

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
TO INTERROGATORY OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND
VAL-PAK DEALERS' ASSOCIATION, INC.
(VP/USPS-T43-25)

The United States Postal Service hereby provides its response to the following interrogatory of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc.: VP/USPS-T43-25, filed on November 26, 2001. The interrogatory was redirected from witness Schenk.

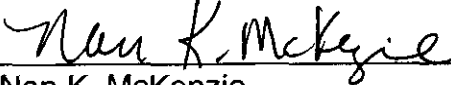
The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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December 10, 2001

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REDIRECTED FROM WITNESS SCHENK

VP/USPS-T43-25.

The city carrier system and the National Rural Mail Count both include and count DALs as letters, whereas the RPW system does not record DALs. Do any other significant differences exist between the way mail is counted and recorded in the RPW System on the one hand, and either city carrier mail count or the national rural mail count on the other? If so, please describe each, and indicate whether you think that the difference would be negligible or non-negligible quantitatively, where any difference greater than 1 percent would be considered as non-negligible.

Response:

Numerous differences exist between the ways mail is counted and recorded in the three systems. Most of these differences are non-negligible, inasmuch as they are definitional differences. Specific studies have not been conducted to quantify percent differences. The following are the major differences in ways mail is counted and recorded between the three systems.

1. Weight – RPW obtains the weight of the sampled mailpiece. Neither the city carrier cost system nor the National Rural Mail Count obtains the weight of the sampled mailpiece.
2. Revenue – RPW obtains the revenue on the sampled mailpiece. Neither the city carrier cost system nor the National Rural Mail Count obtains the revenue on the sampled mailpiece.
3. Shape/Type/Evaluation Factors – The city carrier system uses letter, flat, and parcel as shape. City carrier shape is determined by the case in which a carrier places the mailpiece, or when a carrier uses only one case to sort all mail, by measurement. RPW uses Letter, Flat, IPP/Parcel, Stamped Card (Postal), Private/Penalty Card, and Keys and Identification Devices as type. RPW shape definitions are consistent

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with DMM definitions. The National Rural Mail Count (NMRC) uses DPS, Sector Segment, and Other Letter; Papers, Magazines, and Catalogs; Parcels; and Boxholders as evaluation factors for delivered mail. NMRC utilizes measurements and/or processing methods to determine evaluation factor.

4. Rate Category – City carrier data collectors determine rate category by first determining class, and then subclass, and finally rate (an aggregation of rate categories). RPW utilizes the determined class and mail preparation marking, along with type, weight, and revenue information to determine rate category. The National Rural Mail Count does not collect data on subclass, rate, or rate category.

Within each class, the RPW system generally determines the rate category at a much finer level of detail than does city carrier. For example, in Package Services, city carrier has four subclasses: Parcel Post, Media Mail, Library Rate and Bound Printed Matter. RPW, however, collects data on Zone-Rated Parcel Post; Single Piece and Presorted Media Mail; Single Piece, Presorted, and Carrier Route Bound Printed Matter; and Single Piece and Presorted Library.

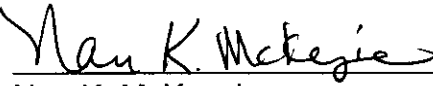
5. Accountables/Special Services, Evaluation Factors – The city carrier system records data for the following accountables: postage due, business reply, certified, COD, numbered Insured, registered, return receipt, express return receipt, delivery confirmation, signature confirmation, and other. RPW records special services based upon the class and shape/type of mail they are recording. While city carrier obtains accountable information for the sampled mailpieces, the accountable

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information is not linked with the mailpiece for which that accountable service is performed. RPW, however, links the special service to the mailpiece sampled. There are some differences between city carrier and RPW accountable/special services. While city carrier simply records BRM, RPW records BRM with and without accounting fee and QBRM. RPW records merchandise return service, city carrier does not. National Rural Mail Count records counts of registered, certified, insured, and Express Mail together, COD and Customers Dues, and Postage Dues. City carrier records Express Mail separately as a class.

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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