

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 HOPE TO INTERROGATORIES OF VAL-PAK DIRECT
MARKETING SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC.
(VP/USPS-T31—36-37)**

The United States Postal Service hereby provides the responses of witness Hope to the following interrogatories of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association: VP/USPS-T31—36-37, filed on November 8, 2001. Interrogatory VP/USPS-T31-38 was redirected to witness Schenk.

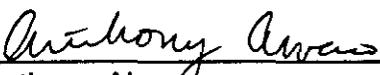
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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Attorney

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November 21, 2001

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VP/USPS-T31-36:

Please refer to your testimony, page 13, Table #3.

- a. The source note under Table #3 refers to "W1, page Y for Revenue." Please provide the precise cell references on page Y of WP1 where both the Before Rates and After Rates unit revenue figures shown in your Table #3 can be found.
- b. If the unit revenue figures shown in your Table #3 are not contained on page Y of WP1, please provide all data necessary to replicate the unit revenue figures shown in your Table #3, and cite the source for each datum. Specifically, for the numerator and denominator of the unit revenue figures in your Table #3, please provide:
 - (i) Before rates total revenues for piece-rated and pound-rated pieces above and below the 3.0 ounce dividing line.
 - (ii) Before rates volumes for piece-rated and pound-rated pieces above and below the 3.0 ounce dividing line.
 - (iii) Before rates total revenues for piece-rated and pound-rated pieces above and below the 3.5 ounce dividing line.
 - (iv) Before rates volumes for piece-rated and pound-rated pieces above and below the 3.5 ounce dividing line.
 - (v) After rates total revenues for piece-rated and pound-rated pieces above and below the 3.0 ounce dividing line.
 - (vi) After rates volumes for piece-rated and pound-rated pieces above and below the 3.0 ounce dividing line.
 - (vii) After rates total revenues for piece-rated and pound-rated pieces above and below the 3.5 ounce dividing line.
 - (viii) After rates volumes for piece-rated and pound-rated pieces above and below the 3.5 ounce dividing line.

RESPONSE:

- a. The figure used for Before Rates piece-rated pieces, 0.14245, can be found in USPS-LR-J-131, WP1, page Y ("ECR TYBR TYAR REV"), column 4, line 15 (spreadsheet column I, row 23). The figure used for Before Rates pound-rated pieces is 0.20655, can be found in USPS-LR-J-

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131, WP1, page Y ("ECR TYBR TYAR REV"), column 4, line 16
(spreadsheet column I, row 24).

The figure used for After Rates unit revenue for piece-rated pieces, 0.15074, can be found in USPS-LR-J-131, WP1, page Y ("ECR TYBR TYAR REV") column 6, line 15 (spreadsheet column L, row 23). The figure used for After Rates unit revenue for pound-rated pieces, 0.20887, can be found in USPS-LR-J-131, WP1, Page Y ("ECR TYBR TYAR REV"), column 6, row 16 (spreadsheet column L, row 24).

Incidentally, the heading on Table #3 of my testimony, "Comparison of Cost Coverages for Piece-Rated vs. Pound-Rated ECR Nonletters" is imprecisely labeled, as the table provides unit revenue and unit cost for *total ECR volume*, including letters. The testimony text on page 12, lines 7 to 11 and on page 13, lines 1 to 9 discusses comparison of piece-rated pieces to pound-rated pieces, which is an accurate description of both the intent and content of Table #3.

- b. Not applicable.

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VP/USPS-T31-37:

Please refer to your testimony, page 13, Table #3.

- a. The source note under Table #3 refers to "USPS-LR-J-59 for Estimated Test Year Costs." Library reference USPS-LR-J-59 contains six files, and each file contains a number of spreadsheets. Please provide the precise files, spreadsheets and cell references in USPS-LR-J-59 where both the piece-rated and pound-rated unit cost figures shown in your Table #3 can be found.
- b. If the unit cost figures shown in your Table #3 are not explicitly contained in any of the files and spreadsheets in USPS-LR-J-59, please provide all data necessary to replicate the unit cost figures shown in your Table #3, and cite the source for each datum. Specifically, for the numerator and denominator of the unit cost figures in your Table #3, please provide:
 - (i) Total costs for piece-rated and pound-rated pieces above and below the 3.0 ounce dividing line.
 - (ii) Volumes used to compute unit costs for piece-rated and pound-rated pieces above and below the 3.0 ounce dividing line.
 - (iii) Total costs for piece-rated and pound-rated pieces above and below the 3.5 ounce dividing line.
 - (iv) Volumes used to compute unit costs for piece-rated and pound-rated pieces above and below the 3.5 ounce dividing line.

RESPONSE:

- a. The unit costs provided in Table #3 were provided by witness Schenk. Those costs, as revised, are presented in USPS-LR-J-58, Workbook LR58AECR_revised.xls, Spreadsheet "ECR all (detailed)", cells B25 and B26, respectively, for piece-rated and pound-rated pieces using the 3.0 ounce dividing line, and cells E25 and E26, respectively, for piece-rated and pound-rated pieces using the 3.5 ounce dividing line. I understand from witness Schenk that errata to LR-J-58 containing the Workbook

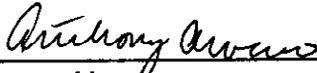
**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HOPE TO
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LR58AECR_revised.xls will be filed shortly. The changes are minor and do not affect my conclusions.

- b. See response to subpart (a), above.

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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