

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 THE UNITED STATES POSTAL SERVICE WITNESS SHAW
TO INTERROGATORIES OF VALPAK DIRECT MARKETING SYSTEMS, INC.
AND VALPAK DEALERS' ASSOCIATION, INC.,
(VP/USPS-T2-16-19)
(June 2, 2005)

The United States Postal Service hereby provides the responses of witness Shaw to interrogatories of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.:
VP/USPS-T2-16-19, filed on May 19, 2005.

Each interrogatory is stated verbatim, followed by the response.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

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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.

RESPONSE:

a. All the above (i) through (v) would fall within Cost Segment 6.1. In Docket

R2001-1, Responses of United States Postal Service Witness Shaw to Hearing

Questions of Val-Pak Direct Marketing Systems, Inc. and Val-Pak Dealers' Association,

Inc. (December 21, 2001; Tr. 3/315), addressed a similar question about loading a

vehicle in the parking lot.

During an IOCS carrier reading the data collector is asked to determine if the selected employee can be located on the premises, regardless of whether the selected employee is clocked to office or street time. On the premises means that either the employee can be located in the facility or in the immediate area. When the data collector locates the selected employee on the premises and in this case, the employee is loading a vehicle outside in the parking lot, the data collector must conduct the reading in the parking lot to complete the reading. Please see library reference USPS-LR-I-14/R2000-1, page 10-7.

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b-e. Yes. Please see the response to part (a).

f. Whether this would be a mixed or direct mail tally depends upon what the sampled employee is handling. Please see USPS-LR-K-9/R2005-1, Appendix B, for the assignment of mixed and direct mail activity codes. The IOCS data collector would follow the rules described in USPS-LR-I-14/R2000-1, pages 12-2 through 12-3, to obtain a mailpiece for the reading.

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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?

RESPONSE:

a. IOCS does not have a direct way of indicating a carrier handling a sequenced mailing in bulk. In example (i), where the carrier is handling a tray of ECR Saturation mail at the time of the IOCS reading, the data collector would record that the carrier was handling a tray and after selecting a mailpiece from the tray, record the applicable mailpiece characteristics which would include the mail class and markings.

In example (ii), where the carrier is handling a bundle of ECR Saturation mail at the time of the reading, the data collector would record that the carrier was handling a bundle and after selecting a mailpiece from the bundle, record the applicable mailpiece characteristics.

b. Yes. As described in the response to part (a), above, the recorded mailpiece characteristics would include shape.

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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 inoffice 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 flatshaped 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?

RESPONSE:

a. The likelihood of a city carrier being observed in IOCS handling a piece from a particular group of mail is proportional to the time carriers spend handling mail belonging to the group.

b. Yes, compared to otherwise similar mailpieces cased by carriers.

c. (i) Let T_A be the average time per mailpiece that city carriers handle mail in Group A. Let V_A be the volume of Group A. Let T_B be the average time per mailpiece that city carriers handle mail in Group B. Let V_B be the volume of Group B. The relative proportions of city carrier tallies handling Group A mailpieces versus Group B mailpieces is approximately $(T_A V_A) /$

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$(T_B V_B)$ multiplied by the probability of handling a Group B mailpiece. If the volume of Group A is equal to the volume of Group B, this simplifies to (T_A/T_B) .

(ii). Yes. Please see response to part (b), and note that the response to part (c)(i) implies that the relative proportions of tallies for equal-volume-groups of mail is determined by the relative unit costs for the respective groups.

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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:

	Commercial	NonProfit	Total
Basic	15,456	1,433	16,889
High			
Density	2,226	100	2,326
Saturation	12,663	1,117	13,780
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.

RESPONSE:

IOCS is not designed to measure population mailpiece volume characteristics; rather IOCS is a probability sample of work time to estimate costs of various activities performed by clerks, mail handlers, city carriers, and supervisors. While IOCS does record mailpiece characteristics when a sampled employee is handling a mailpiece, these are not necessarily representative of the population of mailpiece characteristics. They are only representative of the type of mail employees are handling.