

# DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997 )

Docket No. R97-1

VAL-PAK DIRECT MARKETING SYSTEMS, INC.,  
VAL-PAK DEALERS' ASSOCIATION, INC., AND  
CAROL WRIGHT PROMOTIONS, INC  
FIRST INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS  
TO MAJOR MAILERS ASSOCIATION WITNESS  
RICHARD E. BENTLEY (VP-CW/MMA-T1-1-5)  
(January 28, 1998)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Val-Pak Direct Marketing Systems, Inc., Val-Pak Dealers' Association, Inc., and Carol Wright Promotions, Inc., d/b/a "Cox Direct," hereby submit the following interrogatories and document production requests.

Respectfully submitted,



William J. Olson

John S. Miles

Alan Woll

John F. Callender, Jr.

William J. Olson, P.C.

8180 Greensboro Drive, Suite 1070

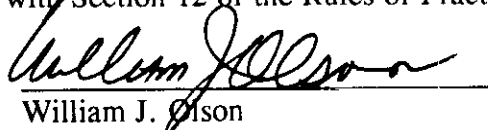
McLean, Virginia 22102-3823

(703) 356-5070

Counsel for Val-Pak Direct Marketing Systems, Inc.,  
Val-Pak Dealers' Association, Inc., and  
Carol Wright Promotions, Inc.

## CERTIFICATE OF SERVICE

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



William J. Olson

January 28, 1998

**VP-CW/MMA-T1-1.**

a. You state (at MMA-T-1, p. 6) that the markup indices resulting from rates proposed by the Postal Service for First-Class letter mail (1.19) and for “Commercial Standard A mail” as defined in your testimony (1.06), using the costing methodology you suggest is correct, would not be “roughly equivalent.” Please define “roughly equivalent,” in this context.

b. i. Please confirm the following historical comparison of markup indices based on Postal Rate Commission recommended rates:

	<u>R71-1</u>	<u>R74-1</u>	<u>R77-1</u>	<u>R78-1</u>	<u>R80-1</u>	<u>R84-1</u>	<u>R87-1</u>	<u>R90-1</u>	<u>R94-1</u>
First-Class Letter	1.13	1.26	1.21	1.00	0.93	1.14	1.20	1.24	1.31
Third-class Bulk	1.22	1.19	1.06	0.83	1.26	0.89	0.84	0.94	0.90

ii. In your opinion, which of these pairs of markup indices are “roughly equivalent”?

c. Please confirm that the markup indices proposed in this proceeding by the Postal Service for First-Class letter mail (formerly First-Class Letters and Sealed Parcels) and for Standard A Commercial (former Bulk Rate Regular) are the closest together they have been since 1974. If you do not confirm, please explain fully.

d. i. Please state the markup indices for First-Class Letter Mail and for Standard A ECR Mail under both the Postal Service’s costing methodology and the costing methodology you say should be used.

ii. In your opinion, are these markup indices for such subclasses roughly equivalent? If not, please explain in detail why not.

**VP-CW/MMA-T1-2.**

- a. Please confirm that, in developing cost coverage for the various classes and subclasses of mail, the Postal Rate Commission is required to, and does, consider the non-cost factors set forth in 39 U.S.C. Section 3622(b).
- b. Please state whether, in making your recommendations with respect to the markup index for First-Class Mail, you considered the non-cost factors set forth in 39 U.S.C. Section 3622(b). If your answer is in the affirmative, please summarize your findings with respect to each factor.

**VP-CW/MMA-T1-3.**

Please refer to your testimony at page 7, lines 6 through 11. Using the numbers in Table 3 of your testimony, please explain if you do not confirm any of the statements in questions (a) through (c), below.

- a. Please confirm that the unit contributions proposed by the Postal Service in this docket for First-Class letters are 203 percent of those proposed for Standard Mail A Commercial.
- b. Please confirm that the unit contributions adopted by the Commission in Docket No. R94-1 for First-Class letters were 262 percent of those proposed for Third-Class Bulk Regular.
- c. Please confirm that the unit contributions adopted by the Commission in Docket No. R90-1 for First-Class letters were 296 percent of those proposed for Third-Class Bulk Regular.

- d. Would you agree, based on your Table 3, that the unit contributions proposed by the Postal Service in this docket for First-Class letters, when compared with those for Standard A Commercial, are significantly less than the respective contributions in Docket Numbers R90-1 and R94-1? If you do not agree, please explain.

**VP-CW/MMA-T1-4.**

- a. Please confirm that in comparing the respective percentages of total weight of First-Class letters and Standard Mail A Commercial (at page 4, line 25 through page 5, line 3 of your testimony, as well as in Exhibit MMA-1C), you state that Standard Mail A Commercial accounts for 69 percent of total weight, as opposed to 17 percent for First-Class letters.
- b. Please review the relevant data and advise if you now agree that Standard Mail A Commercial accounts for only 39 percent of total weight, and that your testimony should be corrected.
- c. If you do not agree with this correction, please explain in detail.

**VP-CW/MMA-T1-5.**

- a. Would you agree that as a result of Docket No. MC95-1, Standard A ECR and Standard A Regular are each independent subclasses?
- b. Please explain why two independent subclasses should be lumped together and compared collectively with First-Class, rather than being compared independently?

- c. Please cite all instances (of which you are aware) where the Postal Rate Commission has combined independent subclasses for purposes of comparing coverage and contribution to overhead.