more letter-shaped inserts that had become separated from the host piece.

- a. Would the tally reflect that the carrier was working on letter-shaped mail or flat-shaped mail?
- b. Would the tally reflect that the carrier was handling mail accompanied by DALs?

RESPONSE

- a. The mailpiece would be recorded as flat shaped. Please see USPS-LR-I-14/R2000-1, pages 12-10 through 12-11, for IOCS recording instructions.
- b. Yes. Please see USPS-LR-I-14/R2000-1, pages 12-10 through 12-11, for IOCS recording instructions.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW
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VP/USPS-TI-5: Please assume that a carrier is in the process of casing DALs accompanying Standard ECR Mail at the time the carrier is the subject of an IOCS tally.

- a. Will the tally indicate that the carrier is casing a letter-shaped piece?
- b. If not, what will the tally indicate?

RESPONSE

- a. No.
- b. As described in USPS-LR-I-14/R2000-1, pages 12-10 through 12-11, the tally will reflect the shape of the DAL's accompanying piece.

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VP/USPS-TI-6: Please assume that a carrier, for whatever reason, is in the process of casing Standard ECR wraps that are accompanied by DALs at the time the carrier is the subject of an IOCS tally.

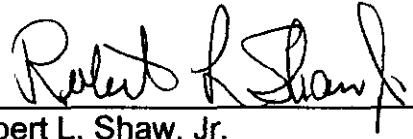
- a. Will the tally indicate simply that the carrier is casing a flat-shaped piece?
- b. Alternatively, will the tally indicate that the carrier is casing a flat-shaped piece that is part of a DAL mailing?
- c. Regardless of your answers to parts a and b, please explain the substance and extent of the information that the tally being handled will contain about the piece.

RESPONSE

- a. As described in USPS-LR-I-14/R2000-1, the tally will indicate the sampled employee's activity at the time of the reading to be "Sequencing/Casing Deliverable Mail" (page 10-8) and assuming that a wrap implies a flat shaped mailpiece, the tally will indicate that the mailpiece being handled is flat shaped.
- b. As described in USPS-LR-I-14/R2000-1, the tally will indicate that the sampled employee is handling a mailpiece that is associated with a detached address card (pages 12-10 through 12-11).
- c. At the time of the reading, the IOCS data collector will record the sampled employee's activity, and if the sampled employee is handling a piece of mail, the data collector will record any applicable data about the mailpiece in accordance with the procedures specified in the IOCS Field Instructions Handbook F-45.

DECLARATION

I, Robert L. Shaw, Jr., declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Robert L. Shaw, Jr.

Dated: 10/17/01

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.

Kenneth N. Hollies

Kenneth N. Hollies

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