

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.  
SECOND INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS ROBERT L. SHAW, JR. (VP/USPS-T2-16-21)  
(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,

---

William J. Olson  
John S. Miles  
Jeremiah L. Morgan  
WILLIAM J. OLSON, P.C.  
8180 Greensboro Drive, Suite 1070  
McLean, Virginia 22102-3860  
(703) 356-5070

Counsel for:  
Valpak Direct Marketing Systems, Inc. and  
Valpak Dealers' Association, Inc.

May 19, 2005

**VP/USPS-T2-16.**

The testimony of Postal Service witness Lewis (USPS-T-30) in Section 3.1 describes how city carriers on motorized routes (i) strap their cased mail, then (ii) load into a hamper (or other assigned conveyance) all of their mail for delivery that day (including cased flats, delivery point sequenced (“DPS’d”) mail, and any sequenced mailings that are being taken directly to the street), (iii) take the hamper (or other assigned conveyance) to their vehicle, (iv) load the mail from the hamper (or other assigned conveyance) into their vehicle, and (v) while doing so, arrange the bundles and trays of mail within their vehicle according to the route sequence.

- a. Up to what point in the above sequence is carrier time considered to fall within Cost Segment 6.1, In-Office Cost System (“IOCS”), after which carrier time is considered to fall within Cost Segment 7.1, Route Time?
- b. When carriers are loading mail into a hamper (or other assigned conveyance) prior to taking it to their vehicle, are they subject to IOCS tallies?
- c. After carriers exit the facility into the parking lot, en route to their vehicles, are they subject to IOCS tallies?
- d. While carriers are loading mail into their vehicles, are they subject to IOCS tallies?
- e. While carriers are arranging mail within their vehicles prior to leaving the parking lot, are they subject to IOCS tallies?
- f. Please refer to your response to preceding parts b through e. For each response that carriers are subject to IOCS tallies, would the tally generally show that the

carrier was handling “mixed mail”? If not, please indicate the circumstances under which a carrier might be recorded as handling a single class or subclass of mail.

**VP/USPS-T2-17.**

Please suppose a carrier happens to be handling bundles or trays of ECR Saturation mail within the office at the time an IOCS tally is taken; *e.g.*, (i) a motorized carrier is loading trays of sequenced ECR Saturation mail into a hamper prior to taking all of the carrier’s mail to the vehicle, or (ii) a foot route carrier is putting bundles of mail, including bundles of sequenced mail, into sacks for deposit at relay boxes.

- a. Is the fact that the carrier is handling a sequenced mailing “in bulk” (as opposed to casing individual pieces) recorded by the IOCS? If not, what would be recorded?
- b. Would the tally specify that the carrier is handling either letters or flats? If not, what would be recorded?

**VP/USPS-T2-18.**

The testimony of witness Lewis (USPS-T-30) in Section 2.2 describes how city carriers take bundles or trays of sequenced mailings directly to the street, and thereby “save a considerable amount of in-office time.” (USPS-T-30, p. 3, ll. 12-13.)

- a. For those sequenced mailings that city carriers take directly to the street, what is the likelihood that any mail within such mailings will be the subject of an in-office city carrier IOCS tally?
- b. Assuming that witness Lewis is correct with respect to the savings of in-office time, would such savings of in-office time be reflected in the IOCS as a reduction in the number of tallies for sequenced mail that is taken directly to the street?
- c. For the total volume of ECR flat-shaped mail, please consider the volume as being in one of two groups, as follows: Group A – sequenced mailings of flat-shaped mail that are taken directly to the street; and Group B – non-sequenced flat mail that is cased by carriers.
  - (i) Please comment on the likelihood of mail in Group A being tallied versus the likelihood of mail in Group B being tallied.
  - (ii) Is the likelihood of mail in Group A being the subject of an in-office city carrier IOCS tally equal to or less than the likelihood of mail in Group B being the subject of an in-office city carrier IOCS tally? If the likelihood, or probabilities, are not equal, as best you are able, please indicate how much the probabilities are likely to differ. For example, for each billion pieces of mail in Group A and Group B, what is the likely number of times that you would expect mail in each group to be subject to an IOCS sample?

**VP/USPS-T2-19.**

Library reference USPS-LR-K-77, Billing Determinants for Base Year 2004, shows the following volumes (in millions) for ECR and Nonprofit ECR mail:

	<u>Commercial</u>	<u>Nonprofit</u>	<u>Total</u>
Basic	15,456	1,433	16,889
High Density	2,226	100	2,326
Saturation	<u>12,663</u>	<u>1,117</u>	<u>13,780</u>
Total	30,345	2,650	32,995

Please assume that one-half of all ECR Saturation mail (*i.e.*,  $13,780/2 = 6,890$  million pieces) is taken directly to the street and, as a result, is largely, or even totally, excluded from in-office tallies at delivery units. With respect to various characteristics of the mail (*e.g.*, shape or weight) that are recorded by the IOCS, would you consider the resulting sample to be representative of (i) all 32,995 million pieces of ECR mail, or (ii) the subset of 26,105 million pieces of ECR mail (*i.e.*, 32,995 less 6,890) that is subject to sampling at carrier units? Regardless of your answer, please explain your rationale.

**VP/USPS-T2-20.**

The table below is reproduced from page 73 of the Data Quality Study (April 16, 1999) prepared for the Postal Service by A. T. Kearney, Inc. Please update the table with corresponding data, prepared on a consistent basis, for Base Year 2004.

Table 8.2.1 – % of IOCS Tallies by Tally Category

IOCS Tally Category	Processing Environment – % of IOCS Tallies		
	Manual	Mechanized	Automated
	<u>1969</u>	<u>1986</u>	<u>1996</u>
Specific Mail Product Identified	77	63	45
Mixture or Group of Mail Identified	17	8	6
No Mail Identified	6	29	49

**VP/USPS-T2-21.**

The Data Quality Study (April 16, 1999) prepared for the Postal Service by A. T. Kearney, Inc. states at page 38 that the Postal Service spends “\$12.5 million for IOCS field data collection efforts alone.”

- a. In Base Year 2004, how much did the Postal Service spend for IOCS field data collection efforts alone?
- b. In Base Year 2004, how much did the Postal Service spend for all other IOCS related efforts (*e.g.*, data editing, data processing, etc.), in addition to field collection efforts covered by preceding part a?