

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
POSTCOM WITNESS ROBERT J. POSCH, JR.
(USPS/POSTCOM-T3-2-8)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the above-listed interrogatories to POSTCOM witness Robert J. Posch, Jr.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Sheela A. Portonovo

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3012, FAX -6187
October 4, 2006

USPS/POSTCOM-T3-2 Please refer to your testimony at page 2, lines 20-21 where you state that “heavier solicitation letters – ‘heavy letters’ – can generate business for the Postal Service through a multiplier effect through the mail stream”.

- a. Please confirm that, given the quality of the advertising and the targeting of the recipient, the same can be said for advertising in lighter-weight letters.
- b. Please confirm that there is no apparent limit to the principle underlying your proposal. Are there limits to the additional weight of advertising after which the multiplier effect for incremental inserts is weakened?

USPS/POSTCOM-T3-3 Please refer to your testimony at page 3, lines 1-2 where you state, “the existing pricing structure discourages adding additional inserts or additional coupons above the breakpoints, and therefore artificially constrains the use of mail as a marketing and delivery medium.”

- a. Would you agree that the positive effects you describe from including additional advertising material would accrue regardless of the class of mail to which the advertising material is added?
- b. If your response to part a is affirmative, would you suggest that the weight limits for every subclass or rate category of mail be relaxed from their current artificial constraints to permit advertising matter to result in a mailpiece over the limit set for that subclass or rate category?
- c. Should the Postal Service relax the weight limits for any and all additional content, or just for advertising materials?
- d. What mechanism should the Postal Service use to determine if the weight limit was exceeded by the inclusion of additional advertising matter or by the inclusion of additional correspondence or mail matter?

USPS/POSTCOM-T3-4 Please refer to your testimony at page 3, lines 4-6 where you state, “all available information suggests that heavier letters can run efficiently on the Postal Service’s newer letter automation equipment.” Please provide references to this material in this docket or elsewhere.

USPS/POSTCOM-T3-5 Please refer to page 4 of your testimony at lines 2-5 where you state, “the increase in the maximum weight for automation and ECR rates letters to 3.5 ounces made it more economically feasible for many direct marketers (including Bookspan) to expand their mailing efforts on developing new markets, new lines of business, and new products.” Please provide the basis for this statement, framing your response in terms of additional mail volume, higher response rates, etc. Please also indicate which pieces of

supporting material are unique to Bookspan and which are of broader implication to other industries.

USPS/POSTCOM-T3-6 Please refer to your testimony at page 4, line 6 where you state that an increase of the maximum weight to 4.0 ounces “would have equally beneficial effects.”

- a. Please provide the basis for this statement.
- b. Is a similar beneficial result possible above 4.0 ounces?
- c. Is it your testimony that there are no diminishing returns to the inclusion of additional advertising materials?

USPS/POSTCOM-T3-7 Please refer to line 9 of page 4 of your testimony where you state that “New mail-based product markets indirectly lead to new mailing lists”. Is this true only as a result of the additional advertising material permitted by an increase in the maximum weight? Please fully explain your answer.

USPS/POSTCOM-T3-8 Please refer to your testimony at page 7, lines 1-3 where you state, “heavy letters were instrumental in producing multiplier volumes when the Postal Service increased the maximum weight for automation and ECR rates letters to 3.5 ounces.” Please provide the basis for this statement, including all analyses and data used to develop the conclusion.