

RECEIVED
Before The
POSTAL RATE COMMISSION
Oct 26 4 31 PM '01 WASHINGTON, D.C. 20268-0001

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2001

Docket No. R2001-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS HARAHUSH TO VAL-PAK INTERROGATORIES
(VP/USPS-T5-1-3)

The United States Postal Service hereby provides the responses of witness Harahush to the following interrogatories of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association: VP/USPS-T5-1-3, filed on October 12, 2001. Interrogatories 4-6 were 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


Richard T. Cooper

475 L'Enfant Plaza West, S.W.
(202) 268-2993; Fax: -5402
Washington, D.C. 20260-1137
October 26, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARAUSH
TO INTERROGATORIES OF VAL-PAK**

VP/USPS-T5-1.

According to the cover sheet for LR-J-14, Handbook F-65, the March 1999 Data Collection User's Guide for Cost Systems, "Chapters 3 and 4 are subject to witness Harahush, USPS-T-5." Section 3.2.1.10 of this Handbook F-65 states that: "If the mailing consists of a detached label with a mailing sample, count the two pieces as one saturation mailing but record the pieces separately when counting mail for the stop."

- a. Does this treatment of DAL mailings only apply to saturation mailings? If so how are DAL mailings which are not saturation mailings recorded?
- b. What is the significance of counting the two pieces as a single saturation mailing? How are the data regarding the number of saturation mailings used by the Postal Service?
- c. What is the significance of counting the two pieces separately when counting mail for the stop? How are the data regarding the number of mail pieces per stop by the Postal Services?

RESPONSE:

- a. In city carrier cost, if a mailing has a DAL accompanying another mailpiece, each of the two mailpieces will be counted at the stop, but only one saturation mailing will be recorded when the saturation mailings are counted.
- b. For purposes of counting the number of saturation mailings on a tested route, the DAL and the accompanying mailpiece are considered one mailing. The number of saturation mailings is not used.
- c. Each piece of mail handled by the carrier is counted in a sampled stop in a city carrier test. The number of mail pieces per stop are used for cost distribution purposes.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARA HUSH
TO INTERROGATORIES OF VAL-PAK

VP/USPS-T5-2

Section 4.1.1.2 of Handbook F-65 states: "Make sure that you know how to distinguish between letters and flats and between flats and parcels. You can find definitions for the various compensation categories in RM 4-08. Unlike in the City Carrier test, you must make these distinctions based on the measurements of the mailpieces rather than on the way the carrier cases the mailpieces." Likewise, Section 1.2 of the handbook states "In the city test you count mail according to how it is cased, but in the rural test you count it according to its measurements."

- a. Does this mean that, when a City Carrier Route Test is conducted, the identification of a mailpiece as a letter, or flat, or parcel, is based upon the way the carrier cases the mailpiece, rather than on the dimensions of the mailpiece? Please explain your answer.
- b. Why does the city carrier route test use a method of defining a mailpiece's shape that is different from the rural carrier route test.

RESPONSE:

- a. Confirmed, with the exception when a carrier uses a mail case that is not divided for letters and flats separately. In that case, measurements are used for determining shape.
- b. Rural costing methodology is tied to the national rural count of mail, which uses the measurement.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARAHUSH
TO INTERROGATORIES OF VAL-PAK

VP-USPS-T5-3

Section 4.2.4.8 states:

Recording Detached Address Labels (DALs/Cards). This applies to a variety of rates of mail. Record class, subclass, and compensation category for detached address labels accompanying a product or host-piece by examining the markings to determine the proper class or subclass. The address format determines compensation category. If the DAL has a simplified address, then use "Boxholder" as the compensation category. If the DAL has occupant (postal customer, occupant, householder or resident and a specific address) or exceptional ("Jane Doe or current resident" and a specific address) address format, use the proper type of letter as the compensation category.

- a. For rural carriers, why does the address format determine the compensation category for a DAL mailing?
- b. Does the address format determine the compensation category for both the DAL and the accompanying mailpiece.
- c. Please identify all of the compensation categories for which a DAL may qualify under this section, and the corresponding compensation to a rural carrier for a DAL and accompanying mailpiece.
- d. For the calculation of rural carrier compensation, are the DAL and accompanying mailpiece treated as two mailpieces?

RESPONSE:

- a. The rural carrier cost system uses the rules that are followed by personnel conducting the National Rural Mail Count.
- b. The address format determines the compensation category of the DAL as described in Section 4.2.4.8. The compensation category of the accompanying piece is determined separately.
- c. The rural carrier cost system allows a data collector to enter any compensation category for a mailpiece; however, a DAL would be counted as

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARAUSH
TO INTERROGATORIES OF VAL-PAK

either an "Other Letter" or a boxholder. The allowance factor for an "Other Letter" is 0.0625, or 16 pieces per minute. The allowance factor for the accompanying piece, a boxholder, is 0.04, or 25 pieces per minute.

d. Confirmed.

DECLARATION

I, Thomas W. Harahush, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

Thomas W. Harahush

Date: 10/25/01

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.


Richard T. Cooper

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
October 26, 2001