

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

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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 JOHN C. PANZAR (VP-CW/USPS-T11-1-4)
(August 29, 1997)

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., 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,



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Carol Wright Promotions, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served by hand delivery or mail 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 29, 1997

VP-CW/USPS-T11-1.

Prior to your testimony in this docket, have you previously testified or published articles that deal with the subject of how to measure or estimate incremental costs? If so, please provide full citations to each publication or testimony that deals with your views on the economically correct estimation of incremental costs.

VP-CW/USPS-T11-2.

Your testimony, at page 2, notes that you are examining “two related, but different ways of looking at what causes the Postal Service’s costs,” essentially (i) marginal costs, and (ii) incremental costs. Of the two different ways of looking at what causes the Postal Service’s costs, do you have any recommendation regarding which should be treated by the Commission as attributable costs? If so, please state your recommendation, along with all reasons that support your recommendation.

VP-CW/USPS-T11-3.

Are you aware of other industries (or firms) where studies or analyses have been made to estimate both incremental costs and marginal costs in a manner generally similar to those presented by the Postal Service in this docket? If so, please so indicate and provide references to such studies

VP-CW/USPS-T11-4.

Please refer to your testimony at page 29, where you state that “marginal costs, and not average incremental costs, are the economically correct base to which any necessary mark-ups should be applied.” In prior omnibus rate cases, the Commission has used a mark-up index when reaching its recommended decisions concerning the appropriate coverage for each subclass, see, for example, Docket No. R90-1, pp. IV-4 to IV-5.

- a. Is it your opinion or recommendation that the index used by the Commission is an appropriate reference point for determining coverage? Please explain your answer
- b. Unless your answer to preceding part (a) is affirmative, what index, if any, should the Commission use to compare and evaluate mark-ups from one omnibus rate case to the next? Please explain.