

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

RECEIVED

Dec 14 4 36 PM '01

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SCHENK TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING
SYSTEMS, INC. AND VAL-PAK DEALERS' ASSOCIATION, INC.
(VP/USPS-T43-26-27)

The United States Postal Service hereby provides the responses of witness Schenk to the following interrogatories of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc.: VP/USPS-T43-26-27, filed on November 30, 2001.

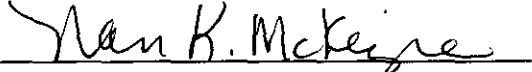
Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3089 Fax -5402
December 14, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND
VAL-PAK DEALERS' ASSOCIATION, INC.**

VP/USPS-T43-26.

Please refer to your response to VP/USPS-T31-38 (redirected from witness Hope). In part a of that response, you provide all mail processing and delivery costs for piece-rated and pound-rated pieces for Standard ECR TY Total Costs.

- a. For the costs listed under the caption "3.0 ounce dividing line," please state explicitly whether the costs shown are for pieces **below** the 3.0 ounce dividing line, or for costs **above** the 3.0 dividing line.
- b. Regardless of your answer to preceding part a, please provide the total costs on "the other side" of the 3.0 ounce dividing line.
- c. For the costs shown under the caption "3.5 ounce dividing line," please state explicitly whether the costs are for pieces **below** the 3.5 ounce dividing line, or for costs **above** the 3.5 ounce dividing line.
- d. Regardless of your answer to preceding part c, please provide the total costs on "the other side" of the 3.5 ounce dividing line.

RESPONSE:

- a. – d. Please see the revised response to VP/USPS-T31-38.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND
VAL-PAK DEALERS' ASSOCIATION, INC.**

VP/USPS-T43-27.

Please refer to your response to VP/USPS-T31-38 (redirected from witness Hope), as well as your response to VP/USPS-T43-26, regarding each of the different delivery costs that you provide for piece-rated and pound-rated pieces.

- a. For each total delivery cost which you have provided for piece-rated and pound-rated pieces below and above the 3.0 ounce dividing line, please provide a breakdown of those total delivery costs as between (i) in-office costs, and (ii) street time costs.
- b. For pound-rated pieces **above** the 3.0 ounce dividing line, do the street time costs contain costs attributable to handling detached address labels ("DALs") on the street (*i.e.*, for the portion of pound-rated pieces that were accompanied by a DAL)? Please explain why or why not.
- c. For piece-rated pieces **below** the 3.0 ounce dividing line, do the street time costs contain all costs attributable to handling DALs for Standard ECR Mail on the street? If so, please explain why all such costs should be attributed solely to piece-rated pieces. If not, please explain how you partitioned the street time costs attributable to Standard ECR DALs in a manner that would allow them to be distributed ratably between piece-rated and pound-rated pieces.
- d. Please provide the actual volumes that were used to convert total costs which you have provided into (i) unit mail processing costs above and below the 3.0 ounce dividing line, (ii) unit in-office delivery costs above and below the 3.0 ounce dividing line, and (iii) unit street-time costs above and below the 3.0 ounce dividing line.
- e. When you computed unit costs for (i) mail processing, (ii) in-office delivery, and (iii) street time, did you always use the same volumes, and did the sum of the volumes below and above the 3.0 ounce dividing line equal the total projected volumes for Standard ECR Mail in Test Year? If not, please explain the calculations that you performed.

RESPONSE:

- a. The requested breakdown is provided below. Rural carriers costs cannot be divided between in-office and street time but are included in the table so that the total delivery costs are shown to match those reported in the revised response to VP/USPS-T31-38.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND
VAL-PAK DEALERS' ASSOCIATION, INC.**

	Standard ECR TY Total Costs (\$000)	
	3.0 Ounce dividing line	
	For Pieces Below 3.0 Ounces	For Pieces Above 3.0 Ounces
Delivery		
City Carrier In-Office	422,832	146,496
City Carrier Street Time	384,532	302,900
Rural Carrier	450,160	178,057
Total Delivery	1,257,523	627,453

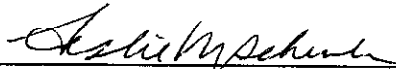
- b. It is my understanding the DALs are recorded as letters in the carrier cost system (see witness Harahush's responses to VP/USPS-T5-7a, VP/USPS-T5-8b, and VP/USPS-T43-11b (redirected from me)). Street time carrier costs (i.e., cost segment 7) are distributed to weight increment using RPW volume or weight (see my response to VP/USPS-T43-4b). For mailpieces with accompanying DALs, RPW only records the volumes or weights of the accompanying mailpieces (see my response to VP/USPS-T43-11c). Therefore it is my understanding that some street-time costs reported for pound-rated pieces include costs associated with DALs.
- c. It is my understanding that some street-time costs reported for piece-rated pieces include costs associated with DALs (see response to b above).
- d. Unit mail processing costs, unit in-office delivery costs, and unit street-time costs are not provided in the responses to VP/USPS-T31-38 or VP/USPS-T43-26.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SCHENK TO
INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND
VAL-PAK DEALERS' ASSOCIATION, INC.**

- e. Unit mail processing costs, unit in-office delivery costs, and unit street-time costs are not provided in the responses to VP/USPS-T31-38 or VP/USPS-T43-26.

DECLARATION

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



Leslie M. Schenk

Dated: 12/14/01

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.



Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
December 14, 2001