

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

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT
WITH BOOKSPAN

Docket No. MC2005-3

**RESPONSES OF POSTAL SERVICE WITNESS YORGEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T2-15-17)**

The United States Postal Service hereby provides the responses of witness Yorgey to the following interrogatories of the Office of the Consumer Advocate, filed on August 18, 2005: OCA/USPS-T2-15-17.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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September 1, 2005

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T2-15. Please refer to your response to OCA/USPS-T2-9(g). If Bookspan's actual mail volume is 10.48 percent (0.104761904762) below the Year 2 negotiated volume commitment, or 85.048 million (95 million * (1.00 – 0.1048)), please confirm that the Year 3 adjusted volume commitment will be 94 million (105 million – (105 million * 0.1048)). If you do not confirm, please explain.

RESPONSE:

Confirmed.

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OCA/USPS-T2-16. Please refer to your response to OCA/USPS-T2-10, where it states "The Postal Service recognizes that Bookspan has been converting flats to letters for some time and has incentives to continue to do so independent of the NSA."

- a. What "incentives" does Bookspan have to convert Standard Mail flats to letters independent of the NSA? Please explain.
- b. Is Bookspan the only Standard Mailer that has "incentives" to convert Standard Mail flats to letters independent of an NSA? Please explain.

RESPONSE:

- a. The postage rate differential provides an incentive for any mailer to consider the appropriateness of using a letter-size format rather than a flat-size format. The rate differential that Bookspan would consider is 2.4 cents (Appendix A, page 5, line 4 minus page 3, line 4). Additionally, from an operational perspective, mail preparation requirements for letter-size formats lend themselves to a more automated environment. For example, letter-size Standard Mail is prepared and presented in trays compared to flat-size Standard Mail which is bundled and then sacked or palletized. Likewise, preparation cost differential provides a further incentive for mailers to consider the appropriateness of using a letter-size format rather than a flat-size format.
- b. No, please refer to part a.

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OCA/USPS-T2-17. Please refer to your response to POIR No. 1, Question 1.

- a. Attachment 1, at pages 2 and 3, provided in response to Question 1(a)(i) and (ii), shows monthly and quarterly data for letters and flats separately for Fiscal Years 2003 and 2004. Please provide the monthly and quarterly data for letters and flats separately for Fiscal Year 2002.
- b. Refer to the response to Question 1(c), where it states "The analysis described in that subpart constitutes one of the ways in which the Postal Service attempts to model customer specific demand when a dearth of empirical information makes a more formulaic approach impractical." Other than the analysis described in the subpart, did the Postal Service develop any other analysis to model Bookspan's customer specific demand? Please explain.

RESPONSE:

- a. Please see the attachment to this answer.
- b. No, a customer specific demand was not developed for Bookspan.

Attachment to response to OCA/USPS-T2-17.a
New Membership Volume Trend
FY2002 Monthly and Quarterly Volume

	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	TOTAL
Letters	6,779,311	1,029,651	15,879,577 23,688,539	4,174,004	8,049,997	204,950 12,428,951	12,614,334	3,538,300	11,907,341 28,059,975	269	14,884,019	5,633,049 20,517,337	84,694,802
Flats	13,710,634	5,765,586	47,203,185 66,679,405	2,447,405	15,653,381	4,972,552 23,073,338	26,969,725	20,166,985	34,481,991 81,618,701	2,816,263	26,874,253	14,262,961 43,953,477	215,324,921

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Scott L. Reiter

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