

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND
VAL-PAK DEALERS' ASSOCIATION, INC.
(VP/USPS-13-14)

The United States Postal Service hereby provides the responses to the following interrogatories of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association, Inc.: VP/USPS-13-14, filed on December 4, 2001.

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

Joseph K. Moore

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3078, Fax -5402
December 18, 2001

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VP/USPS-13.

The Postal Service's response to VP/USPS-8(d) states:

Any boxholder count in the rural carrier system data could represent a letter shape, a flat shape, or a parcel shape. Estimated volumes from the rural carrier cost system are utilized to produce proportions of mail in each subclass in each evaluation factor (letter, flat, boxholder, parcel). The proportions are then used to distribute volume variable costs to subclasses if cost segment 10.

- a. Please define the term "boxholder," as you use it.
- b. When distributing "volume variable costs to subclasses of cost segment 10" in Base Year 2000, how many boxholders were characterized as:
 - (i) Letters?
 - (ii) Flats?
 - (iii) Parcels?
- c. What basis was used to distribute the volume variable costs incurred by boxholders to letters, flats, and parcels within each class or subclass for cost segment 10 in Base Year 2000?

RESPONSE:

- a. Section A040 of the DMM defines boxholder mail:

The simplified address format (i.e., "Postal Customer") may be used on mail when general distribution is desired to each boxholder on a rural route or highway contract route, each family on a rural route or highway contract route (at any post office), or all post office boxholders at a post office without city carrier service. A more specific address such as "Rural Route Boxholder", followed by the name of the post office and state, may be used. The word "Local" is optional.

- b. i-iii. As explained in the response to VP/USPS-8(d), boxholder mail can be either a letter, a flat, or a parcel. The Rural Carrier Cost System (RCCS), which is used to distribute boxholder cost to mail subclass, counts boxholder mail, but not the shape

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of each boxholder item. It is not possible to tell how many boxholder pieces are in each shape.

- c. Costs for boxholder mail are distributed to subclasses using the proportions of volume in the RCCS distribution key, which does not distinguish between shape. Boxholder costs are not distributed to shape by witness Meehan (USPS-T-11, Workpaper B, or USPS-LR-J-57) in the CRA.

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VP/USPS-14.

- a. In the Postal Service's response to VP/USPS-7(b), it states that "specifically addressed DALs are counted as letters and the unaddressed associated pieces are normally counted as boxholders, regardless of their size." Why aren't such mailpieces "counted" by shape, rather than by the nondescript designation "boxholder"?
- b. The Postal Service's response to VP/USPS-7(b) states that "[i]f the DAL has a simplified address and the associated piece is unaddressed, both pieces are counted as boxholder mail." How are (i) the letter shape of the DAL and (ii) the flat or parcel shape of the associated piece recaptured or recognized when boxholders are redesignated by shape for cost allocation purposes?
- c. Are the class and subclass of each boxholder recorded? If not, how are the costs incurred by boxholders distributed by class and subclass?

RESPONSE:

- a. As explained in the response to VP/USPS-T29-28(b), rural carrier compensation is based on a count of mail items received by the carrier during a specified mail count period. Rural carriers receive the same allowance for boxholder pieces, regardless of the shape of the mail piece. Therefore, it is not necessary to record the shape of the mail piece, only that it is a boxholder. This is further clarified in USPS-LR-J-193, "The National Count of Mail on Rural Routes", section e, and the notes in sections a, c, and d.
- b. i and ii. Witness Meehan (USPS-T-11, Workpaper B, and USPS-LR-J-57) does not redesignate boxholder costs by shape in the CRA.
- c. VP/USPS-7(b) refers to VP/USPS-T29-28(b), which describes the National Count of Mail (also called the Rural Mail Count of RMC). The RMC does not record subclass

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of mail. Average weekly pieces from the RMC are used by witness Meehan to distribute total volume variable rural carrier cost to evaluation item (i.e. letter, flat, parcel, boxholder). The RCCS does record subclass information (see witness Harahush, USPS-T-5). The RCCS is used by witness Meehan to distribute total boxholder costs to subclass using proportions of RCCS boxholder volume in each subclass.

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.

Joseph K. Moore

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