

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

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE
TO VALPAK WITNESS JOHN HALDI
(USPS/VP-T2-1 - 5)

In accordance with Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service hereby directs the following interrogatories to Valpak witness John Haldi: USPS/VP-T2-1 through USPS/VP-T2- 5.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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August 8, 2005

USPS/VP-T2-1. If you cannot confirm any of the following, please explain fully.

a. Please confirm that your own testimony (pg. 63) indicates that DALs not delivered by city or rural carriers could be delivered either to P.O. boxes, or by highway contract carriers.

b. Please confirm that the recommendation on page 17 of your testimony, that the Commission assume that 99 percent of DALs are delivered by city or rural carriers, is based exclusively on the assumption that 1 percent of DALs are delivered to P.O. boxes.

c. Please confirm that your 99 percent recommendation therefore fails to account for DALs delivered by highway contract carriers.

USPS/VP-T2-2. Please refer to the statement on page 14 of your testimony that DALs are counted as letters “in both the city and rural carrier cost systems.”

a. Please confirm that the citation provided to support this statement is to witness Lewis’s response to VP/USPS-T30-20(c), (Tr. 6/2377-78).

b. Please confirm that the subject of that question to witness Lewis was the Piece Count Recording System (PCRS).

c. Is it your contention that the PCRS is a part of either the city or rural carrier cost systems? If so, please explain your understanding of the relationship between PCRS and the city and rural carrier cost systems.

USPS/VP-T2-3. Please refer to footnote 17 on page 20 of your testimony, which

cites the response of witness Lewis to VP/USPS-T30-15 (Tr. 6/2372), and which alleges that certain costs relating to DALs are likely to be incorrectly attributed to saturation letters.

a. Please confirm that, despite the reference in your footnote to “[s]uch transportation costs,” there is no mention of transportation costs in that interrogatory response of witness Lewis.

b. Please state your understanding of the cost segment in which such “transportation costs” are likely to be incurred.

c. Please state your understanding of how the costs in that cost segment are distributed, and specifically explain how the distribution would change if DALs being backhauled to plants were considered letters or flats.

USPS/VP-T2-4. On page 21 of your testimony, you indicate that labor costs for saturation letters are in the BCS and OCR cost pools (in addition to the BCS/DBCS MODS costs pool).

a. Please confirm that the clerk and mailhandler labor costs attributed to Saturation letters for the BCS and OCR cost pools for FY 2004 are \$76,000 and \$153,000, respectively. (See USPS-LR-K-84, spreadsheet FY04 ECR Mail Proc Costs.xls, sheet Summary.) If you cannot confirm, please provide the costs which you reference in the above passage and provide complete citations to such costs.

b. Please confirm that the FY 2004 cost per piece for Saturation letters

associated with this labor costs for the BCS and OCR cost pools is less than one-hundredth of a cent. [Total Saturation letter labor costs for BCS and OCR cost pools of \$229,000 (\$76,000 + \$153,000) divided by the FY 2004 volumes for Saturation letters of 3.444 billion = 0.00664 cents per piece.] If you do not confirm, then please provide a corrected figure and explain how your derived it.

USPS/VP-T2-5. Please refer to page 21 of your testimony, where you state: “All saturation letters are required to be barcoded by mailers, whereas no such requirement exists for DALs, which may or may not be barcoded. It therefore is easy to comprehend why DALs with no barcodes would be processed on BCS or OCR equipment, but impossible to comprehend why any pre-barcoded saturation letters would be processed on such equipment.”

a. Is it your contention that all (i.e. 100 percent of) ECR Saturation letters have a perfectly accurate and readable delivery point barcode?

b. If not, might this explain why some saturation letters might be processed on BCS and/or OCR equipment? Please explain fully.

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.

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