

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 DREW MITCHUM (VP/USPS-T40-1-4)
(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,

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VP/USPS-T40-1.

- a. Under the fees which you propose for special services, will the Postal Service continue its practice of returning to sender, free of charge, non-forwardable UAA First-Class Mail that (i) bears no special address correction service or return service endorsements, and (ii) has been mailed in the presort or automation rate categories? In your response, please focus on First-Class Mail that is not submitted under negotiated service agreements (“NSAs”) that contain special provisions and endorsements for handling UAA mail.
- b. What is the Postal Service’s unit cost for physical return to sender of non-forwardable UAA First-Class Mail?

VP/USPS-T40-2.

- a. Please refer to your testimony at page 8, lines 6-7. If a piece of discounted (*i.e.*, “bulk”) First-Class Mail is UAA and non-forwardable, when it is returned to sender does the Postal Service indicate the reason for the return?
- b. Could the stated reason(s) for the return be transmitted electronically to “bulk” First-Class Mail mailers?
- c. In FY 2005, what is the Postal Service’s unit cost for electronic return to sender of relevant information concerning non-forwardable UAA First-Class Mail?

VP/USPS-T40-3.

Please assume that the Postal Service provides **physical return** of non-forwardable UAA First-Class Mail **free**, while charging **\$0.06** to provide senders with relevant information regarding non-forwardable First-Class Mail **electronically**.

- a. Please explain the rationale for providing the Postal Service's most expensive form of information concerning non-deliverability free of charge, while charging a price of \$0.06 for the Postal Service's least expensive form of providing mailers with the same information.
- b. Please explain why charging \$0.06 for the least expensive (electronic) method of returning information, while providing far more costly physical return free — *i.e.*, at an effective price of \$0.00 — “establish[es] a fair and equitable fee schedule,” as you assert at page 9, lines 14-15 of your testimony;
- c. Please explain what incentives the proposed fee structure would give mailers to elect optional electronic return service in lieu of physical return for non-forwardable UAA First-Class Mail; and
- d. Please explain what other steps, if any, the Postal Service plans to implement in order to induce mailers to substitute electronic return service for physical return of UAA First-Class Mail that cannot be forwarded.

VP/USPS-T40-4.

Please refer to your testimony at page 9, lines 20-22, where you note that address correction service covers all of its own costs.

- a. From an economic perspective, would you agree that it would be appropriate to regard the free return to sender of UAA First-Class Mail as having a price (implicit) of \$0.00? If not, please explain why not. If so, please explain why that (implicit) price should not be subjected to the pricing criteria of the Act in the same manner as are fees for address correction service.
- b. Please explain the extent to which the physical return of UAA First-Class Mail that cannot be forwarded covers its costs.
- c. Please explain why “bulk,” or discounted (*i.e.*, presort and automation), First-Class Mail should not be required to pay a fee for physical return of non-deliverable UAA mail that is designed to cover the cost of such physical return service.