

DOCKET SECTION

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

RECEIVED
JAN 27 12 06 PM '98

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997

Docket No. R97-1

ASSOCIATION OF ALTERNATE POSTAL SYSTEMS
INTERROGATORIES TO
SATURATION MAIL COALITION WITNESS HARRY J. BUCKEL
(AAPS/SMC-T1-1-19)

Pursuant to the rules applicable to this proceeding, the Association of Alternate Postal Systems directs the following interrogatories to Saturation Mail Coalition witness Harry J. Buckel: AAPS/SMC-T1-1-19.

Bonnie S. Blair
Respectfully submitted,

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

Bonnie S. Blair
Attorney for Association of
Alternate Postal Systems

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/SCM-T1-1. At page 2, you state that you have been involved in forming and organizing the Saturation Mailers Coalition. Please identify the other individuals involved in forming and organizing the Coalition and provide a copy of the Coalition's mission statement or other descriptive material identifying its membership and purposes.

AAPS/SCM-T1-2. Of the 36 members of the Coalition, please identify any that predominantly mail low-weight (that is, under the breakpoint) standard mail pieces.

AAPS/SCM-T1-3. At page 4, lines 22-23, you identify a "misperception" that a few large mailers dominate the saturation mail industry. Please provide an estimate of the percentage of saturation mail currently mailed by the single largest mailer, by the five largest mailers, and by the ten largest mailers.

AAPS/SCM-T1-4. Please identify the source of the data found at page 6, lines 23-25, where you refer to "mom and pop" businesses constituting 60 to 80 percent of saturation mail users. Also, is this reference to "users" a reference to those whose advertisements are being mailed or a reference to those that are doing the mailing?

AAPS/SCM-T1-5. With respect to your reference at page 6, lines 23-25, to "60 to 80 percent of all saturation mail users," is this a reference to a percentage of pieces being mailed or a percentage of weight being mailed?

AAPS/SCM-T1-6. At page 8, lines 16-23, you describe Newport Media Inc. You state that four of your five home-delivered shoppers are mailed, and one is delivered by hand. Please identify these shoppers and explain why those mailed are not delivered by hand, and why that delivered by hand is not mailed.

AAPS/SCM-T1-7. You state at page 9, lines 13-14, that your average mailed book weighs 2.6 ounces. You state at lines 15-17 that you average 3-4 preprint inserts per book.

(a) With the inserts, what is your average weight per book?

(b) What percentage of your mailed pieces exceed the breakpoint?

AAPS/SCM-T1-8. At page 10, you describe a range of services you provide to your advertising customers. Do you provide these services only for your customers whose ads are in your mailed product, or do you provide the same services to customers whose ads are in your hand-delivered product?

AAPS/SCM-T1-9. Did you participate in or provide data to SAI for the performance of their study on alternate delivery? Have you received any information on the SAI study?

AAPS/SCM-T1-10. At page 14, lines 2-6, you state that there is no weekly or monthly saturation mail program serving New York City. Please describe briefly the quality of mail service in New York City and state whether, in your opinion, quality of service has anything to do with the alleged absence of a saturation mail program.

AAPS/SCM-T1-11. You state at page 14, lines 4-6, that the cost of private delivery in the New York City area "is dramatically lower than the use of mail." Please provide the data upon which you relied to support that statement.

AAPS/SCM-T1-12. Please provide the data upon which you relied to support your statement at page 14, lines 7-9, that private delivery offers a significant cost advantage in the Philadelphia market.

AAPS/SCM-T1-13. At page 14, lines 16-18, you blame the "high pound rate" for ECR mail for the "cost disadvantage of mail distribution" Please confirm that the pound rate does not affect pieces such as, for example, those described at page 9 of your testimony that contain 68 pages with an average weight of 2.6 ounces.

AAPS/SCM-T1-14. You state at page 14 that you are not a postal costing expert but that you cannot imagine that postal handling costs above the breakpoint are purely weight-related or that the cost slope isn't nearly as steep as that contained in the current pound rate. Do you believe that the cost of delivering 14-ounce pieces exceeds the cost of delivering 4-ounce pieces?

AAPS/SCM-T1-15. You testify at pages 14-15 that rates for mailed inserts must increase steeply with weight to cover the high pound-rate postage cost. What is the additional postage cost to your company of adding a "light-weight 1-4-page insert" to your typical 2.6-ounce book? How much would you typically charge the customer for your mailing of that 1-4-page insert?

AAPS/SCM-T1-16. You testify at page 15, lines 13-15, that a reduction of the pound rate will encourage free newspapers and shoppers and perhaps newspaper TMC programs that are hand delivered to consider returning to the mail. Assuming that you believe that such return to the mail is a desirable result of a lowering of the pound rate, please explain why you believe that the movement of material from private delivery to the mail is a good thing.

AAPS/SCM-T1-17. Please confirm that the lowest pound rate available to mailers of saturation advertising material has increased less rapidly than the CPI over the past ten years.

AAPS/SCM-T1-18. Please confirm that, based upon your experience, most saturation advertising mail has been walk sequenced by the mailer over the past ten years for service reasons even though, during some of that time, walk sequencing was not a prerequisite to obtaining the lowest available postal rate. If you cannot confirm, please provide your opinion on this subject.

AAPS/SCM-T1-19. (a) The Postal Service has proposed an average increase of 3.2% for ECR mail. Under the proposed rates that you support, by how much will the postage bill of Newport Media increase if the proposal is approved as filed (assuming volume remains constant)?

(b) If the proposed ECR rates would produce a decrease in Newport Media's postage bill, please state by how much that bill would be reduced annually, both in dollar terms and in terms of percentage of profits.