

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

RESPONSES OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORIES OF VALPAK (VP/USPS-T16-2 - 5),
(May 16, 2005)

The United States Postal Service hereby provides the responses of witness
Kelley to the following interrogatories of ValPak, filed on May 2, 2005: VP/USPS-T16-2-

5.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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May 16, 2005

RESPONSE OF POSTAL SERVICE WITNESS JOHN KELLEY
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.,
AND VALPAK DEALER'S ASSOCIATION, INC.

VP/USPS-T16-2. This interrogatory includes the spreadsheets in Attachments A and B. Attachment A is from library reference USPS-LR-K-67, file 'LR-K-67.xls,' tab 5, "RPW." Please refer to the two spreadsheets in the attachments and respond to the following questions.

- a. Do the volume data shown in Attachment A, all of which are labeled as "ECR," exclude or include the volume of Nonprofit ECR mail?
- b. If you respond [*sic*] that those data in Attachment A exclude Nonprofit ECR volume, please compare the total volumes for letters (column 1) and nonletters (column 4) shown in row 6 of Attachment A with the comparable totals shown in row 4 of Attachment B, which is derived from library reference USPS-LR-K-77, Billing Determinants, and (i) explain why the totals in Attachment A differ from those in row 4 of Attachment B, and (ii) reconcile all differences in volume for each rate/shape category shown in Attachment B.
- c. If your response that those data in Attachment A include Nonprofit ECR volume, please compare the total volumes for letters (column 1) and nonletters (column 4) shown in row 6 of Attachment A with the comparable totals shown in row 12 of Attachment B, which is derived from library reference USPS-LR-K-77, Billing Determinants, and (i) explain why the totals in Attachment A differ from those in row 12 of Attachment B, and (ii) reconcile all differences in volume for each rate/shape category shown in Attachment B.

RESPONSE:

- a. Include.
- b. Not applicable.
- c. The totals in Attachment A differ from those in row 12 of Attachment B because of differences in the definitions of the various ECR subcategory and shape combinations. These differences are illustrated in the 'Alternative Attachment B' worksheet of the attached "VP-USPS-T16-2_Att._A-B.AlternativeB.xls."

One important difference in the definitions applies to all ECR letters. In LR-K-77, and in Attachment B to this interrogatory, letters are defined as the total mail volumes that the LR-K-87 worksheets 'Std Regular' and 'Std Nonprofit' report for auto basic, basic, high density, and saturation mail in the rows that contain the label "letter piece rate" mail. These total mail volumes include, however, flat-shaped pieces as well as

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letter-shape pieces. This point is illustrated for ECR and NECR piece rate mail in rows 11-12, 16, 20, 30-31, 35, 39, 49-50, 54, and 58 of the 'Alternative Attachment B' sheet in "VP-USPS-T16-2_Att._A-B.AlternativeB.xls." Row 20 shows, for example, that the 2,783,103,074 pieces that LR-K-77 and Attachment B list as total "ECR saturation letters" really equal the sum of the 2,764,144,185 letter-shape pieces and 18,958,889 flat-shape pieces that LR-K-87 'Std Regular' reports for "letter ECR saturation piece rate" mail. Similarly, row 39 shows that the 661,059,108 pieces that LR-K-77 and Attachment B list as total "NECR saturation letters" really equal the sum of the 654,516,539 letter-shape and 6,524,569 flat-shape pieces that LR-K-87 'Std Nonprofit' reports for "nonprofit letter ECR saturation piece rate" mail. Row 58 shows that the 3,444,162,182 of total LR-K-77/Attachment B "ECR plus NECR saturation letters" is likewise really the sum of the 3,418,660,723 letter-shape pieces and 25,501,459 flat-shape pieces that LR-K-87 reports for total regular plus nonprofit "letter ECR saturation piece rate" mail.

