

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

POSTAL RATE AND FEE CHANGES, 2006)

Docket No. R2006-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS SAMUEL T. CUTTING (VP/USPS-T26-1-7)
(May 19, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak 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,

William J. Olson
John S. Miles
Jeremiah L. Morgan
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.

VP/USPS-T26-1.

Please refer to your testimony at page 5, Table 1. According to Table 1:

- the volume of presorted UAA First-Class Mail that was returned to sender in FY 2004 was 96.4 million pieces, and
- the volume of Automation UAA First-Class Mail that was returned to sender was 819.4 million pieces,
- for a total of 915.8 million pieces of discounted First-Class Mail that was returned to sender in FY 2004.

For FY 2005, are comparable volume data available for the volume of discounted UAA First-Class Mail actually returned to sender? If so, please provide.

VP/USPS-T26-2.

Of the 915.8 million pieces of discounted UAA First-Class Mail that were returned to sender in FY 2004, is it reasonable to infer that all of these were physical returns? If not, please explain.

VP/USPS-T26-3.

- a. Of the 46.0 million pieces of UAA First-Class Mail shown in your Table 1 as wasted in FY 2004, do all of those pieces represent electronic address correction in lieu of physical return of UAA mail, as discussed in your testimony at page 14, lines 2-6? If not, please explain.
- b. What was the wastage in FY 2005?

- c. What is the projected wastage in TY 2008?
- d. Your testimony at page 14, Table 6, shows the unit costs of physical and electronic returns in Test Year 2008. What were the unit costs of physical and electronic returns in FY 2004?
- e. What were the unit costs of physical and electronic returns in FY 2005?

VP/USPS-T26-4.

- a. Please assume that a piece of First-Class Mail is UAA and also is non-forwardable for any of the reasons (or conditions) described in your testimony at page 4, lines 9-12. Under what conditions, if any, will the Postal Automation Redirection System (“PARS”) be able to intercept such pieces and return them to sender prior to the piece arriving at the DDU?
- b. If PARS can intercept non-forwardable UAA First-Class Mail prior to reaching the DDU, where in the postal network will such intercepts likely occur?
- c. If PARS can intercept non-forwardable UAA First-Class Mail prior to reaching the DDU, then, in TY 2008, how much will such early intercept reduce the unit cost of non-forwardable UAA First-Class Mail below the unit cost figures shown in Table 6 at page 14 of your testimony?

VP/USPS-T26-5.

- a. In FY 2004, what was the total cost of physical returns of UAA First-Class Mail?

- b. In FY 2004, what was the total cost of electronic returns of UAA First-Class Mail, including wastage?
- c. In FY 2005, what was the total cost of physical returns of UAA First-Class Mail?
- d. In FY 2005, what was the total cost of electronic returns of UAA First-Class Mail, including wastage?

VP/USPS-T26-6.

- a. What is the projected volume of non-forwardable UAA First-Class Mail in TY 2008?
- b. Of the projected volume of non-forwardable UAA First-Class Mail in TY 2008, how much (or what percentage) is assumed to be returned physically, and how much (or what percentage) is assumed to be wasted, with address corrections returned electronically?

VP/USPS-T26-7.

Please provide the volumes of UAA First-Class Mail and wastage, for both:

- a. FY 2002 and
- b. FY 2003.