

Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Rate and Service Changes to Implement )  
Functionally Equivalent Negotiated Service ) Docket No. MC2004-4  
Agreement with Discover Financial )  
Services, Inc. )

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO UNITED STATES POSTAL SERVICE  
WITNESS ALI AYUB (OCA/USPS-T1-41-42)  
August 5, 2004

---

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/DSF-T1-1-5, dated June 25, 2004, are hereby incorporated by reference.

Respectfully submitted,

---

SHELLEY S. DREIFUSS  
Director  
Office of the Consumer Advocate

EMMETT RAND COSTICH  
Attorney

1333 H Street, N.W.  
Washington, D.C. 20268-0001  
(202) 789-6830; Fax (202) 789-6819  
email: costicher@prc.gov

OCA/USPS-T1-41. Please refer to your testimony, Appendix A, page 10, and the table below.

<u>Contribution per Piece</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
First-Class Marketing Mail, After Rates	\$0.158	\$0.152	\$0.147
Standard Mail Contribution per Piece	<u>\$0.091</u>	<u>\$0.088</u>	<u>\$0.084</u>
Net Contribution	\$0.067	\$0.065	\$0.063
Discount	<u>\$0.045</u>	<u>\$0.045</u>	<u>\$0.045</u>
Net Contribution less Discount	\$0.022	\$0.020	\$0.018

- a. Please confirm that Discover's Year 1 After Rates Net Contribution per Piece, after the 4.5 cent discount, is \$0.022. If you do not confirm, please explain.
- b. Please confirm that Discover's Year 2 After Rates Net Contribution per Piece, after the 4.5 cent discount, is \$0.020. If you do not confirm, please explain.
- c. Please confirm that Discover's Year 3 After Rates Net Contribution per Piece, after the 4.5 cent discount, is \$0.018. If you do not confirm, please explain.

OCA/USPS-T1-42.

- a. Please confirm that Capital One's TYAR Contribution per Piece less Discount is:

Capital One FCM Revenue per Piece	\$0.2910	[1]
TYAR Unit Cost, Capital One	<u>\$0.1266</u>	[2]
TYAR Contribution per Piece	\$0.1644	[3] = [1] – [2]
Discount, "1,600,000,000 to Above" Tier	<u>\$0.0600</u>	[4]
TYAR Contribution per Piece less Discount	\$0.1040	[5] = [3] – [4]

Notes & Sources:

- [1] Docket No. MC2002-2, USPS-T-3 (Crum), Attachment A, Page 1, Col. (3)
- [2] Docket No. MC2002-2, USPS-T-3 (Crum), Attachment A, Page 2, Line (25)
- [4] Docket No. MC2002-2, Request, Attachment B, Rate Schedule 610A (Capital One)

If you do not confirm, please explain.

- b. Please confirm that Capital One's TYAR Contribution per Piece less Discount is 4.7 ( $\$0.1040 / \$0.022$ ) times Discover's Year 1 Net Contribution per Piece less Discount. If you do not confirm, please explain.