

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 THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.,  
AND VALPAK DEALERS' ASSOCIATION, INC. (VP/USPS-13)  
(July 1, 2005)

The United States Postal Service hereby provides its institutional response to interrogatory VP/USPS-13, filed on June 17, 2005.

The 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

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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORY OF VALPAK

**VP/USPS-13.** For Base Year 2004, please provide information similar to that shown in the response to ADVO/USPS-T43-1 in Docket No. R2001-1; *i.e.*, mail processing (Cost Segment 3.1), window service (Cost Segment 3.2) and in-office (Cost Segment 6.1) cost data, disaggregated by weight increment, shape, and density level.

**RESPONSE:**

The disaggregated costs for mail processing are presented in Attachment A, window service in Attachment B, and city carrier in-office in Attachment C.

Supporting documentation is provided in USPS-LR-K-146.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORY OF VALPAK

**Attachment A – Provided in Response to VP/USPS-13**

**BY04 Mail Processing (Cost Segment 3.1) Costs (\$000) - No Piggyback or Premium Pay Factors Applied  
Standard ECR Mail (Regular and Nonprofit)**

	< 1/2 oz	1/2 - 1 oz	1 - 1 1/2 oz	1 1/2 - 2 oz	2 - 2 1/2 oz	2 1/2 - 3 oz	3 - 3 1/2 oz	3 1/2 - 4 oz	4 oz - 5 oz	5 oz - 6 oz	6 oz - 7 oz	7 oz - 8 oz
Standard ECR Mail - Basic												
-Letters	15,975	20,970	2,917	1,825	440	805	2,002	116	301	13	1	593
-Flats	10,006	20,322	17,607	20,487	16,182	14,707	17,877	29,021	14,820	8,322	4,233	3,683
-Parcels	950	5	122	298	107	5	10	934	1,048	17	0	1,761
<b>Total</b>	<b>26,932</b>	<b>41,297</b>	<b>20,646</b>	<b>22,610</b>	<b>16,729</b>	<b>15,516</b>	<b>19,889</b>	<b>30,070</b>	<b>16,169</b>	<b>8,352</b>	<b>4,235</b>	<b>6,038</b>
Standard ECR Mail - Saturation												
-Letters	7,576	3,626	1,177	853	1,067	938	125	411	10	5	2	10
-Flats	4,532	1,465	3,440	1,675	3,298	942	2,324	4,152	498	130	378	259
-Parcels	0	0	154	35	0	0	0	36	0	35	0	0
<b>Total</b>	<b>12,109</b>	<b>5,092</b>	<b>4,771</b>	<b>2,563</b>	<b>4,365</b>	<b>1,881</b>	<b>2,449</b>	<b>4,600</b>	<b>508</b>	<b>170</b>	<b>381</b>	<b>269</b>
Standard ECR Mail - High Density												
-Letters	1,552	1,423	207	642	1	1	1	240	2	1	0	1
-Flats	394	706	619	104	304	356	3	678	2	4	155	1
-Parcels	0	0	0	302	0	0	0	0	1	0	0	0
<b>Total</b>	<b>1,946</b>	<b>2,129</b>	<b>826</b>	<b>1,047</b>	<b>305</b>	<b>357</b>	<b>4</b>	<b>918</b>	<b>5</b>	<b>5</b>	<b>155</b>	<b>2</b>
Standard ECR Mail - Automation												
-Letters	9,152	4,948	1,569	921	3	639	27	151	2	5	0	4
-Flats	0	0	0	0	0	0	0	0	0	0	0	0
-Parcels	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9,152</b>	<b>4,948</b>	<b>1,569</b>	<b>921</b>	<b>3</b>	<b>639</b>	<b>27</b>	<b>151</b>	<b>2</b>	<b>5</b>	<b>0</b>	<b>4</b>
<b>Total Standard ECR Mail</b>												
-Letters	34,256	30,967	5,869	4,242	1,511	2,383	2,155	918	314	24	4	609
-Flats	14,933	22,493	21,666	22,266	19,784	16,005	20,203	33,851	15,320	8,456	4,766	3,943
-Parcels	950	6	276	635	107	5	10	970	1,049	53	0	1,761
<b>Total</b>	<b>50,139</b>	<b>53,466</b>	<b>27,811</b>	<b>27,142</b>	<b>21,402</b>	<b>18,394</b>	<b>22,369</b>	<b>35,739</b>	<b>16,683</b>	<b>8,533</b>	<b>4,770</b>	<b>6,313</b>

