

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

POSTAL RATE AND FEE CHANGES, 2005)

Docket No. R2005-1

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
FIFTH INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS ALTAF H. TAUFIQUE (VP/USPS-T28-52-58)
(May 27, 2005)

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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May 27, 2005

VP/USPS-T28-52.

Please refer to your testimony (USPS-T-28) at page 11 where you describe the Postal Service's attempt to comply with the nonprofit pricing relationship requirement of Public Law 106-384, and you state:

With the proposed rates, the revenue per piece for Standard Mail Nonprofit Regular is 61 percent of the Standard Mail Regular revenue per piece; the revenue per piece for Standard Mail Nonprofit ECR is 56 percent of the Standard Mail ECR revenue per piece. [USPS-T-28, p. 11, ll. 18-21.]

Public Law 106-384 specifies that for calculating nonprofit rates, the 60 percent figure be applied to TYBR billing determinants. *See* 39 U.S.C. § 3626(a)(6)(B) and Docket No. R2000-1, Memorandum of the United States Postal Service on Reconsideration and Request for Expedition (December 20, 2000), pp. 32-34.

Please refer to USPS-LR-K-115, file USPST28Aspreadsheets.xls, worksheet 'S-23 TYAR Commercial Revenues.'

- a. In determining the revenue per piece for Standard (Commercial) Regular mail to be used as a basis for comparison with the revenue per piece of Standard Nonprofit Regular mail, when computing total revenues in the numerator, did you multiply the proposed rates for Standard (Commercial) Regular mail by TYBR billing determinants? If not, please state the billing determinants that you used, and explain the rationale for not using TYBR billing determinants. Also, for whatever billing determinants you used, please provide the total revenues that you used in the numerator of the revenue per piece computation for Standard (Commercial) Regular mail.

- b. Please provide the revenue per piece that you computed for Standard (Commercial) Regular mail, and state whether you divided the total revenues referred to in preceding part a by the TYBR volume of Standard (Commercial) Regular mail? If not, please state what volume figure you used in the denominator.
- c. If you did not calculate the revenue per piece of Standard (Commercial) Regular mail using TYBR billing determinants in both the numerator and denominator, please explain how you calculated it, and explain the rationale for the methodology which you used.

VP/USPS-T28-53.

Please refer to USPS-LR-K-115, file USPST28Aspreadsheets.xls, worksheet 'S-24 TYAR Nonprofit Revenues.'

- a. In determining the revenue per piece for Standard Nonprofit Regular mail to be used as a basis for comparison with the revenue per piece of Standard (Commercial) Regular mail, when computing total revenues in the numerator, did you multiply the proposed rates for Standard Nonprofit Regular mail by TYBR billing determinants? If not, please state the billing determinants that you used, and explain the rationale for not using TYBR billing determinants. Also, for whatever billing determinants you used, please provide the total revenues that you used in the numerator of the revenue per piece computation for Standard Nonprofit Regular mail.

- b. Please provide the revenue per piece that you computed for Standard Nonprofit Regular mail, and state whether you divided the total revenues referred to in preceding part a by the TYBR volume of Standard Nonprofit Regular mail? If not, please state what volume figure you used in the denominator.
- c. If you did not calculate the revenue per piece of Standard Nonprofit Regular mail using TYBR billing determinants in both the numerator and denominator, please explain how you calculated it, and explain the rationale for the methodology which you used.
- d. In calculating the ratio of (i) the average revenue per piece of Standard Nonprofit Regular mail and (ii) the average revenue per piece of Standard (Commercial) Regular mail, did you use the average revenue per piece that in each instance was based on TYBR billing determinants and volumes? If not, please explain why not.

VP/USPS-T28-54.

Please refer to USPS-LR-K-115, file USPST28Aspreadsheets.xls, worksheet 'ECR-22 TYAR Comm. Revenues.'

- a. In determining the revenue per piece for Standard (Commercial) ECR mail to be used as a basis for comparison with the revenue per piece of Standard Nonprofit ECR mail, when computing total revenues in the numerator, did you multiply the proposed rates for Standard (Commercial) ECR mail by TYBR billing determinants? If not, please state the billing determinants that you used, and

explain the rationale for not using TYBR billing determinants. Also, for whatever billing determinants you used, please provide the total revenues that you used in the numerator of the revenue per piece computation for Standard (Commercial) ECR mail.

- b. Please provide the revenue per piece that you computed for Standard (Commercial) ECR mail, and state whether you divided the total revenues referred to in preceding part a by the TYBR volume of Standard (Commercial) ECR mail? If not, please state what volume figure you used in the denominator.
- c. If you did not calculate the revenue per piece of Standard (Commercial) ECR mail using TYBR billing determinants in both the numerator and denominator, please explain how you calculated it, and explain the rationale for the methodology which you used.

VP/USPS-T28-55.

Please refer to USPS-LR-K-115, file USPST28Aspreadsheets.xls, worksheet 'ECR-23 TYAR NP Revenues.'

- a. In determining the revenue per piece for Standard Nonprofit ECR mail to be used as a basis for comparison with the revenue per piece of Standard (Commercial) ECR mail, when computing total revenues in the numerator, did you multiply the proposed rates for Standard Nonprofit ECR mail by TYBR billing determinants? If not, please state the billing determinants that you used, and explain the rationale for not using TYBR billing determinants. Also, for

whatever billing determinants you used, please provide the total revenues that you used in the numerator of the revenue per piece computation for Standard Nonprofit ECR mail.

- b. Please provide the revenue per piece that you computed for Standard Nonprofit ECR mail, and state whether you divided the total revenues referred to in preceding part a by the TYBR volume of Standard Nonprofit ECR mail? If not, please state what volume figure you used in the denominator.
- c. If you did not calculate the revenue per piece of Standard Nonprofit ECR mail using TYBR billing determinants in both the numerator and denominator, please explain how you calculated it, and explain the rationale for the methodology which you used.
- d. In calculating the ratio of (i) the average revenue per piece of Standard Nonprofit ECR mail and (ii) the average revenue per piece of Standard (Commercial) ECR mail, did you use the average revenue per piece that in each instance was based on TYBR billing determinants and volumes? If not, please explain why not.

VP/USPS-T28-56.

- a. If rates for Standard (Commercial) ECR mail increase by 5.6 percent, what must be the percentage increase in rates for Standard Nonprofit ECR mail in order to satisfy precisely a 60 percent relationship between the two?

- b. If rates for Standard (Commercial) ECR mail were to increase by 5.4 percent, what must be the percentage increase in rates for Standard Nonprofit ECR mail in order to satisfy precisely a 60 percent relationship between the two?
- c. If rates for Standard Nonprofit ECR mail increase by 5.9 percent, what must be the percentage increase in rates for Standard (Commercial) ECR mail in order to satisfy precisely a 60 percent relationship between the two?

VP/USPS-T28-57.

Please assume, for the purposes of this question, that the “as nearly as practicable” qualification to the 60 percent requirement of 39 U.S.C. § 3626(a)(6)(A) means as close as possible within the constraints of the following two factors only: (i) rounding; and (ii) charging rates at a mil level. Based on a 5.6 percent increase in Standard (Commercial) ECR mail, what percentage increase in the Standard Nonprofit ECR mail would be required?

VP/USPS-T28-58.

Is it possible to structure the Standard (Commercial) ECR and Standard Nonprofit ECR subclass rates so that the entire Standard ECR subclass receives a 5.4 percent increase, and so that Standard Nonprofit ECR mail rates would be exactly 60 percent of commercial ECR rates? If so, what would be the percentage rate increases for Standard (Commercial) ECR and Standard Nonprofit ECR?