

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 LESLIE M. SCHENK  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC., REDIRECTED FROM  
WITNESS HOPE  
(VP/USPS-T31-9e and 9f)

The United States Postal Service hereby provides the response of witness Schenk to the following interrogatory of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc.: VP/USPS-T31-9e and 9f, filed on October 11, 2001. These subparts of this interrogatory was redirected from witness Hope.

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

  
Nan K. McKenzie

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October 25, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO  
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC., REDIRECTED FROM  
WITNESS HOPE**

**VP/USPS-T31-9e.** Could the cost difference between the average ECR flat (most of which are not mailed with DALs) and the average ECR parcel (all of which are mailed with DALs) be due to the additional costs caused by DALs, rather than costs incurred by the shape or weight of ECR parcels? Please explain your answer.

**VP/USPS-T31-9f.** In Docket No. R2000-1, Postal Service witness Crum (USPS-T-27) observed that the high costs attributed to ECR parcels (\$0.746 in FY 1998) may reflect the costs of DAL mailings. Response to PSA/USPS-T27-5(a), Tr. 8/3427, Docket No. R2000-1.

- (i) Do you believe that the high costs attributed to ECR parcels in this docket are due, at least in part, to the higher costs incurred in processing and delivering DAL mailings? Please explain your answer.
- (ii) What other reason(s) would you suggest that explain the high costs attributed to ECR parcels in this docket?

**RESPONSE:**

**VP/USPS-T31-9e.** To my knowledge no study or analysis has been conducted concerning whether the source of the cost difference between the average ECR flat and the average ECR parcel can be attributed to DALs or to other factors, such as shape or weight.

**VP/USPS-T31-9f (i-ii).** To my knowledge no study or analysis has been conducted that proves that there are higher costs incurred in processing and delivering DAL mailings. In addition, in his response to PSA/USPS-T27-5(a), Tr. 8/3427, Docket No. R2000-1, witness Crum discussed four possible reasons why high costs were attributed to ECR parcels. While he stated that DALs "could cause higher costs for ECR parcels," he also mentioned other factors that may

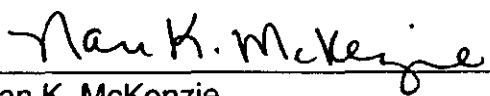
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**RESPONSE CONTINUED:**

cause these higher costs, including the way regular and ECR parcels arrive and are processed, differences in average physical and/or location characteristics, and small sample issues. He did not report any analysis that indicates the degree to which these possible factors contribute to higher costs for ECR parcels. To my knowledge, no study of the cost differences caused by DALs has been done since Docket No. R2000-1, so there is no information available to determine whether higher costs are incurred in processing and delivering DAL mailings. The reasons witness Crum discussed as possible explanations for the high cost of ECR parcels seem reasonable avenues of exploration for determining the source(s) of high ECR parcel costs.

**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.

  
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Nan K. McKenzie

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October 25, 2001