This example also illustrates a second important element of the LR-K-77 and 'Attachment B' definition of ECR letters, namely, that it limits these letters to strictly "piece rate" mail. Thus, letter-shape pieces in all of the ECR "pound rate" categories that are listed in LR-K-87 'Std Regular' and 'Std Nonprofit' are excluded from this LR-K-77/Attachment B definition.

Conversely, the LR-K-87 and LR-K-67 volumes listed in column 1 of Attachment A to this interrogatory define ECR letters as strictly letter-shape pieces recorded in **both** the piece rate **and** pound rate categories. Thus, the LR-K-87/LR-K-67 letters exclude all of the flat-shape pieces that LR-K-77 and Attachment B include as letters, whereas

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they include all of the pound rate letter-shape pieces that the LR-K-77 and Attachment B letters exclude. This distinction is also illustrated in the 'Alternative Attachment B' worksheet of the attached "VP-USPS-T16-2_Att._A-B.AlternativeB.xls". This worksheet reports all LR-K-87 and LR-K-67 measures of ECR letters strictly in the letters column (column D). Thus, whereas LR-K-77 and Attachment B report the total ECR saturation letters as equaling the 3,444,162,182 letters plus flats listed for "ECR letters saturation piece rate" mail in column H, row 58 of 'Alternative Attachment B', LR-K-87 and LR-K-67 report these ECR saturation letters as the sum of the letter-shape-only piece-rate and pound-rate volumes listed in column D, rows 58 – 60 of 'Alternative Attachment B,' and which sum to the 3,826,243,986 letter-shape total in column D, row 61, and likewise in column 1 of Attachment A.

These differences in the definitions of ECR letters imply corresponding differences for nonletters. LR-K-77 and Attachment B define nonletters as total mail, including letter-shape pieces, in all mail categories that LR-K-87, 'Std Regular' and 'Std Nonprofit' label as "nonletter piece rate" and "letter/nonletter pound rate" mail. Thus, for example, LR-K-77 and Attachment B report total ECR saturation nonletters as equaling the sum of the 6,664,488,989 letters plus flats plus parcels and the 3,671,669,221 letters plus flats plus parcels that column H, rows 58 and 59 of 'Alternative Attachment B' list for total "nonletter saturation piece rate" and total "letter/nonletter saturation pound rate" mail, respectively. This sum, in turn, equals the 10,336,058,210 saturation nonletters listed in Attachment B row 12. Conversely, LR-K-87 and LR-K-67 report total ECR saturation nonletters as equaling the sum of the flats and parcels-only piece-rate and pound-rate volumes that are listed in column G, rows 58-60 of 'Alternative

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Attachment B,' and that sum to the 9,953,976,407 non-letter shape total shown in column G, row 61, and likewise in column 4 of Attachment A.

A final point should also be made concerning 'Attachment B'. There are errors in cells E31 and F31. E31 should have been calculated as ECR high density nonletters (cell E12) plus NECR high density nonletters (cell E21) to get ECR plus NECR high density nonletters. Instead, E31 was calculated as E12 plus E20. Cell F31 was then calculated as the sum of the incorrect E31 and D31. Attachment B in the attached "VP-USPS-T16-2_Att._A-B.AlternativeB.xls" corrects these errors.

**RPW ECR Volumes by Rate Category (In Units)
FY 2004**

	(1) Letters	(2) Flats	(3) Parcels	(4) Total Nonletters	(5) Total L/F/P
1. ECR Basic Auto	2,115,099,136	1,438,255	--	1,438,255	2,116,537,391
2. ECR Basic	1,958,435,851	12,812,573,744	1,405,061	12,813,978,805	14,772,414,656
3. Subtotal: all Basic	4,073,534,987	12,814,011,999	1,405,061	12,815,417,060	16,888,952,047
4. ECR High Density	601,210,401	1,725,311,863	6,269	1,725,318,132	2,326,528,533
4. ECR Saturation	3,826,243,986	9,953,622,002	354,405	9,953,976,407	13,780,220,393
6. TOTAL	8,500,989,374	24,492,945,864	1,765,735	24,494,711,599	32,995,700,973

