

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

POSTAL RATE AND FEE CHANGES, 1997)

RECEIVED

SEP 10 4 15 PM '97
Docket No. 97-1

VAL-PAK DIRECT MARKETING SYSTEMS, INC.
VAL-PAK DEALERS' ASSOCIATION, INC., AND
CAROL WRIGHT PROMOTIONS, INC.

THIRD INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO POSTAL SERVICE WITNESS JOSEPH D. MOELLER (VP-CW/USPS-T36-20-23)
(September 10, 1997)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, 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

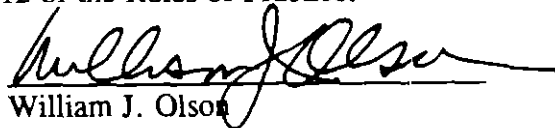
McLean, Virginia 22102-3823

(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 this document upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.



William J. Olson

September 10, 1997

VP-CW/USPS-T36-20

Please refer to your direct testimony (USPS-T-36, pages 20 and 30), where you state that the proposed 80 percent passthrough of costs avoided due to destination entry with respect to Standard A Regular ECR “continues to encourage mailer dropshipment.”

- a. Please confirm that the 80 percent passthrough you are recommending would actually constitute a reduction in the level of the current passthrough, which is 100 percent. If you do not confirm, please explain.
- b. Please state where in your testimony, work papers or library references you explain this reduced passthrough and the reasons for it. Please state all reasons supporting a reduced level of passthrough.
- c. (i) Would a passthrough of 60 percent also continue to encourage mailer dropshipment?
(ii) Would a passthrough of 40 percent?
- d. Please confirm that maintaining a 100 percent passthrough would encourage mailer dropshipment more than reducing the passthrough to 80 percent. If you do not confirm, please state your reasons in detail.
- e. Please confirm that mailer dropshipment facilitates bypassing a portion of the postal network and greater efficiency in mail handling. If you do not confirm, please explain your reasons fully.
- f. Please identify what criteria support a reduction in passthrough for a dropshipment discount once it has become established, and data have been collected which demonstrate its economic efficiency.

VP-CW/USPS-T36-21.

Please refer to your direct testimony (USPS-T-36, page 20) where you state that a passthrough greater than the one you are recommending for Standard A Regular and ECR mail “would result in a larger increase in the basic rates, which conflicts with the general guidelines of tempering individual rate increases.” You also state that such greater passthrough “would require a larger increase in the basic rates, which conflicts with efforts to mitigate substantial increases for individual rate categories.” (*Id.*, p. 30)

- a. Please list each “increase in the basic rates” which you believe would have resulted from
 - (i) continuing the current passthrough (of destination entry costs/savings) at 100 percent;
 - and (ii) proposing a passthrough of 90 percent.
- b. Please explain the “general guidelines of tempering individual rate increases” and the policy to “mitigate substantial rate increases” as you applied them here, and state their sources.

VP-CW/USPS-T36-22

With regard to Standard A Regular per-piece destination entry discounts, please provide (i) the proposed discount and (ii) the corresponding unit savings in the test year, for each of the following entry points:

- a. DBMC; and
- b. DSCF.

VP-CW/USPS-T36-23

With regard to Standard A ECR per-piece destination entry discounts, please provide (i) the proposed discount and (ii) the corresponding unit savings in the test year, for each of the following entry points:

- a. DBMC;
- b. DSCF; and
- c. DDU.