

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268B0001

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW
TO INTERROGATORIES OF VALPAK DIRECT MARKETING SYSTEMS, INC.
AND VALPAK DEALERS' ASSOCIATION, INC.,
(VP/USPS-T2-28-30)
(July 1, 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-T2-28-30 filed on June 16, 2005. Interrogatory VP/USPS-T2-30 was redirected to the Postal Service for institutional responses.

Each interrogatory is stated verbatim, followed by the response.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

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VP/USPS-T2-28. For Cost Segment 6.2, City Carrier In-Office Support, please provide the total number of In-Office Cost System ("IOCS") tallies in Base Year 2004, and a breakdown of those tallies showing separately the number tallies for personal time, moving empty equipment, clocking in and out, training, obtaining mail and keys, checking and preparing vehicles, attending safety meetings, etc.

RESPONSE:

Table 1 displays the Cost Segment 6.2 tallies by activity code.

Table 1

Activity Code	Activity Code Description	Tallies
6430	In/Obtaining Accountable Mail or Keys/Checking Vehicle/Safety Meeting	3,875
6516	Training – Mixed All Shapes	2
6519	Training – Other Training	285
6521	Break/Personal Needs	5,565
6522	Clocking In or Clocking Out	1,726
6523	Moving Empty Equipment	1,404
	TOTAL	12,857

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VP/USPS-T2-29. Please refer to your testimony at page 3 (ll. 9-22), which discusses data validation and editing.

- a. In the course of validating and editing IOCS tallies for Base Year 2004, please indicate how many tallies in Cost Segments 3 and 6 (please show each segment separately) were deleted from the IOCS data base, and indicate the reasons for such deletions.
- b. (i). In the course of validating and editing IOCS tallies for Base Year 2004, please indicate how many tallies in Cost Segments 3 and 6 (please show each segment separately) were subject to some kind of error correction before being included in the IOCS data base.
- (ii). Please indicate and discuss the most common types of errors that occurred in the course of validating and editing IOCS tallies for Base Year 2004, but which were not considered sufficient to require elimination of tallies from the data base.

RESPONSE:

- a. Table 2 below identifies the number of deleted tallies for Cost Segments 3 and 6 and their associated reason codes. The displayed reason codes in the table are described in USPS-LR-K-9/R2005-1, Appendix C.

Table 2

Reason Code	Cost	Cost
	Segment - 3	Segment - 6
4.5.04.0	0	1
4.5.10.0	0	10
4.5.32.0	0	1
4.5.37.1	3	0
4.5.64.0	6	0
4.5.81.0	1	0
Total	10	12

- b. (i) Table 3 and Table 4 below identify the number of tallies that have been subject to the error correction procedure for Cost Segments 3 and 6, respectively, including those tallies identified in response part (a). The

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displayed reason codes in both tables are described in USPS-LR-K-9/R2005-

1.

Table 3 (Cost Segment 3)

Reason Code	Tallies	Percent
4.5.21.2	1	0.01
4.5.38.0	1	0.01
4.5.57.0	1	0.01
4.5.50.0	2	0.01
4.5.79.0	3	0.02
4.5.42.0	7	0.04
4.5.68.0	7	0.04
4.5.55.0	8	0.04
4.5.39.1	9	0.05
4.5.41.0	12	0.06
4.5.45.0	20	0.11
4.5.46.0	20	0.11
4.5.56.0	22	0.12
4.7.02.0	22	0.12
4.5.51.0	29	0.15
4.5.66.0	30	0.16
4.6.07.0	35	0.19
4.5.39.0	41	0.22
4.5.52.0	46	0.24
4.5.70.0	47	0.25
4.5.17.0	53	0.28
4.7.01.0	72	0.38
4.6.06.0	81	0.43
4.5.43.0	82	0.43
4.5.18.0	85	0.45
4.5.15.0	103	0.55
4.5.54.0	156	0.83
4.7.03.0	208	1.10
4.5.37.0	210	1.11
4.5.37.1	298	1.58
4.5.82.0	476	2.52
4.5.25.0	560	2.97
4.5.01.0	681	3.61
4.5.69.0	1,029	5.45
4.5.84.0	1,514	8.02
4.6.04.0	3,269	17.32
4.6.05.0	3,297	17.46
4.5.81.0	6,341	33.59
Total	18,878	100.00

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Table 4 (Cost Segment 6)

Reason Code	Tallies	Percent
4.5.10.0	1	0.02
4.7.04.0	1	0.02
4.5.25.0	2	0.03
4.5.79.0	3	0.05
4.5.51.0	4	0.07
4.5.66.0	4	0.07
4.5.43.0	5	0.08
4.5.54.0	5	0.08
4.5.70.0	5	0.08
4.5.52.0	7	0.12
4.5.39.0	8	0.14
4.5.45.0	8	0.14
4.7.02.0	8	0.14
4.6.07.0	18	0.31
4.6.06.0	27	0.46
4.7.01.0	29	0.49
4.5.15.0	46	0.78
4.7.03.0	65	1.10
4.5.69.0	119	2.02
4.5.31.0	316	5.37
4.5.82.0	474	8.06
4.6.04.0	869	14.77
4.6.05.0	1,620	27.53
4.5.81.0	2,240	38.07
Total	5,884	100.00

(ii) Reason code 4.5.81 was the most common for both Cost Segments 3 and 6.

This reason code is referred to as "Invalid Activity Code (IOC FY 2004 Activity Codes)" in .LR-K-9, Appendix C. Reason codes 4.6.04 and 4.6.05 deal with consistency checks on postage and weight with First-Class Single Piece and First-Class Presort mail respectively. Please see LR-K-9, Appendix C, pages 166-168.

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VP/USPS-T2-30. The Data Quality Study (April 16, 1999), which was prepared for the Postal Service by A. T. Kearney, Inc., recommended (at p. 41) that one option for improving distribution key share data for MODS costs pools would be to replace the IOCS with a new sampling system that measures the actual concept of interest. What consideration is the Postal Service giving to this recommendation? Please describe any steps that have been taken in that regard.

RESPONSE:

Redirected for an institutional response by USPS.