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

POSTAL RATE AND FEE CHANGES, 2005) Docket No. R2005-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND VALPAK DEALERS' ASSOCIATION, INC. FIRST INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE WITNESS MICHAEL D. BRADLEY (VP/USPS-T14-1-8)

(May 19, 2005)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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May 19, 2005

VP/USPS-T14-1.

Your testimony at page 54 (ll. 7-8) states that the number of Zip Codes used to estimate the regression is 1,545. Your testimony at page 17 (ll. 3-11) identifies types of sections found on a typical city carrier route.

a. For the 1,545 Zip Codes included in your final sample, please indicate the number of each type of section (as defined on p. 17 of your testimony) included in the sample.

b. For all city carrier routes, please provide the total number of each type of section, compare the sections in the sample frame with this universe, and discuss the extent to which the sample frame is representative of the universe of city carrier routes with respect to section coverage.

c. Please discuss why it would or would not be appropriate to treat the sample as a random stratified sample of section types, and to weight the sample results so as to provide a more accurate representation of the universe of section types.

VP/USPS-T14-2.

The responses to VP/USPS-T30-1-3 state that in FY 2004 the Postal Service had the following number of city carrier routes:

	Number of Routes	Percent
Foot	11,454	7.0%
Park & Loop	87,793	53.7
Curbline	38,686	23.7
Dismount	25,418	15.6
Subtotal	163,351	100.0%
Other	2,267	
TOTAL	165,618	

a. Please provide the total number of city carrier routes included in the sample of 1,545 Zip Code areas, broken down by the type of route, as shown above.

b. Please compare the distribution of the routes in the sample frame with the universe of city carrier routes, and discuss the extent to which the routes in the sample frame are representative of the universe of city carrier routes.

c. Please discuss why it would or would not be appropriate to treat the sample as a random stratified sample of route types, and to weight the sample results so as to provide a more accurate representation of the universe of route types.

VP/USPS-T14-3.

Please refer to your testimony at page 36, where you discuss the Tolerance factor, the Variance Inflation Factors ("VIF") measure, and multicollinearity, as well as Table 4, which shows tolerances and VIF for the full quadratic model. Subsequently, at page 38 (ll. 3-4), you state that if "cross products can be omitted without doing violence to the estimated variabilities, the precision of the estimation can be greatly increased."

a. Please define what you would regard as a "great increase" in precision, as you use that phrase here, as well as in the context of the full quadratic model and the restricted quadratic model that results after elimination of the cross products.

b. Please provide a table, similar to Table 4, showing the tolerance and VIF for the restricted quadratic model, the results of which are shown in Table 5 (p. 38).

VP/USPS-T14-4.

Please refer to Table 6 at page 39 of your testimony. Please explain whether the variabilities shown in each column of that table reflect any of the quadratic or cross product coefficients shown in Table 3 (p. 35) and Table 5 (p. 38).

VP/USPS-T14-5.

Please refer to your testimony from page 40, line 16 through page 41, line 15.

a. Would you agree that the total marginal time for Products A and B is 600 seconds? That is, 400 seconds for Product A, computed as 5 (seconds) times 80, and 200 seconds for Product B, computes as 10 (seconds) times 20? If you do not agree with this computation of total marginal time, please show how you would compute it.

b. Please explain the source of the total time of 800 seconds referred to at page 40, line 17, and explain why the total time of 800 seconds differs from the total marginal time of 600 seconds.

c. Please explain why you use 800 seconds in the equation at line 1 on page 41, instead of the total marginal time of 600 seconds.

VP/USPS-T14-6.

Please refer to your testimony at page 44 (ll. 14-21), where you state that "[t]he variabilities derived from the fixed estimation are presented in Table 10… The regular delivery variabilities imply that a doubling of all volumes delivered on city routes would cause

only [a] 7 percent increase in delivery time." Please explain how, using the estimated variabilities shown in Table 10, a doubling of volume "would cause only [a] 7 percent increase in delivery time," and show the deviation.

VP/USPS-T14-7.

Section I.A of your testimony, at pages 1-2, criticizes the datedness of the data underlying the established model, and concludes by stating that "more recent data would be preferable" (p. 2, l. 21). Then, at page 59 (ll. 11-14), Step 2 of your procedure for estimating the amount of cased ECR Saturation mail relies on data from a study by witness Shipe presented in Docket No. R90-1.

a. Would you agree that witness Shipe's data upon which you rely are about as dated as other data that underlie the established model? If you do not agree, please explain.

b. Would you agree that carrier casing productivities may have changed with widespread adoption of vertical flats cases by city carriers? If not, please explain why not.

c. Would you agree that more recent data for manual casing productivity by city carriers would be preferable? If not, please explain.

VP/USPS-T14-8.

At pages 58-59 of your testimony, you state that "the Carrier Cost System measures delivery-point sequenced mail separately and an estimate of the amount of ECR Saturation mail

that is DPS can be directly obtained" (p. 58, l. 24 through p. 59, l. 2). Please explain how, given some measured or counted volume of delivery point sequenced ("DPS") letters, you can directly obtain the volume of ECR Saturation letters contained in that DPS volume.