

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

RECEIVED

POSTAL RATE AND FEE CHANGES, 2001 )

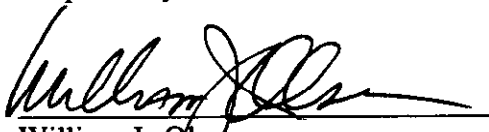
Oct 12 2001 11:11 AM  
Docket No. PR001-1

VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC.,  
THIRD INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS LARAIN B. HOPE (VP/USPS-T31-18-24)  
(October 12, 2001)

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

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

October 12, 2001

**VP/USPS-T31-18.**

Please confirm that:

- a. The current letter-flat cost differential for ECR Saturation is 1.14 cents. If you do not confirm, please explain.
- b. Under your proposed rates, the ECR Saturation letter rate will be 0.7 cents lower than the ECR Saturation flat rate. If you do not confirm, please explain.
- c. In your workpapers, LR-J-131, folder ECR PASS, page M, worktable 3, you identify the percentage passthrough of the ECR Saturation letter-flat cost differential in your rates as being 65 percent. If you do not confirm, please explain.
- d. 0.7 is actually 61.4 percent of 1.14. If you do not confirm, please explain.
- e. The Commission's letter-flat cost differential passthrough for ECR Saturation in Docket No. R2000-1 was 100 percent. If you do not confirm, please explain.

**VP/USPS-T31-19.**

- a. Where do you discuss the amount of your proposed ECR Saturation letter-flat cost differential passthrough in your testimony? If you do not discuss this passthrough, explain why.
- b. Please reconcile the notation in your workpapers that your proposed rates reflect a 65.0 percent passthrough of the ECR Saturation letter-flat cost differential, with the calculation that the actual passthrough is 61.4 percent.

- c. Please explain why you adopted a 61.4 percent passthrough of the ECR Saturation letter-flat cost differential, when the current passthrough is 100 percent.
- d. In your testimony, at USPS-T-31, page 24, line 9, you suggest that additional information regarding the letter-flat cost differential, and the passthrough thereof, is found in the discussion under Section 6, "Density Tiers." Where do you discuss the letter-flat cost differentials and the ensuring passthroughs in that section?

**VP/USPS-T31-20.**

Please confirm that:

- a. The letter-flat cost differential for ECR High Density is 0.661 cents. If you do not confirm, please explain.
- b. Under your proposed rates, the ECR High Density letter rate will be 0.5 cents lower than the ECR High Density flat rate. If you do not confirm, please explain.
- c. In your workpapers, LR-J-131, folder ECR PASS, page M, worktable 3, you identify the percentage passthrough of the ECR High Density letter-flat cost differential in your rates as being 82 percent. If you do not confirm, please explain.
- d. 0.5 is actually 75.6 percent of 0.661. If you do not confirm, please explain.

- e. The Commission's letter-flat cost differential passthrough for ECR High Density in Docket No. R2000-1 was 100 percent. If you do not confirm, please explain.

**VP/USPS-T31-21.**

- a. Please reconcile the notation in your workpapers that your proposed rates reflect an 82.0 percent passthrough of the ECR High Density letter-flat cost differential, with the calculation that the actual passthrough is 75.6 percent.
- b. Please explain why you adopted a 75.6 percent passthrough of the ECR High Density letter-flat cost differential, when the current passthrough is 100 percent.

**VP/USPS-T31-22.**

- a. Please confirm that your proposed rates pass through 108.3 percent of the High Density/Saturation density nonletter cost differential. If you do not confirm, please explain.
- b. Please confirm that, if you were to raise Saturation nonletters rates by 0.2 cents, and decrease Saturation letters rates by 0.2 cents, the passthroughs for the Saturation/High Density letter cost differential, the Saturation/High Density nonletter cost differential, and the Saturation letter/nonletter cost differential would all be close to, but below, 100 percent. If you do not confirm, please explain.
- c. Would you agree that setting passthroughs at close to, yet under, 100 percent results in rates that more nearly reflect actual costs, than having some

passthroughs over 100 percent, and other passthroughs at nearly 60 percent?

Please explain your answer.

- d. Did you consider setting Saturation nonletter rates at 0.2 cents higher, and letter rates at 0.2 cents lower? If so, please explain your proposed rates. If not, why not?

**VP/USPS-T31-23.**

Please refer to USPS-LR-J-131, WP1, Page H, COST. For the mail processing unit costs shown there, have you or the Postal Service computed a breakdown of the mail processing unit cost by different entry points such as BMC, SCF, and DDU? If so, please explain.

**VP/USPS-T31-24.**

Please refer to USPS-LR-J-131, WP1, Pages P and W, TYAR VOL and TYAR VOL CAT, respectively. For ECR pound-rated non-letters, Page P shows total TYAR pounds equal to 3,010.225 (col F, row 53), and Page W shows total TYAR pounds equal to 3,074.348 (col G, row 22). Please explain the difference between the total TYAR pounds for ECR pound-rated non-letters, and indicate which of the two figures is the final, correct figure.