

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

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.
AND VALPAK DEALERS' ASSOCIATION, INC.,
(VP/USPS-T2-18)
(June 14, 2005)

The United States Postal Service hereby provides the revised response of witness Shaw to interrogatory of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.: VP/USPS-T2-18. The revision consists of a more specific replacement fifth sentence in the response to VP/USPS-T2-18(b)(i).

The interrogatory is stated verbatim, followed by the response.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

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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.

(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 probability of a city carrier handling a Group A mailpiece versus a Group B mailpiece is approximately $(T_A V_A) / (T_B V_B)$. If the volume of

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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.