

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R2001-1

POSTAL RATE AND FEE CHANGES, 2001)

VAL-PAK DIRECT MARKETING SYSTEMS, INC.
AND VAL-PAK DEALERS' ASSOCIATION, INC.
SECOND INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO
UNITED STATES POSTAL SERVICE (VP/USPS-4-8)
(November 13, 2001)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,



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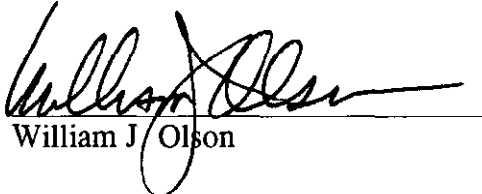
Counsel for:

Val-Pak Direct Marketing Systems, Inc. and

Val-Pak Dealers' Association, Inc.

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.



William J. Olson

November 13, 2001

VP/USPS-4.

Please refer to the table and graph in interrogatory OCA/USPS-106.

- a. Please examine the Management Operating Data System (“MODS”) operations and In-Office Cost System (“IOCS”) tallies that underlie the mail processing unit costs for First-Class single piece and Standard Regular letter-shaped mail in the 0-1 and 2-3 ounce increments and explain which MODS operations are the major cause for mail processing unit costs of First-Class Single Piece Mail between 2-3 ounces to increase by 249 percent ($0.4017/0.1151$), while the unit cost for 2-3 ounce Standard Regular Mail increases by only 28 percent ($0.0638/0.0497$) over that of 0-1 ounce Standard Regular Mail. That is, in which particular MODS operations for letters did the tallies for First-Class single piece mail increase relative to those for Standard Regular, as weight increased to the 2-3 ounce range?
- b. Please examine the MODS operations and IOCS tallies that underlie the mail processing unit costs for First-Class Presort and Standard Regular letter-shaped mail in the 0-1 and 2-3 ounce increments and explain which MODS operations are the major cause for mail processing unit costs of First-Class Presort between 2-3 ounces of increasing by 419 percent ($0.2207/0.0425$), while the unit cost for 2-3 ounce Standard Regular Mail increases by only 28 percent ($0.0638/0.0497$) over that of 0-1 ounce Standard Regular Mail. That is, in which particular MODS operations did the tallies for First-Class Presort increase relative to those for Standard Regular, as weight increased to the 2-3 ounce range?

- c. Since mail processing unit costs for all three categories in the above-referenced interrogatory are confined to letter-shaped mail, please explain why the mail processing unit costs for First-Class single piece and First-Class Presort letter mail increase so much more with weight than does the mail processing unit cost for Standard Regular letters.
- d. Please discuss whether, in the Postal Service's opinion, the weight-cost relationship for First-Class single piece letters is distinctly different from the weight-cost relationship for Standard Regular letters and, if so, why.

VP/USPS-5.

Please refer to the Postal Service's response to VP/USPS-T-39-10(b), where it describes the collation of flat pieces from multiple Detached Address Label ("DAL") mailings into trays for delivery on the same day. For purposes of responding to this interrogatory, please add the following assumptions to those in VP/USPS-T39-10: (i) each mailing has just enough DALs (specifically addressed to an individual customer or residence) to satisfy the minimum requirements necessary to qualify for the saturation rate, so that each stop on the route will not receive one of the pieces in each DAL mailing; (ii) many of the "omitted" stops in each mailing do not coincide; and (iii) in each mailing the number of DALs is exactly equal to the number of wraps in that mailing. To elaborate briefly, a number of the stops along the route may receive all of the different wraps being delivered that day, but some of the stops will not receive all of them. Please explain how a mounted carrier who has pre-collated all of the wraps and taken them on the route will handle delivery as the carrier proceeds from stop to

stop; *e.g.*, at stops where at least one of the wraps is not to be delivered, does the carrier set aside the “omitted” wrap(s) for delivery later? If not, what procedure does the carrier follow?

VP/USPS-6.

Please refer to the Postal Service’s response to VP/USPS-T39-24.

- a. In the response to part d, it states that “[t]he DAL and host mailpiece ... are considered two pieces for costing purposes.” Please indicate specifically all instances where the DAL and host piece are considered as two pieces for costing purposes.
- b. In the response to part e (ii), it states that “When volume exists to saturate a route, DALs facilitate the casing and delivery of **some** flats and parcels.” (Emphasis added.) Please provide examples of instances where DALs do not facilitate the casing and delivery of [some] flats and parcels.

VP/USPS-7.

Please refer to the Postal Service’s response to VP/USPS-T39-28.

- a. For DAL mailings delivered on rural routes, please provide the best estimate of the share, or percentage, that have simplified addresses, and the share, or percentage, that are specifically addressed to an individual customer or residence.
- b. In part b of that response, it states that “[a]ll DAL mailings count as two mail pieces on rural routes.” For purposes of distributing rural delivery costs to

letters versus flats, please explain whether DAL mailings count as (i) two flats, or (ii) one letter and one flat.

- c. In part b of that response, it also provides the time value of DALs for sortation, depending on whether the DAL (i) is specifically addressed to a customer or (ii) uses a simplified address. Regardless of which address form is used, during the specified count period, is the time value for sorting DALs treated as a cost of sorting letters or flats? Please explain.

VP/USPS-8.

Please refer to the Postal Service's response to VP/USPS-T39-28, part a, which provides the time value for sorting and pulldown time of DALs while rural carriers are in the office.

- a. Do these time values for sorting and pulldown reflect the entire consideration that enters into a computation of volume variable rural carriers costs when handling DALs and the associated pieces, or do the carriers receive additional time value credits when handling such pieces along the route?
- b. If the answer to the preceding question is that additional time values apply to delivery of various types of items, please provide the time values applicable to ordinary letters, flats, DALs, and the mail pieces associated with DALs.
- c. When DALs are included in a National Rural Mail Count, please specify whether they are counted as letters or flats.

- d. If DALs are counted as letters, please indicate whether the cost of handling DALs by rural carriers is reflected in the aggregate cost of letters. If the cost of handling DALs is not included in the cost of letters, please specify where these costs would appear when costs are aggregated by shape of mail.