

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.
FOURTH INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS A. THOMAS BOZZO (VP/USPS-T12-19-20)
(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-T12-19.

Please provide a citation to all references of which you are aware in the published literature on Efficient Component Pricing (“ECP”) that advocate basing Efficient Component Prices (or “discounts”) on:

- a. Marginal cost;
- b. Volume variable cost; and/or
- c. Attributable cost.

VP/USPS-T12-20.

- a. Are you familiar with the article, “The Pricing of Inputs Sold to Competitors,” by William J. Baumol and Gregory Sidak?
- b. Would you agree that the above-referenced article by Baumol-Sidak states that ECP should reflect incremental cost? If you do not agree, please explain fully why not.
- c. Please provide a citation to all references of which you are aware in the published literature on ECP that advocate basing Efficient Component Prices on any economic cost concept other than incremental cost.