

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Rate and Service Changes to Implement)
Functionally Equivalent Negotiated Service) Docket No. MC2004-3
Agreement with Bank One Corporation)

ERRATA TO
OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS MICHAEL K. PLUNKETT (OCA/USPS-T1-17-23)
July 23, 2004

On July 16, 2003, the OCA filed interrogatories OCA/USPS-T1-17-23 directed to witness Plunkett. In some of those interrogatories, the term "standard error" was used incorrectly. The term that should have been used was "coefficient of variation." The entire set of interrogatories (without attachment) is attached, with corrections made.

Respectfully submitted,

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OCA/USPS-T1-17. Please refer to pages 12 and 13 of your testimony.

- a. Did you perform or obtain different projections of Bank One's before- and/or after-rates volumes for the years that the NSA will be in effect? If so, please provide such projections and supporting documentation. If not, why not?
- b. Did you perform or obtain (e.g., from Finance) analyses of the effect of the NSA on postal finances other than the analysis contained in Appendix A of your testimony? If so, please provide such analyses and supporting documentation. If not, why not?

OCA/USPS-T1-18. Please refer to page 16 of your testimony.

- a. Please assume that Bank One's Year-1 before-rates volume estimate of 571 million pieces is normally distributed. Please confirm that under this assumption, the probability that before-rates volumes in Year 1 would be greater than 571 million is 50 percent. If you do not confirm, please explain, provide the correct probability, and show its derivation.
- b. Please assume that Bank One's Year-1 before-rates volume estimate of 571 million pieces is normally distributed with coefficient of variation of ten percent.
 - i. Please confirm that under these assumptions, the probability that before-rates volumes in Year 1 would be greater than 571 million is 50 percent. If you do not confirm, please explain, provide the correct probability, and show its derivation.
 - ii. Please confirm that under these assumptions, the probability that before-rates volumes in Year 1 would be greater than 586 million is

approximately 40 percent. If you do not confirm, please explain, provide the correct probability, and show its derivation.

- iii. Please confirm that under these assumptions, the probability that before-rates volumes in Year 1 would be greater than 601 million is approximately 30 percent. If you do not confirm, please explain, provide the correct probability, and show its derivation.
- iv. Please confirm that under these assumptions, the probability that before-rates volumes in Year 1 would be greater than 616 million is approximately 22 percent. If you do not confirm, please explain, provide the correct probability, and show its derivation.

OCA/USPS-T1-19. Please refer to the attachment to this interrogatory and confirm that under the Commission's MC-2002-2 methodology, the stop-loss volume for Bank One would be 616.6 million pieces. If you do not confirm, please provide the correct volume and show its derivation.

OCA/USPS-T1-20. Please assume that Bank One's Year-1 before-rates volume estimate of 571 million pieces is normally distributed. Under this assumption, please confirm that the coefficient of variation of that estimate must be no greater than 4.86 percent in order for the probability of the Postal Service's not losing money to be greater than 95 percent. If you do not confirm, please provide an estimate of the maximum coefficient of variation and explain its derivation.

OCA/USPS-T1-21. Please provide an estimate, and explain its derivation, of the coefficient of variation of Bank One's

- a. Year 1 volume estimate of 571 million pieces;
- b. Year 2 volume estimate of 571 million pieces;
- c. Year 3 volume estimate of 571 million pieces.

OCA/USPS-T1-22. Please confirm that *ceteris paribus* the coefficient of variation of a volume projection increases as one projects farther into the future. If you do not confirm, please explain.

OCA/USPS-T1-23. Please confirm that 85 percent of Bank One's mail that shifts from Standard to First-Class will incur *new* electronic return costs. Please confirm that 15 percent of Bank One's mail that shifts from Standard to First-Class will incur *new* manual return costs. If you do not confirm, please explain. If you confirm, please indicate where this cost is accounted for in Appendix A of your testimony.