

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.
FIRST FOLLOW-UP INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE
WITNESS DONALD J. O'HARA (VP/USPS-T31-7-9)
(August 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,

William J. Olson
John S. Miles
Jeremiah L. Morgan
WILLIAM J. OLSON, P.C.
8180 Greensboro Drive, Suite 1070
McLean, Virginia 22102-3860
(703) 356-5070

Counsel for:
Valpak Direct Marketing Systems, Inc. and
Valpak Dealers' Association, Inc.

VP/USPS-T31-7.

Please refer to your response to OCA/USPS-T31-1, where you state that your decisions in establishing cost coverages were informed by your knowledge about (i) “applicable service standards for various products,” and (ii) “the available data regarding the Postal Service’s experiences in meeting these standards.”

- a. Please explain how your decision in establishing the cost coverage for Standard Regular and Standard ECR was informed by the service standards for Standard Mail.
- b. Please identify all available data (or other information) that you relied on regarding the Postal Service’s experiences in meeting the Standard Mail service standards.

VP/USPS-T31-8.

Please refer to your response to OCA/USPS-T31-3. You state:

[A]verage delivery time is not the only aspect of service performance that matters to customers. Variation around the average can also be important.

- a. What is the variation of actual average delivery time around the service standard for delivery of Standard Regular Mail, *e.g.*, for Standard Mail with a stated service standard of seven days, what is the actual average number of days for delivery?

- b. Please provide all statistical measures or anecdotal information that the Postal Service has regarding the variation of the actual average time versus the service standard for delivery of Standard Regular Mail.

VP/USPS-T31-9. Please refer to your response to ABA-NAPM/USPS T31-1. The primary purpose of this question is to help clarify the meaning of certain figures in your response.

- a. For each year for which data are shown, please identify clearly:
- (i) whether the data are at Postal Service or Commission costing;
 - (ii) whether the data are actual outcomes or projections;
 - (iii) if at Postal Service costing, whether the data are at proposed costing in a pending case, the costing proposed in a recent rate case, or some other specified costing; and
 - (iv) if at Commission costing, whether the data are at costing actually developed and used by the Commission during some specified rate case, or at a Postal Service estimate of Commission costing from some previous rate case.
- b. For any data that constitute **projections**, please explain the extent to which you agree that differences between any year and a projected year are at least in part the result of (or a reflection of) assumptions made in a model and thus may have little or nothing to do with what actually happened to the Postal Service in those years.

- c. For each year, or applicable portion of a year, for which any data shown include revenue and cost for Nonprofit mail, please state whether the Nonprofit rates were set pursuant to Public Law 106-384, or Public Law 103-123, or some other law.
- d. In section 2 of your response, you state: “Your data for Standard Mail in 1999 (and **presumably** for 1994 – 1998 as well) are for the commercial portions of Regular and ECR.” (Emphasis added.)
- (i) Please identify any questions you have about what the data for 1994 through 1998 are for.
 - (ii) The original question asked you to “confirm” the figures provided in the question. Please clarify the extent to which you have checked and are confirming the various figures.
- e. In section 2 of your response, you “recommend aggregating data from the earlier years to the level of detail reported beginning in FY 2000” in order “[t]o get an apples-to-apples comparison of coverages before and after FY 2000.”
- (i) Please state what assumptions have to be met to make the comparisons apples-to-apples.
 - (ii) Please explain whether the appropriateness of the comparisons at issue are affected by any assumption about who **pays** for the reduced rates for the Nonprofit mailers (candidates for paying to include all mailers combined or the host commercial category).

- (iii) Please explain whether the appropriateness of the comparisons at issue is affected by any assumption about whether the rates set for the Nonprofit categories under Public Law 106-384 are the same as the rates that would have been set under Public Law 103-123.
- f. Please explain the extent to which you believe significance attaches to the behavior over time of the ratios in each “Compared to Average” column in your response. If you believe there is significance, please state what that significance is. If you do not believe there is significance, please explain all reasons why not. (Note that this question does not relate to whether there is significance in the behavior over time of the markup indexes used by the Commission.)
- g. Please explain the extent to which you agree that any data relating to **outcomes** instead of to Postal Service proposals, or to recommendations of the Commission, do not relate specifically to what the Postal Service intended in its proposal or to what the Commission intended in its recommendation.
- h.
 - (i) Which figures in your response are influenced in any way by decisions made by the Postal Service Governors or the Commission in Docket No. R2005-1?
 - (ii) Please explain the extent to which you agree that, because of the across-the-board nature of Docket No. R2005-1, none of figures itemized above in part (i) of this question have any content relating to coverage preferences of the Postal Service or to specific coverage recommendations of the Commission.