Source: LR-K-67, File FY 2004 RPW Volumes (in Thousands), cells B8:F12

BILLING DETERMINANTS, LR-K-77
Standard Mail Enhanced Carrier Route Subclass
GFY 2004

	Letters	Nonletters	Total	Total
1. ECR Basic	4,059,336,122	11,396,910,120	15,456,246,242	
2. ECR High Density	481,876,440	1,744,328,033	2,226,204,473	
3. ECR Saturation	2,783,103,074	9,879,894,649	12,662,997,723	
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4. TOTAL	7,324,315,636	23,021,132,802	30,345,448,438	Total

Source: USPS-LR-K-77, G-5, Page 2 of 5

4. NECR Basic	468,020,742	964,685,063	1,432,705,805	
6. NECR High Density	67,510,392	32,813,668	100,324,060	
7. NECR Saturation	661,059,108	456,163,561	1,117,222,669	
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8. TOTAL	1,196,590,242	1,453,662,292	2,650,252,534	Total

Source: USPS-LR-K-77, G-5, Page 4 of 5

ECR & NECR Combined

9. Basic	4,527,356,864	12,361,595,183	16,888,952,047	
10. High Density	549,386,832	1,777,141,701	2,326,528,533	
11. Saturation	3,444,162,182	10,336,058,210	13,780,220,392	
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12. TOTAL	8,520,905,878	24,474,795,094	32,995,700,972	

RPW ECR VOLUMES BY RATE CATEGORY (IN UNITS)
STANDARD MAIL ENHANCED CARRIER ROUTE SUBCLASS
GFY 2004

ECR	LETTERS	FLATS	PARCELS	NON LETTERS	TOTAL	
LTR ECR BASIC AUTO PIECE RATE	1,913,023,897	1,409,184	0	1,409,184	1,914,433,081	H11 + H12 =
LTR ECR BASIC PIECE RATE	1,695,185,379	449,717,662	0	449,717,662	2,144,903,041	4,059,336,122
NONLTR ECR BASIC PIECE RATE	18,485,218	5,565,239,228	1,110,532	5,566,349,760	5,584,834,978	
LTR/NONLTR ECR BASIC POUND RATE	4,288,233	5,807,555,965	230,944	5,807,786,909	5,812,075,142	11,396,910,120
TOTAL ECR BASIC	3,630,982,727	11,823,922,039	1,341,476	11,825,263,515	15,456,246,242	
LTR ECR HIGH DENSITY PIECE RATE	479,631,146	2,245,294	0	2,245,294	481,876,440	
LTR/NONLTR ECR HIGH DENSITY POUND RATE	10,372,672	869,441,276	3,975	869,445,251	879,817,923	
NONLTR ECR HIGH DENSITY PIECE RATE	42,873,368	821,634,452	2,290	821,636,742	864,510,110	
TOTAL ECR HIGH DENSITY	532,877,187	1,693,321,021	6,265	1,693,327,286	2,226,204,473	
LTR ECR SAT PIECE RATE	2,764,144,185	18,958,889	0	18,958,889	2,783,103,074	
NONLTR ECR SAT PIECE RATE	283,860,163	5,995,867,671	20,744	5,995,888,415	6,279,748,578	
LTR/NONLTR ECR SAT POUND RATE	100,384,637	3,499,750,663	10,770	3,499,761,434	3,600,146,071	9,879,894,649
TOTAL ECR SATURATION	3,148,388,985	9,514,577,224	31,515	9,514,608,738	12,662,997,723	
TOTAL ECR	7,312,248,898	23,031,820,284	1,379,256	23,033,199,540	30,345,448,438	

SOURCE: LR-K-87, Worksheet 'Std Regular', in "ShapeFY2004.xls"

