

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES, 2006 )

Docket No. R2006-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND  
VALPAK DEALERS' ASSOCIATION, INC.  
FIRST INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS MICHAEL D. BRADLEY (VP/USPS-T14-1-12)  
(May 23, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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**VP/USPS-T14-1.**

Please refer to your testimony at page 10, lines 9-12, where you state that the costing methodology presented by the Postal Service in this docket is the same as that chosen by the Commission in Docket No. R2005-1.

- a. Please confirm that the “same” costing methodology means using the same econometric equations and other estimating techniques that you recommended from among the various econometric models and techniques discussed in your testimony in Docket No. R2005-1, USPS-T-14, at pages 32-55. If you do not confirm, please explain what is intended by your statement.
- b. Aside from using the same methodology as that in Docket No. R2005-1, were any equations previously employed re-estimated, using data more recent than those which you used in Docket No. R2005-1, or are all city carrier cost distributions in this docket based on the previous data, as well as the methodology, presented in Docket No. R2005-1? If any equations were re-estimated, please provide all new parameters which you estimated using more recent data than those used in Docket No. R2005-1.
- c. In the event that you did not do any re-estimation using more recent data, please explain what precluded using more recent data, in light of the statement in your testimony in Docket No. R2005-1, USPS-T-14, page 13, lines 6-14, where you state that “the new study should be consistent with ongoing USPS city carrier data collection efforts” so as to avoid the drawback of the previous methodology which “precluded updates being done on a timely basis.”

**VP/USPS-T14-2.**

For your answer to this question, please assume that: (i) a city delivery route included in the most recent City Carrier Cost System (“CCCS”) survey had 500 residential addresses; (ii) on some particular day, the mail for delivery had 500 flat host pieces and 500 DALs; and (iii) the carrier elected to take both the flats and DALs directly to the street as two extra bundles of sequenced mail (*i.e.*, the DALs were **not** cased).

- a. In the CCCS, under the above-described circumstances, should the volume of sequenced mail taken directly to the street have been recorded as 1,000 pieces, or as 500 pieces?
- b. Did those recording volume in the CCCS receive any explicit instruction with respect to how mail volume should be recorded when both DALs and their host pieces were taken directly to the street as extra bundles? If so, please describe the instructions given. If not, please explain why not, and whether this failure to be explicit with respect to the way that DALs were counted could create ambiguity in the volume data recorded for sequenced mail.

**VP/USPS-T14-3.**

- a. For city routes included in the CCCS survey, was the volume of mail for delivery counted (i) before any mail was cased, or (ii) after all mail was ready to be taken to the street? Please explain your answer.
- b. If mail volume was counted before any mail was cased, and if, on some particular day, carriers had a mailing of saturation flats for delivery that

included DALs, were the DALs (i) recorded as cased pieces, (ii) recorded as sequenced pieces, or (iii) not recorded at all? Inasmuch as DALs sometimes are cased and sometimes are taken directly to the street as an extra bundle (*i.e.*, as sequenced mail), please indicate how the person recording the volume was able to determine whether to record the DALs as either cased or sequenced mail before the carrier decided which procedure to employ on that day.

- c. For pieces that are cased in a vertical flats case, when are they counted — after casing, or before casing? If counting occurs prior to casing, is mail measured by linear feet and converted to pieces, or is each piece counted separately?
- d.
  - (i) How is the volume of DPS'd mail counted in the CCCS?
  - (ii) Is each post card and DAL (if DPS'd) counted as a separate piece?

**VP/USPS-T14-4.**

Please confirm that during the period when data for the CCCS were gathered, it was common practice for city carriers in those DDU's that participated in the CCCS to "pivot" when (i) some carriers had significantly more mail than they could sort and deliver within 8 hours, and (ii) other carriers in the same delivery unit could sort and deliver the mail for their routes in less than 8 hours. (*See* Docket No. R2005-1, response of Postal Service witness Stevens to POIR No. 6, Question 4(c)-(d).) If you do not confirm, please explain fully how mail was delivered on those routes where carriers had significantly more mail than they could sort and deliver within 8 hours.