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORY OF VALPAK

**Attachment A – Provided in Response to VP/USPS-13 (Continued)**

**BY04 Mail Processing (Cost Segment 3.1) Costs (\$000) - No Piggyback or Premium Pay Factors Applied  
Standard ECR Mail (Regular and Nonprofit)**

	8 oz - 9 oz	9 oz - 10 oz	10 oz - 11 oz	11 oz - 12 oz	12 oz - 13 oz	13 oz - 14 oz	14 oz - 15 oz	15 oz - 16 oz	> 16 oz	Total
Standard ECR Mail - Basic										
-Letters	13	9	13	5	0	0	2	15	0	46,017
-Flats	945	1,617	1,642	684	302	262	534	2,454	0	185,706
-Parcels	7	1	381	3	1,813	2,473	0	11	0	9,948
<b>Total</b>	<b>966</b>	<b>1,627</b>	<b>2,036</b>	<b>692</b>	<b>2,115</b>	<b>2,735</b>	<b>536</b>	<b>2,480</b>	<b>0</b>	<b>241,670</b>
Standard ECR Mail - Saturation										
-Letters	134	3	2	1,282	0	0	0	11	0	17,233
-Flats	359	634	1	1	0	0	0	11	0	24,100
-Parcels	0	0	0	0	0	0	0	0	0	261
<b>Total</b>	<b>493</b>	<b>637</b>	<b>3</b>	<b>1,283</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21</b>	<b>0</b>	<b>41,594</b>
Standard ECR Mail - High Density										
-Letters	2	1	0	1	0	0	0	2	0	4,077
-Flats	1	0	0	0	0	0	0	2	0	3,328
-Parcels	48	0	0	0	45	32	0	0	0	430
<b>Total</b>	<b>51</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>45</b>	<b>32</b>	<b>1</b>	<b>4</b>	<b>0</b>	<b>7,835</b>
Standard ECR Mail - Automation										
-Letters	6	2	7	4	0	0	0	7	0	17,449
-Flats	0	0	0	0	0	0	0	0	0	0
-Parcels	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>6</b>	<b>2</b>	<b>7</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>0</b>	<b>17,449</b>
<b>Total Standard ECR Mail</b>										
-Letters	156	15	22	1,292	0	0	3	34	0	84,775
-Flats	1,305	2,251	1,643	685	302	262	535	2,467	0	213,134
-Parcels	55	1	381	3	1,859	2,505	0	11	0	10,639
<b>Total</b>	<b>1,516</b>	<b>2,268</b>	<b>2,047</b>	<b>1,980</b>	<b>2,160</b>	<b>2,767</b>	<b>537</b>	<b>2,512</b>	<b>0</b>	<b>308,548</b>

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORY OF VALPAK

**Attachment B – Provided in Response to VP/USPS-13**

**BY04 Window Service (Cost Segment 3.2) Costs (\$000) - No Piggyback Factors Applied  
Standard ECR Mail (Regular and Nonprofit)**

