

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

REVISED RESPONSE OF POSTAL SERVICE WITNESS PARR
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-36)
(October 30, 2007)

The United States Postal Service hereby provides the revised response of United States Postal Service witness Parr (USPS-T-1) to the following interrogatory of the Office of the Consumer Advocate, filed on September 26, 2007: OCA/USPS-T1-36. The original response was filed on October 10, 2007. The revised response, attached below, replaces the original response in its entirety.

The interrogatory is stated verbatim and is followed by the revised response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Elizabeth A. Reed

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3179, Fax -6187
October 30, 2007

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

OCA/USPS-T1-36. Please refer to your response to OCA/USPS-T1-33(a)-(b), and to your testimony, Appendix C, Table 1, entitled Value to Volume Sensitivity Matrix Based on Year 1, a portion of which, showing only the “Before Rates Letter Volume” row of 146.5 million, is reproduced below.

Appendix C
Value to Volume Sensitivity Matrix
Based on Year 1

Table 1:

		After Rates Letter Volume							
Volumes (millions)		154.0	161.3	164.6	168.0	176.4	184.8	195.0	
% Change		(8.3%)	(4.0%)	(2.0%)	0.0%	5.0%	10.0%	17.3%	
Before Rates Letter Volume	146.5	0.0%	\$ 0.9	\$ 1.5	\$ 1.7	\$ 1.9	\$ 2.4	\$ 2.9	\$ 3.5

a. Please confirm that the table above accurately displays the row and column headings and the estimated total USPS value (in millions) for the selected row extracted from Appendix C, Table 1. If you do not confirm, please explain.

Also, please refer to the following table entitled “OCA Exhibit 1, Value to Volume Sensitivity Analysis Assuming After-Rates Letter Volume Caused by Non-Price Factors,” and the accompanying electronic Excel file “OCA Exh1_App C_Analysis.”

b. In the row, “%Change,” showing the total percentage change in actual After Rates Letter Volume of (8.3%), (4.0%), (2.0%), **0.0%**, 5.0%, 10.0%, and 16.0%, assume that the total percentage change is caused by non-price factors, rather than the price incentives of the NSA. Please confirm that the estimated total USPS value is shown in the table below: If you do not confirm, please explain, show all calculations in electronic form that supports your explanation, and provide citations to all sources.

OCA Exhibit 1
Value to Volume Sensitivity Matrix
Assuming After Rates Letter Volume Caused by Non-Price Factors
Based on Year 1

		After Rates Letter Volume							
Volumes (millions)		154.0	161.3	164.6	168.0	176.4	184.8	195.0	
% Change		(8.3%)	(4.0%)	(2.0%)	0.0%	5.0%	10.0%	16.1%	
Before Rates Letter Volume	146.5	0.0%	\$ 289,737	\$ 159,137	\$ 91,937	\$ 19,737	\$ (190,263)	\$ (439,263)	\$ (745,263)

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

RESPONSE:

- a. Confirmed.
- b. Not confirmed. As I understand the posited scenario, you are assuming that actual volumes will deviate from forecast volumes as a result of factors other than the discount offered, but that volume will not change as a result of the discount. Because the only factor that is assumed to change between the before-rates and after-rates conditions in Appendix A is price, the correct way to evaluate the scenario described above is to set the before-rates and after-rates volumes equal to each other and use the resulting total USPS value from the "value" sheet of Appendix A.