

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS  
THOMAS HARAUSH TO INTERROGATORIES OF VALPAK DIRECT MARKETING  
SYSTEMS, INC. AND VALPAK DEALERS' ASSOCIATION, INC.,  
VP/USPS-T4-1-3

The United States Postal Service hereby provides the responses of witness Thomas Harahush to the following interrogatories of the Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.: VP/USPS-T4-1-3, filed on June 22, 2006.

Each interrogatory is stated verbatim and followed by the response:

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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THOMAS W. HARAUSH TO VALPAK INTERROGATORY

**VP/USPS-T4-1.** Please refer to your testimony at page 2, lines 15-16, where you state that the City Carrier Cost System (“CCCS”) is a sample system that collects “data to determine ... the volume of mail by shape and category of mail...”

- a. How are Detached Address Labels (“DALs”) recorded in the CCCS? That is, in what category of mail are they recorded?
- b. What information does the CCCS record for DALs in the sample? That is, does the recorder identify and count it explicitly as a DAL? Or, is it recorded simply as a letter-shaped piece of ECR mail, or as something else?
- c. Please identify all items in other, separate rate categories, that the CCCS also records in the same category as DALs.
- d. Do CCCS data make any distinction between DALs and other items that are recorded in the same category with DALs? That is, do CCCS data support an estimate of the proportion of, say, DALs delivered by city carriers, similar to the estimates of the proportion of private mailing cards and presort private cards shown in your Table 1 on page 4 of your testimony? If not, please explain in what way and to what extent CCCS data enable or support an estimate of the proportion of DALs delivered by city carriers.

**RESPONSE:**

- a. DALs are recorded in the rate category under which they are endorsed, almost always as a letter shape.
- b. In FY 2005, CCCS collected class, subclass, and shape information for DALs.
- c. In CCCS, all mailpieces in a particular rate category will be counted in that rate category.
- d. During FY 2005 in CCCS, there was no information collected that allowed for the separation of a particular rate category between DALs and any other type of mailpiece in the same rate category.

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**VP/USPS-T4-2.**

- a. With respect to the CCCS, does the Postal Service have any minimum volume threshold for identifying separately items such as private mailing cards, or presort private cards? If so, what is the threshold volume above which the Postal Service considers explicit breakouts of different items?
- b. What factors, other than volume, determine whether the CCCS collects explicit data about an item in the mail, such as DALs? As part of your explanation, please indicate why the CCCS has collected no explicit information on the billions of DALs that city carriers deliver each year.

**RESPONSE:**

- a. In CCCS there is no minimum volume threshold for identifying particular segments of any rate category.
- b. The CCCS collects data that is used to support 1) CRA reports and 2) rate making decisions. The data collected in CCCS are dependent upon the data needs of other areas of the Postal Service without unduly burdening the city carrier.

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**VP/USPS-T4-3.**

- a. Does the Postal Service have any plans to alter the CCCS so as to collect more explicit data on the volume of DALs that are delivered by city carriers? If so, please describe such plans.
- b. Do CCCS data distinguish flats that are (i) taken directly to the street, or (ii) cased?
- c. Do CCCS data distinguish DALs that are (i) taken directly to the street, (ii) cased, and (iii) DPS'd?
- d. Were any changes made in the CCCS to accommodate, or distinguish, DPS'd mail? If so, please describe those changes, including the rationale for such changes.
- e. Do you anticipate making any changes in the CCCS to accommodate, or distinguish, FSS'd mail, after the Flat Sequencing System ("FSS") is deployed and becomes operational? If so, please describe those changes, including the rationale for such changes.
- f. Have any changes been made in the CCCS as a result of the old carrier costing system no longer being used? If so, please describe any such changes, and their rationale.
- g. Do you anticipate making any changes made in the CCCS as a result of the old carrier costing system that witness Bradley (USPS-T-14) proposed in Docket No. R2005-1, and again in this case? If so, please describe any such changes, and their rationale.

**RESPONSE:**

- a-d. In Q1 2006, CCCS began collecting specific data on DALs, but on a district by district basis. In Q2 2006, all districts were collecting specific data on DALs.

The CCCS now collects, for the Standard ECRWSS rate category the following information on DALs. For DPS letters, CCCS records whether the mailpiece is a DAL. For other letters, CCCS records whether the mailpiece is a DAL and also records whether the mailpiece is cased by the carrier. For flats, CCCS records whether the flat is cased by the carrier.

- e. Any future changes in CCCS will be dependent upon the needs and requirements of the Postal Service. See response to VP/USPS-T4-2b.
- f. With the exception of changes described in part (a) above, CCCS is essentially recording data as it has in the past.
- g. I assume you are referring to the City Carrier Street Time Survey (CCSTS), a study introduced by Professor Bradley in the last omnibus case, which I would

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not characterize as “old.” Yes, to the extent that the new methodology provides the opportunity to streamline current data collection procedures and obtain relevant data, CCCS would adopt such changes. Discussion of plans for change to CCCS based on Docket No. R2005-1 and this rate case is premature as any changes to a data collection system require study and testing.