

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

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY  
Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS TOLLEY TO INTERROGATORIES OF  
VAL-PAK DEALERS' ASSOCIATION, INC., VAL-PAK DIRECT MARKETING  
SYSTEMS, INC., AND CAROL WRIGHT PROMOTIONS, INC.  
(VP-CW/USPS-T6-1-4)

The United States Postal Service hereby provides responses of witness Tolley to the following interrogatories of Val-Pak Dealers' Association, Inc., Val-Pak Direct Marketing Systems, Inc., and Carol Wright Promotions, Inc.: VP-CW/USPS-T6-1-4, filed on August 21, 1997.

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

  
Eric P. Koetting

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September 4, 1997

RESPONSE OF POSTAL SERVICE WITNESS TOLLEY  
TO INTERROGATORIES OF VP-CW

VP-CW/USPS-T6-1. Your testimony at p. 135 discusses the volume forecast for Standard A ECR automated mail. Please define the term "automated mail" as you use it here. Specifically, are you referring to (i) ECR mail entered at the automation rate, (ii) ECR letter mail that has a preprinted barcode and is automatable (e.g., letter-shape mail entered at the saturation rate, but which also has a barcode preprinted as a courtesy to the Postal Service), or (iii) something else?

RESPONSE:

Standard A ECR automated mail refers to ECR mail entered at the automation rate.

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VP-CW/USPS-T6-2. Table 1 at p. 5 of your testimony shows Base Year volume for Standard A Enhanced Carrier Route mail as 29,999.206 million pieces. The RPW Report for Government Fiscal Year 1996 (dated November 11, 1996) indicates that the volume of Third-Class Bulk Regular carrier route mail was 29,204.513 million pieces. Please reconcile the difference between the data in your Table 1 and the RPW Report.

RESPONSE:

The data refer to different time periods. As stated in my testimony at page 3, the Base Year used for volume forecasting is postal 1996Q3 through postal 1997Q2, which began in March 2, 1996 and ended on February 28, 1997. It does not correspond to GFY 1996, which began on October 1, 1995 and ended on September 30, 1996.

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VP-CW/USPS-T6-3. Please refer to LR-H-145, FY 1996 Billing Determinants, G-2, p.2. Under Basic Letters, the volume entered at Automation Rate is listed as 336,502,422 thousand pieces. This amount is not included in the total shown for Basic Letters (9,663,821,871). Your testimony at Page A-30, Appendix Table 4, lists the Base Year volume of automated Enhanced Carrier Route Letters as 1,208.395 million.

- a. Please explain and reconcile the difference between the volume of Automation Rate letters in the FY 1996 billing determinants and your Base Year volume for automated ECR letters.
- b. Please explain why the Automation Rate letters shown in the billing determinants are excluded from the total volume of Basic ECR letters, despite being listed as a component thereof.

RESPONSE:

- a. As noted in my response to VP-CW/USPS-T6-2, my Base Year for forecasting is 1996Q3 through 1997Q2, not GFY 1996. The difference in time periods covered is of more than usual importance because the periods contain different numbers of quarters under mail reclassification. Please see my response to VP-CW/USPS-T6-4.
- b. While I had no involvement in the preparation of LR-H-145, I am informed by the Postal Service that, with respect to the figures you cite, the Automation Rate line entry is intended merely to reflect how many of the pieces shown on the previous lines were also Automation Rate mail. The amount was not intended to be added to the total; to do so would have caused double-counting of the same pieces. Any further inquiries on this matter would need to be directed to the Postal Service.

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VP-CW/USPS-T6-4. Please refer to your Appendix Table 4, p. A-30. The Base Year data for Standard A Enhanced Carrier Route Mail are shown below in column 1, and corresponding billing determinants data from LR-H-145 are shown in column 2.

- a. Please provide the source of your Base Year data for Standard A ECR mail and reconcile all differences between your data and the billing determinants.
- b. Where significant differences exist, which data are more reliable?

	(1)	(2)	(3)
	USPS-T-6 Page A-30 Table 4	LR-H-145 Billing Deter- minants	Col 2 as Percent of Col 1
<b>STANDARD A MAIL</b>			
<b>Enhanced Carrier Route</b>			
Automated	1,208.395	336.502	27.9%
Basic letters	7,464.164	9,663.822	129.5
Basic nonletters	9,367.546	8,462.895	90.3
High-density letters	245.893	92.730	37.7
High-density nonletters	992.760	753.194	75.9
Saturation letters	2,616.827	2,432.699	93.0
Saturation nonletters	8,103.621	7,775.397	95.9
 Total (col 2 EXcludes automated letters)	 29,999.206	 29,180.737	 97.3%
 Total (col 2 INcludes automated letters)	 29,999.206	 29,517.239	 98.4%

RESPONSE:

a. There are two differences between my data and the billing determinants. First, the reporting of Automated letters is different. In column 1 above, the volumes shown for the Automation and Basic letters categories are mutually exclusive, while the Automation volume in column 2 is a subset of Basic letters, as noted in my response to VP-CW/USPS-T6-3.

Second, the time period covered is different. My Base Year data come from RPW

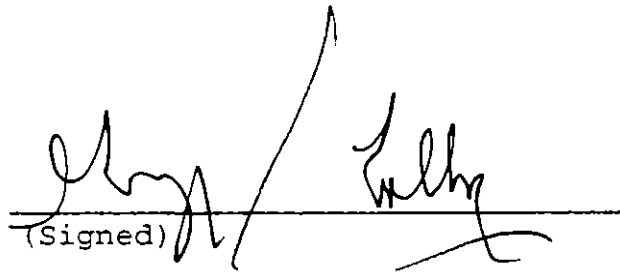
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reports for 1996Q3, 1996Q4, 1997Q1 and 1997Q2, while the billing determinant volumes come from GFY 1996 (approximately 1996Q1 through 1996Q4), as noted in my response to VP-CW/USPS-T6-2. The Base Year, being on the order of six months later than GFY 1996, contains more quarters in which mail reclassification was in effect. Reclassification had noticeable effects on the distribution of mail between the categories of ECR mail, contributing to some of the differences between columns 1 and 2.

b. If one were to exclude Automated volumes from the total in column 2, both sets of data should be equally reliable in measuring volume over the different time periods to which they refer.

DECLARATION

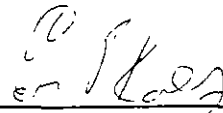
I, George Tolley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

  
(Signed)

August 27, 1997  
(Date)

**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.

A handwritten signature in black ink, appearing to read "Eric P. Koetting", written over a horizontal line.

Eric P. Koetting

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