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

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000) Docket No. R2000-1

VAL-PAK DIRECT MARKETING SYSTEMS, INC.,
VAL-PAK DEALERS' ASSOCIATION, INC., AND
CAROL WRIGHT PROMOTIONS, INC.
THIRD INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS VIRGINIA J. MAYES (VP-CW/USPS-T32-12-15)
(March 15, 2000)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Val-Pak Direct Marketing Systems, Inc., Val-Pak Dealers' Association, Inc., and Carol Wright Promotions, Inc., hereby submit the following 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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Val-Pak Direct Marketing Systems, Inc.,
Val-Pak Dealers' Association, Inc., and
Carol Wright Promotions, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

John S. Miles

March 15, 2000

VP-CW/USPS-T32-12.

The price elasticity of Standard A ECR Mail has risen from -0.60 in Docket No. R97-1 (*Op. & Rec. Dec.*, Docket No. R97-1, para. 5534) to -0.808 in this docket (Table 2 of your testimony, p. 6).

a. Did you consider this increase in price elasticity (of more than 25 percent) in setting your cost coverage for Standard A ECR?

b. The Commission stated that it "relies on the precedential value of its past evaluations of the evidence as a starting point and then evaluates new evidence presented to determine whether changes from its past allocation decisions are appropriate." (*Op. & Rec. Dec.*, Docket No. R97-1, para. 4005). Is Standard A ECR's increase in price elasticity (since the most recent omnibus rate docket) evidence that a change from the allocation decision in that docket would be appropriate? Please explain your answer.

c. Does the increase in elasticity reflect an increase or a decrease in the Value of Service? Please explain your answer.

VP-CW/USPS-T32-13.

a. Please refer to page 4 of your testimony. In your discussion of 39 U.S.C. sec. 3622(b)(2), you mention the level of privacy afforded by the mail class, the reliability and image associated with the mail class, and the availability of ancillary services. Do these considerations support a higher or lower cost coverage for Standard A ECR Mail? Please explain your answer.

b. Please refer to page 6 of your testimony. In your discussion of 39 U.S.C. sec. 3622(b)(2), you mention the availability of alternative services which have features valued by customers, but which are not available in the comparable postal services. (i) Is this consideration applicable to Standard A ECR Mail? (ii) If so, does this consideration support a higher or lower cost coverage for Standard A ECR Mail?

VP-CW/USPS-T32-14.

Which index provides the superior method for analyzing and comparing institutional contribution by subclass between dockets — a markup index or a coverage index? Please explain why you prefer one index over another.

VP-CW/USPS-T32-15.

Please refer to page 39 (ll. 14-17) of your testimony, where you state that although the percentage rate increase for the Standard A ECR subclass "is below the system average in this case, many of the factors considered above would indicate a cost coverage even lower than that actually proposed. However, this would mean shifting the additional burden of covering institutional costs to other subclasses."

a. Is it your testimony that the avoidance of shifting institutional costs to other subclasses takes priority over the application of the statutory noncost criteria in the setting of coverage factors? Please explain your answer fully.

b. If the cost coverage for Standard A ECR Mail were to be reduced, to what other subclasses would the additional burden most likely be shifted?