

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Valassis NSA

Docket No. MC2012-14

Valassis NSA

Docket No. R2012-8

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued May 9, 2012)

To clarify the basis of the Postal Service's request to add a Valassis negotiated service agreement (NSA) to the market dominant product list, filed April 30, 2012, the Commission requests that the Postal Service provide written responses to the following questions. Answers should be provided as soon as possible, but no later than May 16, 2012.

1. 39 CFR 3010.42(c)(1) requires the Postal Service to file estimated mailer-specific costs, volumes, and revenues absent the agreement. Additionally, if mailer-specific costs are not available, 39 CFR 3010.42(c)(4) requires the Postal Service to provide the source and derivation of the costs that are used as well as a discussion regarding the currency and reliability of those costs and their suitability as a proxy. Please identify the locations in the Postal Service's filings where this information is provided. If such information has not been provided, please supplement the filing to provide the necessary information.
2. 39 CFR 3010.42(c)(3) requires the Postal Service to file an analysis of the effects of the agreement on the contribution to institutional costs from mailers who are not party to the agreement. Please identify the location in the Postal Service's filings where this information is provided. If such information has not been provided, please supplement the filings to conform with these requirements.

3. Please refer to VDM_NSA_Financial_Model.xls. In this spreadsheet the unit contribution calculations are based on the overall FY 2011 unit contribution of DSCF and DDU Saturation Flats. In FY 2011 the average weight per piece for Saturation Flats dropshipped at the DSCF was 2.5 ounces and for Saturation Flats dropshipped at the DDU was 3.4 ounces. The Valassis NSA requires pieces to weigh at least 4 ounces. Please provide a justification for using the average FY 2011 unit contribution of DSCF and DDU Saturation Flats when the characteristics of Valassis NSA mail pieces will be different from the average Saturation Flats DSCF and DDU mail piece.

4. Please provide narratives explaining how the Postal Service will ensure that:
 - a. Valassis does not “transfer or consolidate advertising from current advertisers in its existing program into its new mailing program or extend the new program to Zip codes or carrier routes that are beyond the market profile of its existing baseline mailing programs.” Notice at 4.
 - b. Valassis does not “migrate advertising circular business from the USPS solo mail stream into the new saturation shared program.” Notice at 4.

By the Chairman.

Ruth Y. Goldway