

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

RECEIVED

APR 7 4 24 PM '00
Docket No. R2000-1
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000)

VAL-PAK DIRECT MARKETING SYSTEMS, INC.,
VAL-PAK DEALERS' ASSOCIATION, INC., AND
CAROL WRIGHT PROMOTIONS, INC.

FIRST FOLLOW-UP INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS JOSEPH D. MOELLER (VP-CW/USPS-T35-27-28)
(April 7, 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 interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,



William J. Olson

John S. Miles

WILLIAM J. OLSON, P.C.

8180 Greensboro Drive, Suite 1070

McLean, Virginia 22102-3860

(703) 356-5070

Counsel for:

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.



William J. Olson

April 7, 2000

VP-CW/USPS-T35-27.

Please refer to your response to VP-CW/USPS-T35-21, where you confirmed that under the Postal Service's proposed rates, Standard A ECR Basic letters face a rate increase of 8.0 percent; Automation — 4.5 percent; High Density — 9.4 percent; and Saturation — 10.0 percent. You were asked (i) why do Automation letters receive a below-average rate increase, while Basic, High-Density and Saturation letters receive a rate increase which is substantially above the subclass average, and (ii) why is the requested rate increase for Saturation letters more than double the subclass average? You responded that "[t]he relative rate increases are driven by the costs underlying the discounts and rate differentials, as well as the passthroughs selected." However, in your response to NAA/USPS-T35-17, you state that a presortation passthrough of 100 percent would have given Automation letters nearly a 10 percent increase, and that avoiding such an increase was a "rate design objective."

- a. Why was it a rate design objective to reduce Standard A Regular Automation letter rate increases from nearly a 10 percent increase, but not Standard A ECR High Density, and Saturation letter rates?
- b. How were the passthroughs selected for Standard A ECR Basic, Automation, High Density, and Saturation letters?

VP-CW/USPS-T35-28.

Please refer to your response to VP-CW/USPS-T35-22, where you state that the rate relationships between letters and nonletters in the Standard A ECR rates are fair and equitable.

- a. Were the presort discounts (i) for nonletters calculated from nonletter costs incurred, and (ii) for letters calculated from letter costs incurred?
- b. If so, how is this approach fair and equitable, since Basic letter rates, which serve as the baseline for other ECR letter rates, are artificially high, with the letter-flat differential passthrough for ECR Basic rates set at zero? Please explain why it would not be more appropriate to calculate ECR letter rates from the baseline of actual letter-flat cost differential data.