

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

EXPERIMENTAL CHANGES TO)
IMPLEMENT CAPITAL ONE NSA)

Docket No. MC2002-2

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS ANITA J. BIZZOTTO (VP/USPS-T1-1-5)
(November 15, 2002)

Pursuant to sections 25 through 27 of the Rules of Practice of the Postal Rate
Commission, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.
hereby submit the following interrogatories and requests for production of documents.

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:
Valpak Direct Marketing Systems, Inc. and
Valpak Dealers' Association, Inc.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all participants of record
in this proceeding in accordance with Section 12 of the Rules of Practice.

William J. Olson

November 15, 2002

VP/USPS-T1-1.

Your testimony (at p. 4, l. 24 through p. 5, l. 2) states: “We should not be afraid to move forward, particularly when remaining in the current ‘comfortable’ spot will not necessarily resolve the Postal Service’s inherent difficulties.”

Please state whether you believe the merits of the instant proposal and the justification for Negotiated Service Agreements (“NSAs”) in general depend on the extent to which the Postal Service is facing economic difficulties, and explain in detail the basis for your answer.

VP/USPS-T1-2.

Your testimony (at p. 5, ll. 15-17) states: “Capital One’s mail volume is expected to grow over the term of the contract, thus offsetting some of the decline in volume expected in other segments of the mail stream.”

Please state whether you believe the merits of the instant proposal and the justification for NSAs in general depend on the extent to which the Postal Service may be facing declining volume in other segments of the mail stream, and explain in detail the basis for your answer.

VP/USPS-T1-3.

As the policy witness for the Capital One NSA, please explain the extent to which the attractiveness of the NSA to the Postal Service and the justification for the proposal depend on the absolute magnitude of Capital One’s First-Class Mail volume.

VP/USPS-T1-4.

In your testimony (at p. 3, l. 20), you state that you view NSAs as “[a] natural next step in the evolution of postal pricing....”

- a. In terms of the direction you provide in the areas of pricing and marketing, do you see any fundamental difference between an NSA with one customer and a niche classification that might be used by only a few (*e.g.*, two, three, or four) mailers? If so, please explain what that difference is.
- b. Do you see any difference in the pricing principles that you would apply to an NSA with one customer and a niche classification that might be used by only a few (*e.g.*, two, three, or four) mailers? Is so, please explain what that difference is.

VP/USPS-T1-5.

Within the framework of the direction you provide for rate setting for the Postal Service, consider the following policy statement:

By providing discounts for volume beyond projected levels, or for volume that would not otherwise be sent, declining block discounts can promote volume growth, benefit the mailer (who voluntarily uses the discounts), and benefit the Postal Service (in the sense that the overall contribution to fixed costs is higher after the discounts than before).

- a. Please explain the extent to which you agree with this statement.
- b. Do you agree that declining block discounts can make economic and policy sense without tying them to any funding that might be associated with a change in forwarding arrangements? Please explain any negative answer.

- c. Do you have any reason for not supporting declining block discounts as an effective mechanism for promoting growth? Please explain any affirmative answer.
- d. In your opinion, do any of the benefits of declining block discounts depend on the expected growth rate (negative, zero, or positive) of the volume of the mailer involved? Please explain your answer.