

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

POSTAL RATE AND FEE CHANGES, 2006)

Docket No. R2006-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
THIRD INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS MICHAEL D. BRADLEY (VP/USPS-T14-15-19)
(July 10, 2006)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby submit interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

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VP/USPS-T14-15.

This interrogatory concerns your testimony (USPS-T-14) in Docket No. R2005-1, which is referenced in your testimony in this docket (USPS-T-14, p. ii, l. 16). The purpose of this interrogatory is to obtain information about the data entries for sequenced mail in your CCSTS data set, which provides the basis for the recommended volume variability derived from your econometric analysis and discussed at pages 34-41 of your testimony (USPS-T-14) in Docket No. R2005-1.

- a. What was the total number of observations in the CCSTS data set used for your Full Quadratic and Restricted Quadratic regression analyses (*i.e.*, the number of observations after completion of all editing)?
- b. In how many of those observations was the volume of sequenced mail greater than zero?
- c. In how many of those observations was the volume of sequenced mail equal to zero?

VP/USPS-T14-16.

- a. In view of the density requirement for saturation mail, would you agree that, with respect to an individual route, it essentially tends to be an “all or nothing” proposition for a mailer (*i.e.*, either mail to all, or almost all, of the addresses on the route, or don’t mail to that route)? Please explain fully any disagreement.

- b. Would you agree that the other variables for mail delivered by city carriers in your model — *i.e.*, letters, flats, and small parcels — are likely to appear on every route, whereas city carriers on some routes may never have a saturation (“sequenced”) mailing to deliver? Please explain fully any disagreement.
- c. Would you agree that saturation mailers tend to mail recurringly to the same areas, and on a fairly regular basis, but some saturation mailers mail to some areas weekly, whereas some may mail to other areas only monthly? Please explain fully any disagreement.
- d. In view of the facts that (i) saturation mail is not sent to all routes or ZIP codes, (ii) saturation mailers send their mail on a fairly regular basis, but mail weekly to some areas and only monthly to other areas, and (iii) the survey data covered only 11 delivery days, with an important holiday in the middle of the survey period, please discuss:
- (i) what checks you made at the time you did your analysis to ascertain whether the data for sequenced mail were reasonably representative of the universe; and
 - (ii) why, in retrospect, the sequenced mail data used in your analysis should be viewed as reasonably representative of the universe of saturation mail that is taken directly to the street by carriers as sequenced mail.

VP/USPS-T14-17.

In your testimony (USPS-T-14) in Docket No. R2005-1, which is referenced in your testimony (USPS-T-14, p. ii, l. 16) in this docket at pages 40-41, lines 6-8, you explained that “the variabilities listed in Table 6 ... do *not* reflect the relative marginal delivery times for each shape.” (Emphasis original.) Please explain how the marginal delivery times (and marginal cost) for each shape can be derived from your analytic approach.

VP/USPS-T14-18.

This interrogatory relates to the 2004 survey data for updating the CCSTS to be discussed in your forthcoming response to POIR No. 4, items 4 to 12. The purpose of this interrogatory is to inquire about the data for sequenced mail data in that data set.

- a. What was the total number of observations in the CCSTS data set used for the carrier street time cost variability model (*i.e.*, that is, the number of observations after completion of all editing)?
- b. In how many of those observations was the volume of sequenced mail greater than zero?
- c. In how many of those observations was the volume of sequenced mail equal to zero?

VP/USPS-T14-19.

Please compare your responses to preceding interrogatories VP/USPS-T14-14 and 17, and discuss the extent to which the data for sequenced mail in the 2002 and 2004 data sets differ, including whether the differences are statistically significant.