

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

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: Docket No. R2005-1
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INTERROGATORIES OF ADVO INC. TO VAL-PAK
WITNESS ROBERT MITCHELL (ADVO/VP-T1-8-14)

(July 29, 2005)

Pursuant to sections 25 and 26 of the Rules of Practice, ADVO, Inc. (Advo) directs the following interrogatories to Val-Pak witness Robert Mitchell (VP-T-1). If the witness is unable to respond to any interrogatory, we request that a response be provided by appropriate witness capable of providing an answer.

Respectfully submitted,

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ADVO, INC. INTERROGATORIES TO VAL-PAK WITNESS ROBERT MITCHELL

ADVO/VP-T1-8. At page 83 of your testimony, you take the position that the passthrough of the letter/flat cost difference “should be over 100 percent ...” Please explain why, and under what circumstances, a passthrough greater than 100 percent would be appropriate.

ADVO/VP-T1-9. At page 83 of your testimony, discussing the letter-flat rate differential, you state: “The mailer may look at rates to help decide which product to purchase, but this is exactly the kind of market decision made regularly among all products.”

- (a) Is it your belief that saturation shopper publications and shared mailers that compete with newspapers for distribution of preprinted advertising circulars “look at the letter-flat differential” to decide whether to mail their product as a letter or a flat? If so, explain the basis for your belief.
- (b) Is it your belief that such mailers could switch to a letter-size format and still remain competitive for distribution of preprinted advertising circulars? If so, explain the basis for your belief.

ADVO/VP-T1-10. The following relate to your statement at page 83 that mailers may look at rates to help decide which postal products to purchase.

- (a) Please confirm that the maximum allowable dimensions of a “letter” are 11-1/2 inches length, 6-1/8 inches height, and 1/4 inch thickness.
- (b) Do you agree that most multi-page preprinted advertising circulars that are distributed as inserts inside newspapers exceed the maximum dimensions of

a “letter?” If not, please explain your understanding of the typical dimensions of most such circulars, and the basis for your understanding. If you do not know, please so state.

- (c) Please confirm that the maximum allowable dimensions of an ECR “flat” are 14 inches length, 11-3/4 inches height, and 3/4 inch thickness.
- (d) Please confirm that these maximum allowable dimensions were increased to their current size in 1987 (Docket MC87-1) in order to allow newspapers to mail their total market coverage advertising programs at Third Class carrier route presort rates without having to fold their customers’ preprint advertising inserts. If you cannot confirm, please state your understanding of the purpose of the size changes in Docket MC87-1.

ADVO/VP-T1-11. The following relate to your discussion at pages 82-83 about the influence of the letter-flat rate differential on mailer decisions concerning the format of their mailings.

- (a) Please confirm that the typical multi-page preprint advertising circular of the format currently carried as inserts inside newspapers, saturation shopper publications, and saturation shared mail programs would have to be folded at least once to fit within the dimensions of a “letter.” If you cannot confirm, please explain why not and state your understanding of the dimensions of such preprint advertising circulars. If your answer is that you do not know, please so state, and assume for purposes of the following parts that such circulars would have to be folded to fit within letter-size dimensions.
- (b) If a preprint advertising circular had to be folded in order to fit within the length and height restrictions on letter-size pieces, please confirm that the folding would double the thickness of the circular.

- (c) For a saturation shopper publication or shared mail program mailing that is nearly 1/4 inch thick, please confirm that the folding of the preprint inserts to fit within the letter-size length and height restrictions would likely cause the mailing to exceed the 1/4 inch thickness restriction on letters, so that it could not in any event qualify as a “letter.”
- (d) For a saturation shopper publication or shared mail program mailing with preprint inserts that currently exceeds 1/4 inch thickness, please explain how the mailer could modify its mailing to qualify as a “letter.”

ADVO/VP-T1-12. In addition on the dimensional restrictions on a letter-size mail piece, please confirm that to qualify for the saturation letter rate, the mail piece cannot exceed 3.5 ounces.

- (a) For a saturation shopper publication or shared mail program mailing that currently exceeds 3.5 ounces, please explain how, or whether, you believe the mailer could reformat its mailing in some manner to qualify for the saturation letter rate.
- (b) If you believe that such a mailing could be reformatted in some manner to qualify for the letter rate, please explain whether you believe the reformatting would have an adverse impact on the preprint advertiser’s choice to use the mail rather than newspapers for its preprint distribution.

ADVO/VP-T1-13. Do you agree that the great majority of multi-page preprinted advertising circulars currently can be distributed either as inserts in newspapers, or as inserts in shopper publications or shared mail programs, without any change to the format of the preprint. If you disagree, please explain your understanding of the format and characteristics of such circulars, and how they differ between newspapers and mail.

ADVO/VP-T1-14. Please confirm that newspapers do not require their preprint advertising circular customers to fold their preprints to “letter” size in order to be inserted in the newspaper. If you cannot confirm, please explain your understanding of typical newspaper practices and requirements concerning the maximum size of preprinted inserts. If you do not know, please so state, and assume for purposes of the following that newspapers do not require preprints to be folded to “letter” size.

- (a) Are you aware that “quarterfolding” of preprint advertising circulars involves an additional operation and cost that must be borne either by the advertiser or the distributor?

- (b) Would you agree that an additional folding operation, whether done by the advertiser’s printer or by the mailer, would lengthen the “lead time” between the printing operation and the mailing date (i.e., the preprint would have to be printed further in advance of the mailing date to allow for the additional folding operation than if no folding were done).

- (c) If a saturation shopper publication or shared mailer were to require its preprint customers to fold their preprints to “letter” size, whereas newspapers did not, do you agree this would have a negative impact on the advertiser’s choice to use mail distribution rather than newspapers? If you disagree, please explain why, including your understanding of the factors that affect preprint advertisers’ choice of distribution medium.