

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 PLUNKETT  
TO INTERROGATORIES OF THE NEWSPAPER ASSOCIATION OF AMERICA  
(NAA/USPS-T1-6-8)**

The United States Postal Service hereby provides the responses of witness Plunkett to the following interrogatories of the Newspaper Association of America, filed on September 6, 2005: NAA/USPS-T1-6-8.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 20, 2005

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PLUNKETT  
TO INTERROGATORY OF THE NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T1-6. Please refer to your responses to NAA/USPS-T1-4 and OCA/USPS-T1-7(d). To be functionally-equivalent to the Bookspan NSA, must an NSA have a multiplier effect:

- a. that generates mail in at least two subclasses; and
- b. at least one subclass consists of mail other than monthly billing and payment First-Class Mail?

NAA/USPS-T1-6 Response.

Without having done a comprehensive analysis of all customers, an absolute declaration of this kind is difficult. As an abstract proposition, however, I would say yes, that it seems likely this would be the case.

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NAA/USPS-T1-7. Please refer to your response to OCA/USPS-T1-7 regarding the “qualitative” evaluation of the multiplier for a possible functionally-equivalent NSA.

- a. Is there a volume level at which a mailer generates too little volume to be considered for a functionally-equivalent NSA? Is that considered quantitatively or qualitatively?
- b. Would a mailer whose “multiplier effect” is proportionately greater than that of Bookspan’s, but because of its smaller size generates less volume than the Bookspan multiplier, be similarly-situated? In other words, is the multiplier effect assessed proportionately, or by absolute number of pieces?

NAA/USPS-T1-7 Response.

- a. - b. I would be reluctant to establish an absolute floor for qualification. Furthermore, I would be reluctant to express qualifying criteria purely in volume terms. As a practical matter, the Postal Service would consider the quantity of mail that a customer sends, the subclasses it uses, its physical characteristics, and the contribution that the mail generates. As our experience with the current NSAs shows, each agreement must reflect the particulars of each mailer, including, but certainly not limited to, its volume, whether expressed in absolute or relative terms.

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NAA/USPS-T1-8. Please refer to your response to OCA/USPS-T1-7, wherein you state that the proposed DMCS provision is intended to indicate that to be eligible for a functionally-equivalent NSA, a mailer would have to be engaged in a “similar business model” as Bookspan and exhibit “similar mailing behavior.”

- a. Please elaborate on what would constitute a “similar business model.”
- b. Does a similar business model mean that the mailer must operate pursuant to the Federal Trade Commission’s Negative Option Rule?
- c. Please elaborate on what would constitute “similar mailing behavior.” Include in your response whether a mailer would have to expect to have flat or declining solicitation mail volumes in the future.

NAA/USPS-T1-8 Response

- a. I would expect that any mailer qualifying as functionally equivalent would be producing Standard Mail Regular letters for the purpose of acquiring customers. The relationship between the mailer and its customers would then generate a series of mail-based transactions that may include statements, fulfillment shipments, additional advertising material, dunning notices, and other forms of correspondence. The degree to which this relationship produced an indirect multiplier effect, as described by witness Posch with respect to Bookspan, would also be considered.
- b. Without having done a comprehensive analysis of all customers, an absolute declaration of this kind is difficult. It seems likely that a functionally equivalent mailer would also operate pursuant to the Negative Option Rule, due to the additional mail volume that the requirements of the rule may produce. This assumes that the mailer’s business model, like Bookspan’s, is to conduct the negative option transactions primarily by mail, as opposed to by telephone or internet. It is also theoretically possible that a mailer could have been operating in some other continuity-

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type mode not subject to the rule, but which nevertheless generates a similar multiplier effect.

- c. Similar mailing behavior is in many ways synonymous with similar business model.

There would need to be an established pattern of multiplier mailing, use of worksharing and/or automation discounts, and high mail quality standards. I would not consider flat or declining mail a prerequisite to functional equivalency. The customer's mailing trends, however, would certainly affect the likelihood that an NSA would benefit the Postal Service could be successfully negotiated. It would also, obviously, affect the specific terms of such NSA.

## **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.

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