

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

Rate and Service Changes to Implement )  
Functionally Equivalent Negotiated )  
Service Agreement with Bradford Group )

Docket No. MC2007-4

OFFICE OF THE CONSUMER ADVOCATE INTERROGATORIES  
TO UNITED STATES POSTAL SERVICE  
WITNESS BRODERICK A. PARR  
(OCA/USPS-T1-29-33)  
(September 10, 2007)

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. Instructions included with OCA interrogatories OCA/USPS-T1-1-4, dated August 10, 2007, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T1-29. Please refer to your testimony at page 13, lines 1-3, which references the risk that the Bradford Group's actual volumes deviate from the forecast volumes. Assume there are risk factors that cause the Bradford Group's actual volumes to exceed its *after-rates* forecast volumes.

- a. Under the NSA, please confirm that the Bradford Group will earn discounts on volumes exceeding the *after-rates* forecast volumes up to the volume cap (see Request, Appendix F, Article III.F.2). If you do not confirm, please explain.
- b. Under the NSA, please confirm that the Postal Service is obligated to provide the Bradford Group discounts on volumes exceeding the *after-rates* forecast volumes up to the volume cap (see Request, Appendix F, Article III.F.2). If you do not confirm, please explain.

OCA/USPS-T1-30. Please refer to your testimony at page 13, lines 1-3, which references the risk that the Bradford Group's actual volumes deviate from the forecast volumes. Assume there are risk factors that cause the Bradford Group's actual volumes to fall below its *after-rates* forecast volumes.

- a. Under the NSA, if the Bradford Group's actual volumes are less than its *after-rates* forecast volumes and more than the volume commitment, please confirm that the Bradford Group will earn discounts. If you do not confirm, please explain.
- b. Under the NSA, if the Bradford Group's actual volumes are less than its *after-rates* forecast volumes and less than the volume commitment, but more than the

lowest discount threshold, please confirm that the Bradford Group will not earn discounts. If you do not confirm, please explain.

- c. Under the NSA, if the Bradford Group's actual volumes are less than its *after-rates* forecast volumes *and* less than the lowest discount threshold, please confirm that the Bradford Group will not earn discounts. If you do not confirm, please explain.

OCA/USPS-T1-31. Please refer to your response to OCA/USPS-T1-6(d), which identified NSA provisions that would permit risk mitigation, assuming the NSA is implemented as proposed. Part d. asked "how you controlled for uncertainty with respect to the risk factors . . . *when estimating* the Bradford Group's forecast volumes." (Emphasis added) Please respond to Part d. as asked, focusing exclusively on controlling for risk factors when estimating the Bradford Group's forecast volumes, rather than NSA provisions.

OCA/USPS-T1-32. Please refer to your response to OCA/USPS-T1-7(b). If the Postal Service "will not be able to distinguish volume changes caused by the other factors from those generated in response to the discounts," as stated in response to Part a., please explain how the Postal Service will know, at the conclusion of the three-year period of the NSA, that any net contribution received is the result of volume generated solely in response to the discounted rates.

OCA/USPS-T1-33. Please refer to your response to OCA/USPS-T1-10, concerning Appendix C, Table 1, the Value To Volume Sensitivity Matrix Based on Year 1.

- a. With respect to your response to Part b., assume the following: In the row, “%Change,” the total percentage change in actual After Rates Letter Volume, i.e., (8.3%), (4.0%), (2.0%), **0.0%**, 5.0%, 10.0%, and 17.3%, remains the same. However, assume one-half of the total percentage change is caused by non-price factors, and the other half is caused by the discounts. Also, assume there is no change in the percentages shown in the “%Change” column for Before Rates Letter Volume. Please complete the cells in Appendix C, Table 1, and provide an electronic version of Appendix A identifying any changes to Appendix A that were used to complete Table 1.
- b. With respect to your response to Part b., assume the following: In the row, “%Change,” the total percentage change in actual After Rates Letter Volume, i.e., (8.3%), (4.0%), (2.0%), **0.0%**, 5.0%, 10.0%, and 17.3%, remains the same. However, assume that all of the total percentage change is caused by non-price factors. Also, assume there is no change in the percentages shown in the “%Change” column for Before Rates Letter Volume. Please complete the cells in Appendix C, Table 1, and provide an electronic version of Appendix A identifying any changes to Appendix A that were used to complete Table 1.