

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 McCRERY
TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
(VP/USPS-T44-20),
REDIRECTED FROM WITNESS COOMBS
(July 7, 2006)

The United States Postal Service hereby provides the response of witness McCrery to the above-listed interrogatory of Valpak, filed on June 23, 2006, redirected from witness Coombs.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSES OF POSTAL SERVICE WITNESS MCCRERY TO
INTERROGATORIES OF VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
REDIRECTED FROM POSTAL SERVICE WITNESS JOYCE K. COOMBS

VP/USPS-T44-20.

Please refer to your response to VP/USPS-T44-3(b), where you state that in the environment after FSS is implemented, "the data analysis has not yet been completed and no final decision has been made" with respect to how carriers will handle unaddressed, nonmachinable wraps on route segments where carriers are restricted to three bundles. With respect to Test Year city carrier cost estimates, and the fundamental change in the handling environment that the FSS will create, what assumptions are made concerning the mail processing cost of saturation flats?

Response:

I am not aware of any quantified assumptions yet made regarding the processing cost of saturation flats with respect to the environment that FSS will create.

Testing and the subsequent analysis have yet to be finalized such that a financial justification, including cost and operational impacts, can be completed. This process is expected to be finalized in the fall. At this point, only a small cost savings has been factored into this case for FY 08 based on machines that are projected to be installed by the end of FY 08 (see USPS-LR-L-49).