

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 KELLEY
(USPS-T-30) TO INTERROGATORY OF VALPAK (VP/USPS-T30-31)
(July 27, 2006)

The United States Postal Service hereby provides the response of witness Kelley to the following interrogatory of ValPak, Inc., filed on July 13, 2006: VP/USPS-T30-31.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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Eric P. Koetting

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July 27, 2006

Response of Postal Service Witness Kelley to Interrogatories Posed by Valpak Marketing Systems, Inc and Valpak Dealers' Association, Inc.

VP/USPS-T30-31.

Please refer to your response to VP/USPS-T30-17(b).

- a. Is your estimate of \$165 million for the base year cost of DALs for (i) DALs delivered by city carriers only, (ii) DALs delivered by both city and rural carriers, or (iii) all DALs, including those delivered to post office boxes or General Delivery, or by highway contract carriers?
- b. Is the \$165 million estimate applicable only to out-of-office delivery (e.g., cost segment 7 for city carriers and, possibly, cost segment 10 for rural carriers), or does it also include in-office costs in segment 6?
- c. What is the volume of DALs to which your \$165 million is applicable?
- d. Please refer to your analysis of carrier costs as contained in USPS-LR-L-67. Please assume that the Commission were to find that the actual volume of DALs was different in the base year than the estimate you used, and a decision were made to adopt a new, higher estimate. On a step-by-step basis, referring to specific workbooks, sheets in those workbooks, and cells, please explain how the Commission would use the new estimate so that revised cost estimates were generated by the workbooks corresponding to a different volume of DALs.

Response

- a. (i) No.

(ii). Yes.

(iii) No.
- b. As I stated on page 11 of my direct testimony, all segment 6, 7, and 10 costs (base year estimate \$165 million) attributed to DALs are included in the unit delivery cost for ECR Saturation Flats.
- c. The \$165 million cost estimate is applicable to 2.8 billion DALs on city routes and 1.1 billion DALs on rural routes (of which three percent are assumed to have simplified addresses).
- d. A different estimate of DALs can be incorporated in USPS-LR-L-67 by changing the values of cells D11, D15, and D21 within workbook UDCInputs.USPS.xls worksheet 'DALs'. Those cells refer to the base year DAL

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volume estimates for RPW, city, and rural respectively. The RPW estimate is only needed to distribute attached label 'Boxholder' volumes to shape.

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.

Eric P. Koetting

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