

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 MICHAEL D. BRADLEY (VP/USPS-T14-9-14)  
(JUNE 9, 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.

June 9, 2005

**VP/USPS-T14-9.**

Please refer to your testimony (USPS-T-14) where you state at page 58 (ll. 2-3):

**Sequenced Mail** is ECR Saturation mail that is delivered by the mailer to the **delivery unit** already prepared, by the mailer, in walk sequence. [Emphasis added.]

- a. Did you intend that the term “delivery unit,” as used in this sentence, be limited to Destination Delivery Units (“DDUs”)? If not, please explain.
- b. Please define the term “Sequenced Mail” as you use it at this point of your testimony. In particular, please explain whether your definition of “Sequenced Mail” includes ECR Saturation mail that is entered at DDUs, as well as upstream of DDUs — *e.g.*, at SCFs and BMCs, or even entered locally at some originating facility. If your definition excludes ECR Saturation mail that is entered upstream of delivery units, please explain why.
- c. Please refer to the response of witness Lewis to VP/USPS-T30-24 and the response of the Postal Service to VP/USPS-T30-28 (redirected from witness Lewis) and indicate whether “Sequenced Mail,” as used in your study of city carrier costs, included any items (other than Saturation mail) that may be taken to the street without prior in-office casing; *e.g.*, High Density ECR mail, or unaddressed periodicals, Standard Mail flats, or Bound Printed Matter accompanied by detached address labels (“DALs”).
- d. Please indicate whether “Sequenced Mail,” as used in your study of city carrier costs, included only addressed Saturation mail, or whether it also included Saturation mail with a simplified address.

- e. Please indicate whether “Sequenced Mail,” as used in your study of city carrier costs, also included any ECR High Density mail.

**VP/USPS-T14-10.**

- a. Why do you separately treat “Sequenced Mail” in its own cost pool? (*See* USPS-T-14, pp. 58-59.) Is it because delivered “third bundles” have different city carrier street time cost characteristics than delivery-point sequenced (“DPS’d”) or cased letters and cased flats?
- b. If your answer to the second question in part a is affirmative, please explain whether “Sequenced Mail” in your study included all items that can be (or were) taken directly to the street without prior in-office casing.

**VP/USPS-T14-11.**

Please identify the precise point at which city carrier in-office activities end and at which your City Carrier Street Time Study (“CCSTS”) begins to track carrier time with respect to handling of third bundles. For example, is any of the time spent by a carrier in transporting mail to and loading a vehicle measured by the CCSTS, or is this considered in-office time?

**VP/USPS-T14-12.**

- a. Did you use the volume variability developed in your recommended regression equation to compute the volume variable cost of “Sequenced Mail” for Base Year 2004?
- b. If so, please indicate where in your testimony, or in library references sponsored by you, this calculation can be found.
- c. If not, please indicate which witness made this computation, where in the testimony of that witness (or library references sponsored by that witness) the computation of volume variable cost of “Sequenced Mail” for Base Year 2004 can be found, and what that cost is.

**VP/USPS-T14-13.**

- a. With respect to the volume variable cost for “Sequenced Mail” identified in response to part c of VP/USPS-T14-12 above, please explain (i) how that cost is apportioned among all the individual rate categories that were included and counted as Saturation mail in your study, and (ii) where, in either your testimony or the testimony of some other witness, this apportionment is made.
- b. Please provide the breakdown of volume variable cost apportioned to (i) sequenced ECR Saturation letters, (ii) sequenced ECR Saturation flats, and (iii) all other sequenced mail.

**VP/USPS-T14-14.**

In order to determine the unit volume variable city carrier street cost for each rate category of sequenced mail, it is necessary to divide the costs apportioned to each rate category by the respective volumes of “Sequenced Mail” in each rate category. Your testimony at page 18, line 16, to page 19, line 14, discusses the measurement of volume only briefly and generally.

- a. Please provide the volumes of (i) sequenced ECR Saturation letters, (ii) sequenced ECR Saturation flats, and (iii) all other sequenced mail corresponding to the cost breakdown provided in response to VP/USPS-T14-13, part b.
- b. Sequenced Saturation ECR flats either may be stand-alone pieces, such as addressed catalogs, or may consist of two pieces — namely, a separate unaddressed piece and an addressed DAL, both of which must be retrieved in order to complete delivery. When surveyed carriers counted the volume of Sequenced Mail in your study, did they include both DALs and the accompanying flat in their mail count? If not, please explain why not, since DALs were counted separately in the previous methodology, which you discuss elsewhere in your testimony.
- c. In the data provided in response to preceding part a, please indicate (i) whether DALs are included in the volumes, and (ii) if so, whether DALs are counted as letters or flats.

- d. Please provide the final unit volume variable city carrier street cost for (i) ECR Saturation letters, and (ii) ECR Saturation flats, and indicate where, in testimony or library references, these data can be found.