

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

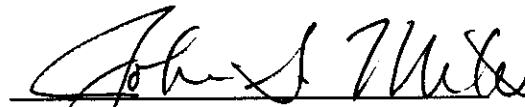
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POSTAL RATE COMMISSION
Docket No. R2001-1

POSTAL RATE AND FEE CHANGES, 2001)

VAL-PAK DIRECT MARKETING SYSTEMS, INC. AND
VAL-PAK DEALERS' ASSOCIATION, INC.
SECOND INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS JOSEPH D. MOELLER (VP/USPS-T28-9-12)
(November 26, 2001)

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,



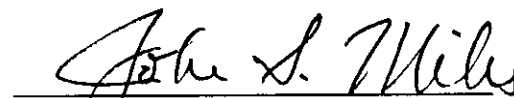
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Counsel for:

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.


John S. Miles

November 26, 2001

VP/USPS-T28-9.

In your response to VP/USPS-T28-3, you stated:

Although my testimony includes many comparisons between ECR and Regular with regard to the noncost criteria, the primary driver for the relative cost coverages for ECR and Regular is consideration of Criterion 4. As stated in my testimony with regard to the ECR coverage, "many of the factors considered above indicate a cost coverage lower than that actually proposed." (USPS-T-28 at 38, lines 12-13)

Your answer did not directly respond to the following questions. Please respond to them at this time.

- a. Which of the noncost criteria in 39 U.S.C. § 3622(b) support a higher cost coverage for Standard ECR when compared to Standard Regular?
- b. Which of the noncost criteria in 39 U.S.C. § 3622(b) support a lower cost coverage for Standard ECR when compared to Standard Regular?

VP/USPS-T28-10.

In your response to VP/USPS-T28-3(f), you stated that your "statement regarding the relative 'deferrability' of ECR mail [vis-a-vis Regular Mail] was not intended to make any conclusions regarding service performance. Even if ECR mail is deferred, that does not necessarily mean it does not meet service expectations."

- a. Please confirm that Standard Regular and Standard ECR have identical service standards. If you do not confirm, please (i) identify how the service standards of the two subclasses differ, and (ii) provide documentation wherein the Postal

Service has advised mailers that the service standards for these two subclasses differ.

- b. Do you use the term “service expectations” synonymously with “service standards”? If not, what “service expectations” should Standard ECR mailers have that differ from Standard Regular “service standards”?
- c. If Standard ECR is subject to higher “deferrability” than Standard Regular, would you agree that Standard Regular receives higher priority or preference in handling and/or delivery? If you do not agree, please explain why higher “deferrability” does not indicate lower priority or preference in handling and/or delivery.

VP/USPS-T28-11.

- a. When asked in VP/USPS-T28-4b “what factors did you find in common among First-Class letters, Express Mail, and Standard ECR,” you answered:

The proposed cost coverages for each of the subclasses referred to in this question are a result of careful consideration of the criteria. On balance, the criteria point to the coverages as proposed.

Is it your view that it is a sheer coincidence that First-Class letters, Express Mail, and Standard ECR all have similar cost coverages — the highest in this docket?

- b. Do First-Class letters, Express Mail, and Standard ECR have features in common which distinguish them from the other classes and subclasses of mail?
If so, please describe each feature which you believe is common to all three.
- c. Do you agree that First-Class letters and Express Mail receive very high priority in processing, delivery, and transportation, including air transportation for longer distances? If not, please identify which classes and subclasses receive higher priority in transportation, processing, and delivery.
- d. Do you agree that Standard ECR shares with Standard Regular the lowest priority in processing, delivery, and transportation, including being limited to surface transportation except for those situations where it is not a practical alternative? If not, please identify which classes and subclasses receive lower priority in transportation, processing, and delivery.
- e. Are service standards an important consideration in the process of assigning a cost coverage? Please explain any negative response.
- f. Is service performance — both absolute and compared to service standards — an important consideration in the process of assigning a cost coverage? Please explain any negative response.
- g. Is consistency in performance and in meeting service standards an important consideration in assigning a cost coverage to a subclass of mail? Please explain any negative response.

- h. To the best of your knowledge, is a subclass' consistency in meeting its service standards an important consideration to a mailer in deciding whether to choose a Postal Service product or that of a competitor? Please explain your answer.
- i. How much did the Postal Service spend on administering the EXFC program in BY 2000?
- j. How much did the Postal Service spend to assess Standard ECR service performance in BY 2000?

VP/USPS-T28-12.

- a. Is it appropriate or useful to examine unit contributions from subclasses within the same class when setting cost coverages? If not, why not?
- b. If it is appropriate or useful to examine unit contributions from subclasses within the same class when setting cost coverages, did you conduct such an examination of the unit contributions by Standard Regular and ECR? If so, what were the results? If not, why not?