NECR	LETTERS	FLATS	PARCELS	NON LETTERS	TOTAL	
LTR NECR BASIC AUTO PIECE RATE	202,075,239	29,071	0	29,071	202,104,310	H30 + H31 =
LTR NECR BASIC PIECE RATE	237,595,502	28,320,930	0	28,320,930	265,916,432	468,020,742
NONLTR NECR BASIC PIECE RATE	1,993,719	811,887,659	13,582	811,901,241	813,894,960	
LTR/NONLTR NECR BASIC POUND RATE	887,800	149,852,301	50,003	149,902,303	150,790,103	
TOTAL NECR BASIC	442,552,260	990,089,960	63,585	990,153,545	1,432,705,805	
LTR NECR HIGH DENSITY PIECE RATE	67,470,906	39,486	0	39,486	67,510,392	
LTR/NONLTR NECR HIGH DENSITY POUND RATE	12,151	3,738,138	0	3,738,138	3,750,289	
NONLTR NECR HIGH DENSITY PIECE RATE	850,157	28,213,218	4	28,213,222	29,063,379	
TOTAL NECR HIGH DENSITY	68,333,214	31,990,842	4	31,990,846	100,324,060	
LTR NECR SAT PIECE RATE	654,516,539	6,542,569	0	6,542,569	661,059,108	
NONLTR NECR SAT PIECE RATE	16,524,404	368,116,007	0	368,116,007	384,640,411	
LTR/NONLTR NECR SAT POUND RATE	6,814,059	64,386,201	322,890	64,709,091	71,523,150	456,163,561
TOTAL NECR SATURATION	677,855,001	1,022,080,802	63,589	1,022,144,391	1,699,999,392	
TOTAL	1,188,740,475	2,044,161,604	127,178	2,044,288,783	3,233,029,257	

SOURCE: LR-K-87, Worksheet 'Std Nonprofit', in "ShapeFY2004.xls"

ECR & NECR COMBINED	LETTERS	FLATS	PARCELS	NON LETTERS	TOTAL	
TOTAL LTR ECR + NECR BASIC AUTO PIECE RATE	2,115,099,136	1,438,255	0	1,438,255	2,116,537,391	H49 + H50 =
TOTAL LTR ECR + NECR BASIC PIECE RATE	1,932,780,881	478,038,592	0	478,038,592	2,410,819,473	4,527,356,864
TOTAL NONLTR ECR + NECR BASIC PIECE RATE	20,478,937	6,377,126,886	1,124,115	6,378,251,001	6,398,729,938	
TOTAL LTR/NONLTR ECR + NECR BASIC POUND RATE	5,176,033	5,957,408,265	280,947	5,957,689,212	5,962,865,245	12,361,595,183
TOTAL ECR + NECR BASIC	4,073,534,987	12,814,011,999	1,405,061	12,815,417,060	16,888,952,047	
TOTAL LTR ECR + NECR HIGH DENSITY PIECE RATE	547,102,053	2,284,779	0	2,284,779	549,386,832	
TOTAL LTR/NONLTR ECR + NECR HIGH DENSITY POUND RATE	10,384,823	873,179,413	3,975	873,183,389	883,568,212	
TOTAL NONLTR ECR + NECR HIGH DENSITY PIECE RATE	43,723,525	849,847,670	2,294	849,849,964	893,573,489	1,777,141,701
TOTAL ECR + NECR HIGH DENSITY	601,210,401	1,725,311,863	6,269	1,725,318,132	2,326,528,533	
TOTAL LTR ECR + NECR SAT PIECE RATE	3,418,660,723	25,501,459	0	25,501,459	3,444,162,182	
TOTAL NONLTR ECR + NECR SAT PIECE RATE	300,384,566	6,363,983,678	20,744	6,364,004,423	6,664,388,989	
TOTAL LTR/NONLTR ECR + NECR SAT POUND RATE	107,198,696	3,564,136,865	333,660	3,564,470,525	3,671,669,221	10,336,058,210
TOTAL ECR + NECR SATURATION	3,826,243,986	9,953,622,002	354,405	9,953,976,406	13,780,220,392	
TOTAL	8,500,989,373	24,492,945,864	1,765,735	24,494,711,599	32,995,700,972	

