

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

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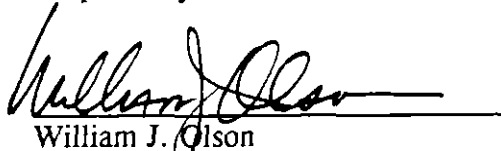
POSTAL RATE AND FEE CHANGES, 1997)

Docket No. R97-1
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

VAL-PAK DIRECT MARKETING SYSTEMS, INC.,
VAL-PAK DEALERS' ASSOCIATION, INC., AND
CAROL WRIGHT PROMOTIONS, INC.
FIRST INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO POSTAL SERVICE WITNESS JOSEPH D. MOELLER, (VP-CW/USPS-T36-1-10)
(August 13, 1997)

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., d/b/a "Cox Direct," 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

Alan Woll

WILLIAM J. OLSON, P.C.

8180 Greensboro Drive, Suite 1070

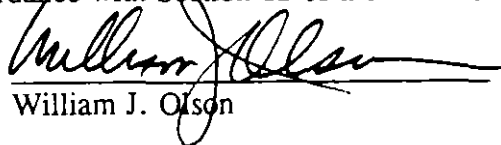
McLean, Virginia 22102-3823

(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

August 13, 1997

VP-CW/USPS-T36-1.

In your opinion, do the principles of Ramsey pricing have any relevance to rate design within the Standard A subclasses? Please explain your answer, regardless of whether it is affirmative or negative.

VP-CW/USPS-T36-2.

- a. Please explain your familiarity with and understanding of the concept of efficient component pricing.
- b. In your opinion, is efficient component pricing an important principle for design of rates in the Standard A subclass?
- c. When determining the various passthroughs that you recommend within the Standard A subclass, what effort did you make, if any, to incorporate the principle of efficient component pricing?

VP-CW/USPS-T36-3.

For cost savings that arise from dropshipment of Standard A mail, you recommend an 80 percent passthrough in this case. Is 80 percent what you consider to be an "optimal" passthrough for Standard A mail, or is your recommendation for an 80 percent passthrough constrained in this case by other considerations? If the latter, please describe all other considerations that you consider significant.

VP-CW/USPS-T36-4.

Transportation costs represent a significant portion of the costs avoided by dropshipment to destinating facilities. In your opinion, is it most desirable to reflect transportation cost differences in rate design at (i) less than 100 percent, (ii) 100 percent, or (iii) somewhat more than 100 percent, *e.g.*, the full cost difference times the subclass coverage factor? Regardless of your answer, please explain all rate design principles upon which you rely to support your position.

VP-CW/USPS-T36-5.

In your rate design for Standard A Mail, you have stated a desire to avoid large percentage rate increases in individual rate cells.

- a. At page 10 of your testimony, you state that the Postal Service has a "desire to moderate rate increases for individual categories." Please explain (i) the basis or reason why individual categories should have their rate increases moderated, and (ii) whether such moderation is inconsistent with having rates that reflect costs.
- b. Assume that the Standard A Regular or ECR subclass as a whole has an average rate increase of X percent. What is the maximum increase in any given rate cell, stated as a multiple of X, that you consider desirable? Please explain the basis for your answer.

VP-CW/USPS-T36-6.

Provide the Postal Service's standards for delivery of ECR mail.

VP-CW/USPS-T36-7.

Please provide all data in the possession or control of the Postal Service that show actual performance in the delivery of (i) ECR mail since reclassification in Docket No. MC95-1, and (ii) third-class carrier route mail from Docket No. R94-1 until the effective date of reclassification.

VP-CW/USPS-T36-8.

For ECR mail, what performance data does the Postal Service plan to have available by the end of the Test Year?

VP-CW/USPS-T36-9.

Since the Postal Reorganization Act became effective, please identify each occasion when the Postal Service attempted to develop a performance measurement system for third-class or Standard A mail.

VP-CW/USPS-T36-10.

Has the Postal Service ever attempted to develop an external performance measurement system for monitoring the service given to third-class mail? Please explain any affirmative answer.