

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

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT
WITH LIFE LINE SCREENING

Docket No. MC2007-5

RESPONSES OF POSTAL SERVICE WITNESS YORGEY
TO INTERROGATORIES OF THE AMERICAN POSTAL WORKERS UNION, AFL-CIO
(APWU/USPS-T1-1-4)
(October 5, 2007)

The United States Postal Service hereby provides the responses of witness Yorgey to the following interrogatories of the American Postal Workers Union, AFL-CIO (APWU), filed on September 21, 2007: APWU/USPS-T1-1-4.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 5, 2007

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

APWU/USPS-T1-1. Please confirm that the volume forecast shown on page 2 of Appendix A skips from FY2006 to FY2008 and does not show FY2007 volume.

RESPONSE:

Confirmed.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY
TO INTERROGATORY OF THE AMERICAN POSTAL WORKERS UNION

APWU/USPS-T1-2. When will the Postal Service have actual FY2007 volume data for Life Line? Are there any partial year results available from the Postal Service's system to provide an estimate of actual FY2007 data for Life Line?

RESPONSE:

The Postal Service will have actual FY2007 volume data by mid-October. Partial year data is currently available; however, since the end of the year data will be available within one or two weeks, the Postal Service can provide this data for the record if requested in follow-up interrogatories.

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APWU/USPS-T1-3. On pages 8-9 of your testimony, you state that “the Postal Service believes that Life Line’s presentations of its plans are reasonable and are relied on to support the agreement.” Please provide a more complete analysis and explanation of why you believe that a decline in excess of 6% can be expected in Life Line’s volume between FY2007 and FY2008 and a further decline of 4% can be expected in its volume between FY2008 and FY2009 if this agreement is not approved

RESPONSE:

Life Line has projected a decline due to: 1) an increase in Standard Mail rates, 2) a decrease in the pace of geographic expansion, and 3) the movement to non-direct mail marketing channels. Specifically, witness Greenberg states the rate increases in 2006 and 2007 have made direct mail less attractive financially as a marketing tool. Witness Greenberg states other less expensive marketing channels are being explored as an acquisition tool. Additionally, now that Life Line Screening’s screening teams have covered most of the country, there will be fewer mailings that announce Life Line Screening’s expansion of its screening teams into new geographic areas. Please also see Appendix 1, USPS-T-1.

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APWU/USPS-T1-4. If the Before Rates forecast of volume for 2008 through 2010 were equal to the 96,000,000 Mr. Greenberg is estimating for 2007, what impact would that have on your calculations?

RESPONSE:

If the Before Rates forecast for 2008-2010 were equal to 96 million, the impact on the calculations would change the total USPS value to \$0.6 million, \$1.1 million, and \$1.1 million, for Year 1, Year 2, and Year 3, respectively.