	< 1/2 oz	1/2 - 1 oz	1 - 1 1/2 oz	1 1/2 - 2 oz	2 - 2 1/2 oz	2 1/2 - 3 oz	3 - 3 1/2 oz	3 1/2 - 4 oz	4 oz - 5 oz	5 oz - 6 oz	6 oz - 7 oz	7 oz - 8 oz
Standard ECR Mail - Basic												
-Letters	312	165	143	6	3	2	1	0	0	0	0	0
-Flats	49	321	228	77	290	248	316	137	155	87	41	24
-Parcels	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>361</b>	<b>487</b>	<b>371</b>	<b>84</b>	<b>293</b>	<b>251</b>	<b>317</b>	<b>137</b>	<b>155</b>	<b>87</b>	<b>41</b>	<b>24</b>
Standard ECR Mail - Saturation												
-Letters	197	63	13	16	25	17	5	4	2	1	0	0
-Flats	228	72	83	104	151	97	28	198	121	69	33	17
-Parcels	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>425</b>	<b>134</b>	<b>96</b>	<b>121</b>	<b>176</b>	<b>114</b>	<b>32</b>	<b>202</b>	<b>124</b>	<b>70</b>	<b>33</b>	<b>17</b>
Standard ECR Mail - High Density												
-Letters	30	17	2	1	2	1	0	0	0	0	0	0
-Flats	4	7	8	10	14	24	11	7	17	18	13	8
-Parcels	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>34</b>	<b>24</b>	<b>10</b>	<b>11</b>	<b>16</b>	<b>26</b>	<b>11</b>	<b>7</b>	<b>17</b>	<b>18</b>	<b>14</b>	<b>8</b>
Standard ECR Mail - Automation												
-Letters	93	78	12	3	2	2	0	0	0	0	0	0
-Flats	0	0	0	0	0	0	0	0	0	0	0	0
-Parcels	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>93</b>	<b>78</b>	<b>12</b>	<b>3</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Standard ECR Mail</b>												
-Letters	632	322	170	27	32	22	7	5	3	1	0	0
-Flats	281	400	319	191	456	370	355	342	294	174	88	49
-Parcels	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>913</b>	<b>723</b>	<b>489</b>	<b>218</b>	<b>488</b>	<b>393</b>	<b>361</b>	<b>346</b>	<b>296</b>	<b>175</b>	<b>88</b>	<b>49</b>

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORY OF VALPAK

**Attachment B – Provided in Response to VP/USPS-13 (Continued)**

**BY04 Window Service (Cost Segment 3.2) Costs (\$000) - No Piggyback Factors Applied  
Standard ECR Mail (Regular and Nonprofit)**

	8 oz - 9 oz	9 oz - 10 oz	10 oz - 11 oz	11 oz - 12 oz	12 oz - 13 oz	13 oz - 14 oz	14 oz - 15 oz	15 oz - 16 oz	> 16 oz	Total
Standard ECR Mail - Basic										
-Letters	0	0	0	0	0	0	0	0	0	632
-Flats	14	9	8	5	3	1	1	2	0	2,019
-Parcels	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>14</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>2,651</b>
Standard ECR Mail - Saturation										
-Letters	0	0	0	0	0	0	0	0	0	344
-Flats	9	3	1	1	0	0	0	0	0	1,215
-Parcels	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>9</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,559</b>
Standard ECR Mail - High Density										
-Letters	0	0	0	0	0	0	0	0	0	54
-Flats	5	3	3	1	0	0	0	0	0	155
-Parcels	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>209</b>
Standard ECR Mail - Automation										
-Letters	0	0	0	0	0	0	0	0	0	190
-Flats	0	0	0	0	0	0	0	0	0	0
-Parcels	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>190</b>
<b>Total Standard ECR Mail</b>										
-Letters	0	0	0	0	0	0	0	0	0	1,221
-Flats	27	15	12	6	4	2	1	2	0	3,389
-Parcels	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>28</b>	<b>15</b>	<b>12</b>	<b>6</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>2</b>	<b>0</b>	<b>4,610</b>

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
INTERROGATORY OF VALPAK

**Attachment C – Provided in Response to VP/USPS-13**

**BY04 City Carriers (Cost Segment 6.1) Costs (\$000) - No Piggyback Factors Applied  
Standard ECR Mail (Regular and Nonprofit)**

