

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 CLIFTON B. KNIGHT, JR.
(USPS/POSTCOM-T7-14)

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 Clifton B. Knight, Jr.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

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October 12, 2006

USPS/POSTCOM-T7-14

Please refer to your response to USPS/POSTCOM-T7-1 where you state “Throughout the entire period from 2002 on, BMC (and subsequently BMG/Columbia House) have prepared their product shipments that meet the definition of an AFSM 100 flat in accordance with Postal Service preparation standards.”

- (a) Please provide an estimate of how many of your product shipments are $\frac{3}{4}$ of an inch thick or less in thickness.
- (b) Please provide an estimate of how many of your product shipments are between $\frac{3}{4}$ of an inch and 1 and $\frac{1}{4}$ inches in thickness.
- (c) Please provide an estimate of how many of your products shipments are over 1 and $\frac{1}{4}$ inches in thickness.

For each of your responses, please explain how your developed your estimate.

USPS/POSTCOM-T7-15

Please refer USPS/POSTCOM-T7-3.

Please confirm that the Carole Morrow of BMG Columbia House, Inc. sent the following email, entitled "BMG Columbia House Product Packaging Reengineered as Flats" to members of the Postal Service on August 10, 2006:

-----Original Message-----

From: Morrow, Carole - BMG Columbia House, Inc. - Indianapolis

[mailto:Carole.Morrow@bmgch.com]

Sent: Thursday, August 10, 2006 12:45 PM

To: Kunstek, James A - Indianapolis, IN; Tkacik, Steve M - Merrifield, VA - Contractor; Walsh, Barry J - Washington, DC; Daniel, Sharon - Washington, DC; Raines Jr, Robert H - Washington, DC; Fugate, Laurie - Grand Rapids, MI

Cc: Chapman, Thomas H - Merrifield, VA; Trower, Barbara D - Merrifield, VA; McCreery, Marc D - Washington, DC; Suggs, Sherry L - Washington, DC; Summers, Susan - BMG Columbia House, Inc; Gresham, Gary - BMG Columbia House, Inc. - Indianapolis

Subject: BMG Columbia House Product Packaging Reengineered as Flats

Hello everyone,

I wanted to keep you abreast of our efforts toward creating a new package for our CD and DVD product. As you know we are compelled and determined to keep our product in the Automated Flats category. We can not consider the possibility of moving this product to the NFM Non-Flat Machineable category. Our business literally depends on it.

To a major mailer such as BMG Columbia House who spends in excess of \$100 million dollars in annual postage the economic ramifications of this shift in classification can be completely devastating.

I appreciated the call from Marc McCreery and Barry Walsh last Friday whereby you agreed that the 'door has not been closed' on our efforts to remain as Automated Flats and also your commitment to work with us through the design and testing of appropriate packaging.

We have engaged the assistance of several packaging designers and facilities engineers and hope to have prototypes available by the last week in August as suggested. We will confirm dates when available for your consideration.

Since we have gone to some extraordinary lengths and will be expending significant capitol on the design and engineering of our packaging and perhaps a complete overhaul of our fulfillment operations, I have been asked for written confirmation to your commitment. Also to confirm that we are researching packaging options of our DVD product as well as the CD product in the current jewel case. A simple response to this email in the affirmative is all that is necessary.

Thanks again for the phone call and we look forward to working with you through these efforts. I am confident that together we can resolve this issue to our mutual satisfaction. .

Regards,

Carole A. Morrow
Associate Director

Address Management and Postal Affairs



6550 E 30th St

Indianapolis IN 46219-1194

317-542-6399 *Phone*

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www.bmgmusic.com/www.columbiahouse.com

USPS/POSTCOM-T7-16

Please refer to USPS/POSTCOM-T7-3.

Please confirm that the Carole Morrow of BMG Columbia House, Inc. sent the following email, entitled "Re: Flat sized DVD Mailer" to members of the Postal Service on July 20, 2006:

-----Original Message-----

From: Morrow, Carole - BMG Columbia House, Inc. - Indianapolis

[mailto:Carole.Morrow@bmgch.com]

Sent: Thursday, July 20, 2006 10:03 AM

To: Tkacik, Steve M - Merrifield, VA - Contractor; Kunstek, James A - Indianapolis, IN; Daniel, Sharon - Washington, DC; Raines Jr, Robert H - Washington, DC

Cc: Walsh, Barry J - Washington, DC; Chapman, Thomas H - Merrifield, VA; Trower, Barbara D - Merrifield, VA

Subject: RE: Flat sized DVD mailer

Thank you so much for this information Steve, I also want to thank all of you for meeting with us this past week. We are taking your advice and soliciting packaging engineers from various sources. We are moving very quickly and hope to have our test packages prepared very soon, I will keep everyone abreast when we are ready to travel for testing.

Again, thank you so much for taking the time to meet with us and for agreeing to work through our Flats packaging issue that is so critical to our Business.

We'll be in touch soon.

Carole A. Morrow
Associate Director
Address Management and Postal Affairs



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