

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 YORGEY
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T2-11a&b, 12a & 13)**

The United States Postal Service hereby provides the responses of witness Yorgey to the following interrogatories of the Office of the Consumer Advocate, filed on August 5, 2005: OCA/USPS-T2-11a&b, 12a, and 13. Interrogatory OCA/USPS-T2-12b was redirected to witness Plunkett and interrogatory OCA/USPS-T2-14 was redirected to witness Epp. An objection to questions 11c & d was filed on August 15.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YORGEY
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T2-11. Please refer to your testimony at page ii. You state that: "In 1996, I was selected as the Program Manager for International Customized Mail agreements in the newly formed International Business Unit. I was responsible for negotiation, development and implementation of ICM agreements."

- a. Please describe your duties in negotiating and implementing ICM agreements.
- b. Please give the time period during which you negotiated and implemented ICM agreements.

RESPONSE:

a-b. In 1996, as Program Manager for International Customized Mail agreements, my initial duties included: developing a process to negotiate agreements; creating profile worksheets for USPS Sales Specialist to complete; facilitating the development of agreements with International Pricing, International Operations and International Product Managers; developing communication to USPS District offices to implement agreements; and developing a data tracking reports. Over the past 9 years, I have continued to work on the implementation process, tracking data to ensure agreement compliance, and providing customer service support by assisting customers with specific international mailing issues.

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OCA/USPS-T2-12.

- a. Please explain how it is to the advantage of the Postal Service to have asymmetric threshold adjustments, i.e., if actual volumes are **12** percent or more above that year's commitment, then the next year's volume commitment will be an **average** of the current year and original volume commitment; but if volume is **5** percent or more below that year's commitment, then the next year's volume commitment is decreased by the **full** percentage difference between the actual volume and the original commitment.
- b. Please confirm that these adjustments are skewed strongly in favor of Bookspan. If you do not confirm, then please explain.

RESPONSE:

- a. The adjustment thresholds were designed to allow for unforeseeable changes in market conditions and to reduce risk for the Postal Service and Bookspan. As part of the negotiation process, both parties agreed that if a volume increase occurred above the forecast, this mechanism would create an adjustment for continuing the incentive in the next year's threshold. As growth continues above forecasted levels, the mechanism protects the Postal Service by upwardly adjusting the incentive level. However, if the market were impacted by unforeseen circumstances causing a decline of solicitation volumes, the mechanism provides for an adjustment so that the utility of volume incentives would not be irretrievably lost. Both upward and downward adjustments therefore encourage an increase of Standard Mail that may not have been possible otherwise.
- b. Redirected to witness Plunkett.

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OCA/USPS-T2-13. In your testimony, at 8, you describe an upswing in volumes for Bookspan in 2004. You further state that: "Bookspan explained to us that this was a one-time occurrence in response to new legislation limiting telephone solicitation"

- a. What corroborative evidence do you have that this is a "one time occurrence?" Provide all such evidence.
- b. Is it your understanding that the new legislation limiting telephone solicitation is permanent and not limited to 2004? If your answer is negative, please explain fully.
- c. Please provide a citation to the new legislation limiting telephone solicitation.

RESPONSE:

- a. My understanding is that when the legislation took effect, Bookspan had to discontinue its marketing channel of telephone solicitation. As a consequence, the money that Bookspan had budgeted for telephone solicitation in 2004 was reallocated to its direct mail market programs. Please see the response of witness Epp to OCA/Bookspan-T2-2-5.
- b. The no call legislation will exist beyond 2004; however, my understanding is that Bookspan is not allocating budget amounts to telemarketing. Please see the response of witness Epp to OCA/Bookspan-T2-2-5.
- c. Counsel has advised me that the legislation I referred to is cited as the Do-Not-Call Implementation Act, Pub. L. No. 108-10, 117 Stat. 557 (2003), 15 U.S.C. § 6101. y

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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