

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

RESPONSE OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORIES OF VALPAK (VP/USPS-T16-41 - 42)
(June 24, 2005)

The United States Postal Service hereby provides the response of witness Kelley to the following interrogatories of ValPak, filed on June 10, 2005: VP/USPS-T16-41 - 42.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, Fax -5402
June 24, 2005

Response of Postal Service Witness John Kelley to Interrogatories Posed by Valpak Dealer's Association, Inc.

VP/USPS-T16-41.

Please refer to your testimony USPS-T-16, page 6, Table 1, and library reference USPS-LR-K-67, as revised on June 9, 2005.

	(1)	(2)	(3)
	With DALs Costs in Numerator of ECR Saturation Letters	With DAL Costs in Numerator of ECR Saturation Flats	Difference
	<u>Unit Cost</u>	<u>Unit Cost</u>	<u>((1) - (2))</u>
ECR Saturation letters	6.665	4.137	2.528
ECR Saturation flats	3.191	4.163	-0.972

- Please confirm the delivery costs set out above. If not, please provide the correct costs.
- Please confirm that the Postal Service's costs in Docket No. R2001-1 (USPSLR-J-117) were based on the approach used in column (1), with detached address label ("DAL") costs in the numerator of ECR Saturation letters. If you do not confirm, please explain how they were calculated.
- Would you agree that the approach set out in column (1) is in error and should not be the basis of delivery unit costs for letters or flats? Please explain any negative answer.
- Would you agree that the approach set out in column (2) is correct and should be the basis of delivery unit costs for letters and flats? Please explain any negative answer.
- Would you agree that the above table demonstrates that, if the approach set out in column (1) were used, each letter would be overcharged by 2.528 cents, and each flat would be undercharged by 0.972 cents? Please explain any negative answer.

Response

- Confirmed.
- Confirmed.
- In terms of unit delivery costs, I believe that the methods used to derive the results in column (2) are more accurate and justifiable than ones used to calculate the unit costs in column (1). Please refer to my response to VP/USPS-T16-7a.
- Yes.
- I don't know. Rate design is outside the scope of my task to update the unit delivery costs by rate category.

Response of Postal Service Witness John Kelley to Interrogatories Posed by
Valpak Dealer's Association, Inc.

VP/USPS-T16-42.

For Standard Regular and Standard ECR, please identify and explain all changes in costing methodology since Docket No. R2001-1 for (i) rural carriers, and (ii) city carriers.

Response

(i) Please refer to witness Meehan's (USPS-T-9) direct testimony page 8 line 15.

(ii) Please refer to witness Meehan's direct testimony page 8 line 9, witness Bradley's (USPS-T-14) direct testimony sections I through VI, and witness Steven's (USPS-T-15) direct testimony page 9.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

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