ECR & NECR COMBINED	LETTERS	FLATS	PARCELS	NON LETTERS	TOTAL	CHECK: FROM ATTACHMENT A
TOTAL ECR + NECR BASIC	4,073,534,987	12,814,011,999	1,405,061	12,815,417,060	16,888,952,047	16,888,952,047
TOTAL ECR + NECR HIGH DENSITY	601,210,401	1,725,311,863	6,269	1,725,318,132	2,326,528,533	2,326,528,533
TOTAL ECR + NECR SATURATION	3,826,243,986	9,953,622,002	354,405	9,953,976,406	13,780,220,392	13,780,220,392
TOTAL	8,500,989,373	24,492,945,864	1,765,735	24,494,711,599	32,995,700,972	32,995,700,973

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VP/USPS-T16-3. Please refer to library reference USPS-LR-K-67, file 'Shape_GFY_2004rV.Final.xls,' labeled "Regular and ECR Standard Mail Summary by Shape and Presort Level, GFY 2004," tab, "Summary." Within this spreadsheet, please refer to the data within the block in columns B through K.

- a. What is the source of the data for ECR letters in cells G16 through G20?
- b. Are the data in the cells referenced in part a for ECR letters only, or are they for ECR and Nonprofit ECR letters combined?
- c. What is the source of the data for ECR flats in rows G34 through G37?
- d. Are the data in the cells referenced in part c for ECR flats only, or are they for ECR and Nonprofit ECR flats combined?
- e. Please compare the volume shown here for ECR Saturation letters (3,148,388,985) with the volumes of ECR Saturation letters shown in VP/USPS-T16-2, Attachments A and B (respectively, 3,826,243,986 and 2,783,103,074, or 3,444,162,182 for ECR and Nonprofit ECR combined), and explain and reconcile the different volume figures for what appears to be the same rate category.
- f. Please compare the volume shown here for ECR Saturation flats (9,514,577,244) with the volume of ECR Saturation flats shown in VP/USPST16-2, Attachment A (9,953,622,002) and explain and reconcile the different volume figure for what appears to be the same rate category.

RESPONSE:

a, c. Please see the 'Alternative Attachment B' worksheet in "VP-USPS-T16-2_Att._A-B.AlternativeB.xls" (attached to the response to VP/USPS-T16-2) and the response to VP/USPS-T16-2(c). The data for ECR letters in cells G16 through G20 and for ECR flats in cells G34 through G37 of the 'Summary' tab are from the following cells in column D of 'Alternative Attachment B' (these column d letters are, in turn, obtained from column H of the LR-K-87 'Std Regular' worksheet):

'Shape_GFY_2004rV.Final.xls,' (Summary), Cell G16=1,717,958,830 = sum of cells D12 through D14.

Shape_GFY_2004rV.Final.xls,' (Summary), Cell G17=1,913,023,897, cell D11.

Shape_GFY_2004rV.Final.xls,' (Summary), Cell G18=532,877,187, cell D19.

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Shape_GFY_2004rV.Final.xls,' (Summary), Cell G19=3,148,388,985, cell D23.

Shape_GFY_2004rV.Final.xls,' (Summary), Cell G20=6,163,807. This is the number of commercial standard letters that paid First-Class Mail or Priority Mail rates. The source is cell H94 from the Shape_GFY_2004rV.Final.xls,' (Standard Commercial).

Shape_GFY_2004rV.Final.xls,' (Summary), Cell G34=11,822,512,855 = sum of cells E12 through E14.

Shape_GFY_2004rV.Final.xls,' (Summary), Cell G35=1,409,184, cell E11.

