

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

REVISED RESPONSE OF POSTAL SERVICE WITNESS ELIANE VAN-TY-SMITH
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC., AND VALPAK
DEALERS' ASSOCIATION, INC., REDIRECTED FROM WITNESS ROBERT L. SHAW, JR.
(VP/USPS-T2-9 [PART 2])
(May 3, 2005)

The United States Postal Service filed the response of witness Van-Ty-Smith to interrogatory VP/USPS-T2-9 of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. (collectively, "Valpak") on April 29, 2005. Significantly, witness Shaw provided a response to the same interrogatory that same day. The two answers (identified as "shared" responses) differed in that witness Van-Ty-Smith responded with respect to clerk/mailhandler IOCS tallies, while witness Shaw responded with respect to city carrier IOCS tallies.

On May 2, 2005, the Commission's docket section contacted Postal Service counsel to say that the Commission's database enforces a one-to-one relationship between a single interrogatory (or part or subpart) and a single witness. As an accommodation to this restriction, the Postal Service is re-filing the respective responses denominating witness Shaw's response as "Part 1" and witness Van-Ty-Smith's as "Part 2".

The interrogatory is stated verbatim followed by witness Van-Ty-Smith's original response now denominating "Part 2".

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

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VP/USPS-T2-9.

For the costs associated with all tallies which do not indicate that an individual class or subclass of mail was being handled (e.g., handling mixed-mail, handling empty equipment, on break — not handling mail, etc.), please indicate:

- a. Which types of tallies have their associated costs distributed in proportion to the cost of direct “handling-mail” tallies (*i.e.*, tallies where either an individual piece of mail or an identifiable subclass of mail is being handled); and
- b. Which types of tallies have their associated costs distributed on a basis that is not in proportion to the cost of direct “handling-mail” tallies. For any such tallies, please provide a brief description of how their associated costs are distributed.

RESPONSE.

Explanations of city carrier tallies are being provided by witness Shaw.

- a. For clerk and mail handler mail processing tallies, it should be noted that the cost estimates shown in Table 1 of USPS-T-2 represent the total of volume-variable costs for C/S 3.1 developed at the cost pool level (see sections B.1, B.2.1, and Table 1 of USPS-T-11), before premium pay adjustment. The final distribution keys consist of the combined direct tallies, distributed mixed-mail tallies and distributed not-handling tallies within a cost pool, as defined and described in Section B.2.3 of USPS-T-11, *Cost Pool Distribution Keys*. Section B.2.3.a indicates that mixed-mail tallies within a cost pool where the employee is observed to be handling an “item” (uncounted or empty) or a “container” (with mail contents “identified” by percentages of shapes of loose mail and item types) are distributed in proportion to the direct tallies by subclass for the *same item type(s) and/or piece shapes within that cost pool*. (See footnote 14 for a definition of the terms “items” and “containers” and footnote 16 for a definition of the terms “identified” and “unidentified” relating to containers.)

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b. Section B.2.3.a also indicates that within a cost pool, tallies for employees observed to be handling either an “unidentified” or empty container are distributed to subclasses in proportion to the subclasses from the combined direct container tallies (i.e. containers with identical mail) and distributed “identified” container tallies for the same container types in that cost pool. Section B.2.3.b indicates that within a cost pool, regardless of the specific not-handling activities of the employees, tallies for employees observed not to be handling a piece of mail, an “item” or a container are distributed to subclasses, based on the handling tallies in that cost pool. The handling tallies consist of the direct tallies and the distributed mixed-mail tallies. Sections B.2.3.b and B.2.3.c also indicate for certain cost pools such as the Platform, the Miscellaneous and the Support cost pools, the distribution keys for the not-handling tallies are based on handling tallies from groups of cost pools.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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