**VP/USPS-T14-5.**

Please confirm that the practice of pivoting could not have had an effect on the data collected in the “old” system for determining attributable city carrier cost. If you do not confirm, please explain which component(s) of the old system would have been affected (*e.g.*, access time, load time, route time, the CAT/FAT split, etc.).

**VP/USPS-T14-6.**

For your response to this question, please assume that the carrier for route A returns to the DDU early, then pivots to deliver mail on a portion of route B, and follows the instructions described in the response to POIR No. 6, Question 4(d) in Docket No. R2005-1. Please assume also that carriers A and B are included in the CCCS survey.

- a. Please confirm that, when scanners for the carriers on routes A and B are uploaded at the end of the day, there will be two entries for time spent on route B. If you do not confirm, please explain.
- b. Assuming that the response to preceding part a is positive, please explain whether the two entries for time on route B are summed so as to result in a single entry for the time spent delivering mail that day on route B, or whether they appeared as separate entries in the data base supplied by the Postal Service.

**VP/USPS-T14-7.**

- a. Were the carriers in the DDUs and ZIP codes which were included in the CCCS given any special instructions with respect to overtime and pivoting?

- b. If some carriers had significantly more mail than they could deliver within their allotted 8 hours, were they (i) authorized and instructed to use overtime, and (ii) instructed not to pivot, or divert some of their mail to other carriers with undertime? Please explain. If not, and if pivoting was a practice commonly used during the period of the CCCS survey, please so state.
- c.
  - (i) If a carrier could complete delivery of the route with only 15 to 20 minutes of overtime, would pivoting be a practical alternative?
  - (ii) Assuming that some carriers in a delivery unit have undertime, please explain in detail when pivoting is a practical alternative to overtime.

**VP/USPS-T14-8.**

For those occasions when some carriers who participated in the CCCS had significantly more mail than they could sort and deliver within their allotted 8 hours, and the mail for a portion of their respective routes was given to other carriers in the delivery unit who experienced undertime on their routes, please explain all steps that were taken to assure consistency of data as between (i) the time recorded by carriers with excess volume, and (ii) the volume of mail actually delivered by those carriers with excess volume.

**VP/USPS-T14-9.**

- a. Please explain the extent to which you believe carriers, with an interest in getting their work done within the allotted time and in providing some relief to themselves when feasible, might endeavor to cover the route at a more rapid

rate (*i.e.*, at an “above-normal” rate) on high-volume days and work at a normal or below-normal (*i.e.*, more leisurely) rate on low-volume days.

- b. Did you discuss the issue raised in part a with anyone familiar with carrier operations?
- c. Have you looked for evidence concerning whether the practice in part a occurs, such as by analyzing overtime and volume? If so, please describe what you found.
- d. If the practice described in part a should in fact occur, please describe the effect it would have on the econometrics you used in Docket No. R2005-1 (USPS-T-14).
- e. If the practice in part a occurs, might the additional time taken on a high-volume day tend to be much smaller than would be implied by the characteristics and volume of the mail? Please explain.

**VP/USPS-T14-10.**

- a. In Base Year 2005, according to your analysis of city carrier street costs, what was the unit cost for delivering the following:
  - (i) DPS'd letter;
  - (ii) cased letter;
  - (iii) sequenced letter;
  - (iv) cased flat; and
  - (v) sequenced flat?

- b. In your opinion, when the effort and extra motions required to handle extra (*i.e.*, “third”) bundles of sequenced mail on the street are taken into account, does a reasonable relationship exist among the unit costs supplied in response to part a? Please explain why, or why not.

**VP/USPS-T14-11.**

In the study described in your testimony (USPS-T-14) in Docket No. R2005-1, did you give any consideration to, or do any analysis relating to, the question of whether the additional time on the street for an additional addressed flat would or would not be the same as the additional time on the street for an unaddressed flat with a DAL that was not cased? If you did, please describe the consideration or what the analysis showed. If you did not, please state whether you believe the question is important or unimportant, and explain your reasoning.

**VP/USPS-T14-12.**

In planning your study described in Docket No. R2005-1, USPS-T-14, or in interpreting your results, did you give any consideration to whether the additional time on the street for an additional letter that is DPS'd should be greater than, or less than, the additional time on the street for an additional addressed flat that is cased? If so, please explain what you concluded.