Shape_GFY_2004rV.Final.xls,' (Summary), Cell G36=1,693,321,021, cell E19.

Shape_GFY_2004rV.Final.xls,' (Summary), Cell G37=9,514,577,224, cell E23.

- b. They are for ECR letters only.
- d. They are for ECR flats only.
- e-f. See the 'Alternative Attachment B' worksheet in the attachment to the response to VP/USPS-T16-2, and the response to VP/USPS-T16-2(c). The following cell references are to cells in 'Alternative Attachment B':

3,148,388,985, cell D23 = total ECR saturation letters, based on the LR-K-87 and LR-K-67 definition of ECR letters.

2,783,103,074, cell H20 = total ECR saturation letters based on the LR-K-77 and Attachment B definition of ECR letters.

3,826,243,986, cell D61 = total ECR plus nonprofit ECR saturation letters, based on the LR-K-87 and LR-K-67 definition of ECR letters.

3,444,162,182, cell H58 = total ECR plus NECR saturation letters, based on the LR-K-77 and Attachment B definition of ECR letters.

9,514,577,244, cell E23 = total ECR saturation flats, based on the LR-K-87 and LR-K-67 definition of ECR flats.

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9,953,622,002, cell E61 = total ECR plus NECR saturation flats, based on
the LR-K-87 and LR-K-67 definition of ECR flats.

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VP/USPS-T16-4. Please refer to library reference USPS-LR-K-67, file 'Shape_GFY_2004rV.Final.xls,' tab, "'Standard Commercial'," which is designated "Standard Mail by Shape, GFY 2004." Within that spreadsheet, please refer to the data in column H, labeled "Letters, Pieces."

a. What is the source of all data in column H?

b. Please confirm that (i) the sum of the data in cells H35 through H38 totals 2,764,144,185; (ii) this amount is the sum of **piece-rated** ECR Saturation letters entered at Destination Bulk Mail Centers ("DBMCs"), Destination Sectional Center Facilities ("DSCFs"), Destination Delivery Units ("DDUs"), and "piece rate" (*i.e.*, no destination entry discount); and (iii) this amount corresponds to the total volume for all piece-rated ECR Saturation letters. If you do not confirm, please provide the correct total, including the source of any other data, for all piece-rated ECR Saturation letters.

c. Please confirm that (i) the sum of the data in cells H81 through H84 totals 100,384,637; (ii) this amount is the sum of **pound-rated** ECR Saturation letters entered at DBMCs, DSCFs, DDUs, and "piece rate" (*i.e.*, no destination entry discount), and (iii) this amount corresponds to the total volume for all pound rated ECR Saturation letters. If you do not confirm, please provide the correct total, and the source of any other data, for all pound-rated ECR Saturation letters.

d. Assuming that you confirm preceding parts b and c, please confirm that the total volume of all ECR Saturation letters (*i.e.*, both piece-rated and pound-rated) contained in this spreadsheet is 2,864,528,822. If you do not confirm, please provide the correct total.

e. Please explain why the total volume for piece-rated ECR Saturation letters in this spreadsheet (2,764,144,185) and the total for piece-rated and pound-rated ECR Saturation letters (2,864,528,822) both differ from the billing determinants total for ECR Saturation letters (2,783,103,074) shown in library reference USPS-LR-K-77 and VP/USPS-T16-2, Attachment B.

f. Please confirm that (i) the sum of the data in cells H43 to H46 totals 479,631,146; (ii) that this is the sum of **piece-rated** ECR High Density letters entered at DBMCs, DSCFs, DDUs, and "piece rate" (*i.e.*, no destination entry discount); and (iii) the sum corresponds to the total volume for all piece-rated ECR High Density letters. If you do not confirm, please provide the correct total, including the source of any other data, for all piece-rated ECR High Density letters.

