

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997

Docket No. R97-1

ASSOCIATION OF ALTERNATE POSTAL SYSTEMS
INTERROGATORIES TO
ALLIANCE OF INDEPENDENT STORE OWNERS AND PROFESSIONALS
WITNESS OTUTEYE (AAPS/AISOP-T1-1-15)

Pursuant to the rules applicable to this proceeding, the Association of Alternate Postal Systems directs the following interrogatories to Alliance of Independent Store Owners and Professionals witness Otuteye: AAPS/AISOP-T1-1-15).

Respectfully submitted,

Bonnie S. Blair

Bonnie S. Blair
Attorney for Association of
Alternate Postal Systems

THOMPSON COBURN
700 Fourteenth Street, N.W., Suite 900
Washington, D.C. 20005-2010
(202) 508-1000

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document on all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

January 27, 1998

Bonnie S. Blair

Bonnie S. Blair

AAPS/AISOP-T1-1. At page 5, you testify that your restaurant customer cannot afford to send its full menu into two zones but mails a coupon-size ad into one zone and the full-page menu into another. With respect to this testimony, please answer the following questions:

- (a) How much does the coupon weigh?
- (b) How much does the menu weigh?
- (c) What do you charge for mailing the coupon?
- (d) What do you charge for mailing the menu?
- (e) What is the typical or range of weights for the set in which the coupon and menu are mailed?
- (f) What is the average number of pieces per set?

AAPS/AISOP-T1-2. Have you run into any situations in which a small retailer is unwilling to place his advertisement in a package containing the advertisement of a competitor with lower prices?

AAPS/AISOP-T1-3. At page 8, you refer to the "14.4 percent postal rate increase of January 1995" Please provide quantitative support for this statement, including the postage for a typical Money Mailer mailing prior to the increase and for an identical mailing after the increase.

AAPS/AISOP-T1-4. At page 8, you state that, between 1992 and 1995, Money Mailer "was on track to see its business double." What does this mean? Double by when?

AAPS/AISOP-T1-5. Did the rate changes made on July 1, 1996, in connection with the reclassification case affect your business? Please explain.

AAPS/AISOP-T1-6. At page 8, you state that the volumes for your saturation mail envelopes are lower in 1997 than they were in 1994. What was the typical or range of weights and number of pieces per envelope for each year 1994 to 1997?

AAPS/AISOP-T1-7. At page 9, you state that some of your franchisees could not survive and quit. Did another company replace them? In the areas in which your franchisees quit, are small retailers without any options for low-cost delivery of advertisements?

AAPS/AISOP-T1-8. At page 9, you state that "sales beyond the breakpoint often seemed counterproductive to our franchisees because of the high pound rate."

- (a) What is the weight of a typical coupon carried by one of your franchisees?
- (b) For the pound rates that were in effect both prior to July 1, 1996, and after July 1, 1996, what was the cost of additional postage at the pound rate for mailing one additional coupon?
- (c) What was the typical charge by your franchisees to advertisers wishing to have such a coupon mailed?

AAPS/AISOP-T1-9. At page 10, you describe a "Home at Last" program.

- (a) At what rate is this program mailed?
- (b) Would you favor a rate change that decreased rates for saturation ECR and increased rates for other Standard mail?

AAPS/AISOP-T1-10. At page 11, you describe a program that mails to a customer mailing list.

- (a) Are such mailings typically mailed at the piece rate or the pound rate?
- (b) Would you favor a rate change that reduced the pound rate but increased the piece rate?

AAPS/AISOP-T1-11. At page 13, you testified that the present pound rate does not make "good economic sense for the United States Postal Service." Does this mean that it could attract more business with a lower pound rate? Please explain.

AAPS/AISOP-T1-12. At page 13, you discuss a situation in which the envelope is under the breakpoint in some zones, and the franchisee "really has an incentive to offer deals to fill those envelopes." Please confirm that, as they fill those envelopes up to but not exceeding the breakpoint, there are added costs to the Postal Service to process and deliver the envelopes but no additional revenues for the Postal Service. In your view, does this make good economic sense for the Postal Service?

AAPS/AISOP-T1-13. You also testify in the same paragraph at page 13 that if advertisers want to cover zones where the envelope is almost full, the franchisee may find that he or she is working too hard "to make a sale that only benefits the Postal Service." Please provide all necessary data and calculations to support this statement that an additional sale of a coupon benefits only the Postal Service if the incremental weight of that coupon is charged at the pound rate.

AAPS/AISOP-T1-14. You testify at page 13 that you face "the high costs associated with putting bigger pieces or heavier pieces in our envelope." Are you referring just to postage costs or to internal handling costs as well? If the latter, please explain why your handling costs increase with heavier or bigger pieces.

AAPS/AISOP-T1-15. At page 14, you state that many of your franchisees basically "stop selling" when they "near a full envelope." For a coupon weighing one-tenth of an ounce, which is what you say at page 13 your standard coupon weighs, confirm that the incremental postage at a 55.2 cent pound rate is 0.345 cents a piece, or \$3.45 per thousand. How much do your franchisees charge to mail 1,000 coupons?