	< 1/2 oz	1/2 - 1 oz	1 - 1 1/2 oz	1 1/2 - 2 oz	2 - 2 1/2 oz	2 1/2 - 3 oz	3 - 3 1/2 oz	3 1/2 - 4 oz	4 oz - 5 oz	5 oz - 6 oz	6 oz - 7 oz	7 oz - 8 oz
Standard ECR Mail - Basic												
-Letters	13,155	6,626	1,450	713	430	95	683	682	345	76	182	97
-Flats	10,061	22,081	14,410	15,598	14,524	11,380	17,382	19,133	10,446	6,736	3,498	3,528
-Parcels	0	0	2	3	7	0	0	11	0	2	0	0
<b>Total</b>	<b>23,217</b>	<b>28,706</b>	<b>15,861</b>	<b>16,314</b>	<b>14,962</b>	<b>11,475</b>	<b>18,066</b>	<b>19,826</b>	<b>10,791</b>	<b>6,815</b>	<b>3,680</b>	<b>3,625</b>
Standard ECR Mail - Saturation												
-Letters	20,449	3,249	348	734	666	337	704	230	214	266	127	74
-Flats	6,582	3,359	2,675	3,444	3,195	2,252	2,346	3,082	2,345	770	548	368
-Parcels	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>27,032</b>	<b>6,608</b>	<b>3,023</b>	<b>4,178</b>	<b>3,862</b>	<b>2,589</b>	<b>3,049</b>	<b>3,312</b>	<b>2,559</b>	<b>1,036</b>	<b>676</b>	<b>441</b>
Standard ECR Mail - High Density												
-Letters	3,073	946	207	160	0	89	0	0	0	90	0	0
-Flats	1,070	1,099	1,592	1,328	487	1,026	1,145	1,437	482	0	165	178
-Parcels	0	0	2	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>4,144</b>	<b>2,045</b>	<b>1,801</b>	<b>1,488</b>	<b>487</b>	<b>1,116</b>	<b>1,145</b>	<b>1,437</b>	<b>482</b>	<b>90</b>	<b>165</b>	<b>178</b>
Standard ECR Mail - Automation												
-Letters	981	1,017	630	0	0	0	129	0	0	0	0	0
-Flats	0	0	0	0	0	0	0	0	0	0	0	0
-Parcels	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>981</b>	<b>1,017</b>	<b>630</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>129</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Total Standard ECR Mail												
-Letters	37,659	11,838	2,634	1,607	1,097	521	1,516	912	559	432	309	171
-Flats	17,714	26,539	18,677	20,370	18,207	14,658	20,873	23,651	13,273	7,506	4,212	4,073
-Parcels	0	0	4	3	7	0	0	11	0	2	0	0
<b>Total</b>	<b>55,373</b>	<b>38,377</b>	<b>21,316</b>	<b>21,980</b>	<b>19,310</b>	<b>15,179</b>	<b>22,389</b>	<b>24,574</b>	<b>13,832</b>	<b>7,940</b>	<b>4,521</b>	<b>4,244</b>

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
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**Attachment C – Provided in Response to VP/USPS-13 (Continued)**

**BY04 City Carriers (Cost Segment 6.1) Costs (\$000) - No Piggyback Factors Applied  
Standard ECR Mail (Regular and Nonprofit)**

	8 oz - 9 oz	9 oz - 10 oz	10 oz - 11 oz	11 oz - 12 oz	12 oz - 13 oz	13 oz - 14 oz	14 oz - 15 oz	15 oz - 16 oz	> 16 oz	Total
Standard ECR Mail - Basic										
-Letters	0	0	0	0	0	0	0	0	0	24,536
-Flats	1,425	467	331	383	233	320	270	167	0	152,373
-Parcels	0	0	0	0	0	0	0	0	0	25
<b>Total</b>	<b>1,425</b>	<b>467</b>	<b>331</b>	<b>383</b>	<b>233</b>	<b>320</b>	<b>270</b>	<b>167</b>	<b>0</b>	<b>176,934</b>
Standard ECR Mail - Saturation										
-Letters	0	0	0	128	0	0	0	0	0	27,525
-Flats	324	222	0	95	0	0	95	90	0	31,792
-Parcels	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>324</b>	<b>222</b>	<b>0</b>	<b>222</b>	<b>0</b>	<b>0</b>	<b>95</b>	<b>90</b>	<b>0</b>	<b>59,317</b>
Standard ECR Mail - High Density										
-Letters	0	0	0	0	0	0	0	0	0	4,565
-Flats	91	388	0	0	0	169	0	0	0	10,658
-Parcels	0	0	0	0	0	0	0	0	0	2
<b>Total</b>	<b>91</b>	<b>388</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>169</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,225</b>
Standard ECR Mail - Automation										
-Letters	0	0	0	0	0	0	0	0	0	2,757
-Flats	0	0	0	0	0	0	0	0	0	0
-Parcels	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,757</b>
<b>Total Standard ECR Mail</b>										
-Letters	0	0	0	128	0	0	0	0	0	59,383
-Flats	1,839	1,076	331	478	233	489	365	257	0	194,823
-Parcels	0	0	0	0	0	0	0	0	0	27
<b>Total</b>	<b>1,839</b>	<b>1,076</b>	<b>331</b>	<b>606</b>	<b>233</b>	<b>489</b>	<b>365</b>	<b>257</b>	<b>0</b>	<b>254,233</b>