g. Please confirm that (i) the sum of the data in cells H81 through H84 totals 10,372,672; (ii) this amount is the sum of **pound-rated** ECR High Density letters entered at DBMCs, DSCFs, DDUs, and "piece rate" (*i.e.*, no destination entry discount), and (iii) this amount corresponds to the total volume for all pound-rated ECR High Density letters. If you do not confirm, please provide the correct total, and the source of any other data, for all pound-rated ECR High Density letters.

h. Assuming that you confirm preceding parts b and c, please confirm that the total volume of all ECR High Density letters (*i.e.*, both piece-rated and pound-rated) contained in this spreadsheet is 490,003,819. If you do not confirm, please provide the correct total.

i. Please explain why the total volume for piece-rated ECR High Density letters in this spreadsheet (479,631,146) and the total for piece-rated and pound-rated ECR High

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Density letters (490,003,819) both differ from the billing determinants total for ECR High Density letters (481,876,440) shown in library reference USPS-LR-K-77 and VP/USPS-T16-2, Attachment B.

RESPONSE:

- a. The data in column H originate from worksheet 'FY04' in "Standard Reg Shape FY 04.xls" in USPS-LR-K-87.
- b(i). Confirmed.
- b(ii). No.
- b(iii) As explained in the response to VP/USPS-T16-2(c), there are differences in the definitions of the various ECR rate and shape combinations. Consequently, the category 'Nonltr ECR Sat Piece Rate' also has letter volumes. Please refer to the 'Alternative Attachment B' worksheet attached to the response to VP/USPS-T16-2 and note that the category 'Nonltr ECR Sat Piece Rate' (row 21) does include 283,860,163 letters. Therefore, the correct total **piece-rated** ECR saturation letters is the sum of 283,860,163 and 2,764,144,185, which equals 3,048,004,348.
- c. Confirmed.
- d. The correct total **piece-rated** ECR saturation letters is 3,048,004,348, as explained in the response to part (b). That number is added to the total **pound-rated** ECR saturation letters, 100,384,637, to get 3,148,388,985, which is the total ECR saturation letters. This is presented in Row 23 of the 'Alternative Attachment B', attached to the response to VP/USPS-T16-2.
- e. Please refer to responses to VP/USPS-T16-2(c) and VP/USPS-T-16-4(a-d).
- f(i). Confirmed.
- f(ii). No.

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f(iii). As explained in the response to VP/USPS-T16-2(c), there are differences in the definitions of the various ECR subcategory and shape combinations. Consequently, the category 'nonltr ECR high density piece rate' also has letter volumes. Please refer to the 'Alternative Attachment B' worksheet attached to the response to VP/USPS-T16-2 and note that the category 'nonltr ECR high density piece rate' does include 42,873,368 letters (cell D18). Therefore, the correct total **piece-rated** ECR saturation letters equals the sum of 42,873,368 and 479,631,146, which is 522,504,515.

g. Confirmed.

h. The correct total **piece-rated** ECR high density letters is 522,504,515, as explained in part f. That number is added to the total **pound-rated** ECR high density letters, 10,372,672, to get 532,877,187, which is the total ECR high density letters. This is presented in the 'Alternative Attachment B' worksheet attached to the response to VP/USPS-T16-2, cells D16 through D18.

i. Please refer to responses to VP/USPS-T16-2(c) and VP/USPS-T16-4(f-h).

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VP/USPS-T16-5. Please refer to library reference USPS-LR-K-67, file 'FY2004.DAL.MAILING.VOLUME.ESTIMATES.xls.' Within that spreadsheet, please refer to column D, labeled "Estimated FY04 DAL Mailings Per Year (000)."

a. The datum in cell D11 (3,369,133) is labeled "Total Residential," and the datum in cell D20 (6,248) is labeled "Total Business." Please confirm whether the total of these two (3,375,381) is the Postal Service's total estimate of detached address label ("DAL") mailings (in 000) during Base Year 2004. If you do not confirm, please (i) provide the correct total, (ii) break down the total between flats and parcels, and (iii) indicate where the total (or the separate totals for flats and parcels) can be found in USPS-LR-K-67.

