

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Rate and Service Changes to Implement)
Baseline Negotiated Service Agreement)
With Washington Mutual Bank)

Docket No. MC2006-3

OFFICE OF THE CONSUMER ADVOCATE INTERROGATORIES
TO UNITED STATES POSTAL SERVICE
WITNESS ALI AYUB
(OCA/USPS-T1-1-5)
(April 4, 2006)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents.

If data requested are not available in the exact format or level of detail requested, any data available in (1) a substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

The production of documents requested herein should be made by photocopies attached to responses of these interrogatories. If production of copies is infeasible due to the volume of material or otherwise, provision should be made for inspection of responsive documents at the Office of the Consumer Advocate, 1333 H Street, N.W., Washington, D.C. 20268-0001, during the hours of 8:00 a.m. to 4:30 p.m.

If a privilege is claimed with respect to any data or documents requested herein, the party to whom this discovery request is directed should provide a Privilege Log (see, e.g., Presiding Officer Ruling C99-1/9, p. 4, in *Complaint on PostECS*, Docket No.

C99-1). Specifically, “the party shall make the claim expressly and shall describe the nature of the documents, communications, or things not produced or disclosed in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the applicability of the privilege or protection.” Fed. R. Civ. P. 26(b)(5).

The term “documents” includes, but is not limited to: letters, telegrams, memoranda, reports, studies, newspaper clippings, speeches, testimonies, pamphlets, charts, tabulations, and workpapers. The term “documents” also includes other means by which information is recorded or transmitted, including printouts, microfilms, cards, discs, tapes and recordings used in data processing together with any written material necessary to understand or use such punch cards, discs, tapes or other recordings.

“All documents” means each document, as defined above, that can be located, discovered or obtained by reasonable diligent efforts, including without limitation all documents possessed by: (a) you or your counsel; or (b) any other person or entity from whom you can obtain such documents by request or which you have a legal right to bring within your possession by demand.

“Communications” includes, but is not limited to, any and all conversations, meetings, discussions and any other occasion for verbal exchange, whether in person or by telephone, as well as all documents, including but not limited to letters, memoranda, telegrams, cables, or electronic mail.

“Relating to” means discussing, describing, reflecting, containing, analyzing, studying, reporting, commenting on, evidencing, constituting, setting forth, considering, recommending, concerning, or pertaining to, in whole or in part.

Responses to requests for explanations or the derivation of numbers should be accompanied by workpapers. The term "workpapers" shall include all backup material whether prepared manually, mechanically or electronically, and without consideration to the type of paper used. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers were, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results." Docket No. R83-1, Tr. 10/2795-96. Where the arithmetic manipulations were performed by an electronic digital computer with internally stored instructions and no English language intermediate printouts were prepared, the arithmetic steps should be replicated by manual or other means.

Please especially note that if you are unable to provide any of the requested documents or information, as to the interrogatory, provide an explanation for each instance in which documents or information cannot be or have not been provided.

Respectfully submitted,

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OCA/USPS-T1-1. Please refer to your testimony at page 15, lines 9-10. You identify rising interest rates and a weaker economy as market conditions that inhibit mail volume growth in the credit card industry.

- a. Do changes in *expected future* interest rates or in the *expected future* state of the economy affect the solicitation mail volume of credit card companies? If so, please explain how.
- b. For each year of the proposed NSA, please state your beliefs as to the direction of change of interest rates and the direction of change of the state of the economy.
- c. Did your beliefs (as to changes in interest rates or in the state of the economy over the term of the NSA) change during the course of negotiations with WMB? If so, how did your changing beliefs affect volume estimates, the final level of discounts, or thresholds adopted?
- d. If interest rates or the state of the economy actually differ from current expectations during the term of the NSA, will after-rates volumes differ from forecasts? Please explain your response.

OCA/USPS-T1-2. Please provide your understanding of the process that generates "lift." Include an explanation of why two pieces that differ only in indicia should have different response rates.

OCA/USPS-T1-3. Please explain why volumes eligible for discounts are not capped at WMB's after-rates volume estimates. Include an explanation of how such a cap would alter WMB's mailing behavior.

OCA/USPS-T1-4. Please refer to page 2 of Appendix A of your testimony. Please assume that WMB will mail 593 million marketing pieces of First-Class Mail and zero marketing pieces of Standard Mail in Year One of the NSA.

- a. Please confirm that in Year One the Postal Service will receive \$170.19 million = $(\$0.305 * 593) - \10.675 million in total revenue from WMB's marketing First-Class Mail. If you do not confirm, please provide the correct figure and show its derivation.
- b. Please confirm that a two-part tariff consisting of an annual fee of \$18.975 million plus a per-piece charge of \$0.255 would generate \$170.19 million = $(\$0.255 * 593) + \18.975 million on volume of 593 million pieces of First-Class Mail. If you do not confirm, please provide the correct figure and show its derivation.
- c. Please confirm that the arrangement in part b of this interrogatory requires less record-keeping than the arrangement in part a, because the Postal Service would not have to keep track of volume in various discount tiers, calculate discounts, and transfer funds for their value. If you do not confirm, please explain.
- d. Please confirm that the arrangement in part b of this interrogatory is financially equivalent (from the Postal Service's point of view) to the arrangement in part a. If you do not confirm, please explain.

- e. Please explain how the inclusion of operational mail volumes in volume thresholds benefits the Postal Service.

OCA/USPS-T1-5. Please refer to your testimony at page 1, lines 11-12.

- a. Please confirm that the Postal Service's first and second Data Collection Reports for the Capital One NSA, filed with the Commission on January 31, 2005, and February 7, 2006, respectively, were prepared by you or under your supervision. If you do not confirm, please explain. If you participated in any capacity in the preparation of these Data Collection Reports, please identify the enumerated requirements in the reports in which you participated and your capacity.
- b. Please confirm that the Postal Service's first Data Collection Report for the Bank One NSA, filed with the Commission on February 7, 2006, was prepared by you or under your supervision. If you do not confirm, please explain. If you participated in any capacity in the preparation of this Data Collection Report, please identify the enumerated requirements in the report in which you participated and your capacity.
- c. Please confirm that the Postal Service's first Data Collection Report for the Discover NSA, filed with the Commission on February 7, 2006, was prepared by you or under your supervision. If you do not confirm, please explain. If you participated in any capacity in the preparation of this Data Collection Report, please identify the enumerated requirements in the report in which you participated and your capacity.