b. Library reference USPS-LR-K-77, Billing Determinants, indicates that the total volume of ECR Saturation nonletters in FY 2004 was as follows:

ECR	9,879,894,649
NECR	456,163,561
Total	10,336,058,210

Using the above as a control total, would it be correct to conclude that the volume of addressed and unaddressed ECR nonletters in FY 2004 was as shown below? If the breakdown below is not correct, please provide the correct breakdown, and indicate whether and where it can be located in USPS-LR-K-67.

Un-addressed ECR Saturation nonletters	3,375,381,000
Addressed ECR Saturation nonletters	6,960,677,210
Total	10,336,058,210

c. Regardless of whether you confirm the breakdown of addressed and unaddressed ECR Saturation nonletters or provide alternate data in response to preceding part b, for each category, please indicate the percent cased and the percent taken directly to the street; *i.e.*, fill in the table below for ECR Saturation nonletters, and indicate which spreadsheet and cells within the indicated spreadsheet in USPS-LR-K-67 that contain the information.

	Addressed	Unaddressed
Cased	_____	_____
Taken directly to Street	_____	_____

RESPONSE:

a. Confirmed, although the actual estimated total expressed to the nearest unit is 3,375,381,131.

b. 10,336,058,210 equals the sum of all ECR and NECR letter-shape as well as flat-shape pieces and parcels in the 'Nonltr Sat Piece Rate' and 'Ltr/NonLtr Sat Pound Rate' mail categories listed in rows 59 and 60, and specifically, cell I60 in worksheet 'Alternative Attachment B' of "VP-USPS-T16-2_Att._A-B.AlternativeB.xls" column D in

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rows 59 and 60, shows, in particular, that of this 10,336,058,210 total, 407,583,262 (sum of cells D59 and D60) pieces are letters, not flats or parcels.

The estimate of 3,375,381,131 national-level DAL mailings is the Postal Service's measure of total FY 2004 national level un-addressed ECR saturation nonletters, and is listed in cell C10 of '10.DALsUsECR%-EstOfRurlCovrs' in LR-K-67. However, these 3,375,381,000 pieces are strictly flats and parcels; they totally exclude letters. Similarly, the estimate of national-level addressed ECR saturation nonletters that would be consistent with this estimate of 3,375,381,131 un-addressed nonletters must likewise include only flats and parcels. Such an estimate is obtained by adding the grand total RPW ECR saturation flats and parcels in cells D17 and E17 of the '5.RPW' worksheet in LR-K-67, and then subtracting out the 3,375,381,131 un-addressed saturation nonletters. This produces 6,578,595,275 addressed ECR saturation nonletters.

To summarize, based on the LR-K-67 definitions of ECR saturation nonletters, the correct breakdown of total ECR saturation nonletters into un-addressed and addressed portions is as follows:

Un-addressed ECR saturation nonletters	=	3,375,381,131
Addressed ECR saturation nonletters	=	6,578,595,275
Total	=	9,953,976,406

where 9,953,976,406 equals the FY 2004 total RPW ECR saturation flats plus parcels.

Moreover, based on the proportions implied by these estimates, the billing-determinants estimate of 10,336,058,210 FY04 ECR saturation nonletters (including some letter-shape pieces) can be broken down as follows:

Un-addressed ECR saturation nonletters	=	3,504,944,600
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Addressed ECR saturation nonletters = 6,831,113,610

Total = 10,336,058,210

where $3,504,944,600 = (3,375,381,131/9,953,976,406) * 10,336,058,210$, and

$6,831,113,610 = (6,578,595,275/9,953,976,406) * 10,336,058,210$.

c. There are no data available to measure the cased and non-cased portions of any of the above estimates of national-level un-addressed and addressed ECR saturation nonletters.

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.

Eric P. Koetting

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May 16, 2005