

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

Rate and Service Changes to Implement )  
Functionally Equivalent Negotiated Service )  
Agreement with Discover Financial Services, Inc. )

Docket No. MC2004-4

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO DISCOVER FINANCIAL SERVICES  
WITNESS KARIN GIFFNEY (OCA/DFS-T1-1-5)  
June 25, 2004

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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.

If data requested are not available in the exact format or level of detail requested, any data available in (1) a substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

The production of documents requested herein should be made by photocopies attached to responses of these interrogatories. If production of copies is infeasible due to the volume of material or otherwise, provision should be made for inspection of responsive documents at the Office of the Consumer Advocate, 1333 H Street, N.W., Washington, D.C. 20268-0001, during the hours of 8:00 a.m. to 4:30 p.m.

If a privilege is claimed with respect to any data or documents requested herein, the party to whom this discovery request is directed should provide a Privilege Log (see, e.g., Presiding Officer Ruling C99-1/9, p. 4, in *Complaint on PostECS*, Docket No.

C99-1). Specifically, “the party shall make the claim expressly and shall describe the nature of the documents, communications, or things not produced or disclosed in a manner that, without revealing information itself privileged or protected, will enable other parties to assess the applicability of the privilege or protection.” Fed. R. Civ. P. 26(b)(5).

The term “documents” includes, but is not limited to: letters, telegrams, memoranda, reports, studies, newspaper clippings, speeches, testimonies, pamphlets, charts, tabulations, and workpapers. The term “documents” also includes other means by which information is recorded or transmitted, including printouts, microfilms, cards, discs, tapes and recordings used in data processing together with any written material necessary to understand or use such punch cards, discs, tapes or other recordings.

“All documents” means each document, as defined above, that can be located, discovered or obtained by reasonable diligent efforts, including without limitation all documents possessed by: (a) you or your counsel; or (b) any other person or entity from whom you can obtain such documents by request or which you have a legal right to bring within your possession by demand.

“Communications” includes, but is not limited to, any and all conversations, meetings, discussions and any other occasion for verbal exchange, whether in person or by telephone, as well as all documents, including but not limited to letters, memoranda, telegrams, cables, or electronic mail.

“Relating to” means discussing, describing, reflecting, containing, analyzing, studying, reporting, commenting on, evidencing, constituting, setting forth, considering, recommending, concerning, or pertaining to, in whole or in part. Responses to requests

for explanations or the derivation of numbers should be accompanied by workpapers. The term "workpapers" shall include all backup material whether prepared manually, mechanically or electronically, and without consideration to the type of paper used. Such workpapers should, if necessary, be prepared as part of the witness's responses and should "show what the numbers were, what numbers were added to other numbers to achieve a final result." The witness should "prepare sufficient workpapers so that it is possible for a third party to understand how he took data from a primary source and developed that data to achieve his final results." Docket No. R83-1, Tr. 10/2795-96. Where the arithmetic manipulations were performed by an electronic digital computer with internally stored instructions and no English language intermediate printouts were prepared, the arithmetic steps should be replicated by manual or other means.

Please especially note that if you are unable to provide any of the requested documents or information, as to any of the interrogatories, provide an explanation for each instance in which documents or information cannot be or have not been provided.

Respectfully submitted,

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OCA/DFS-T1-1. In your testimony at page 2, lines 18-20, you state that you are providing insights into the economic factors, industry trends, and company practices that influence the selection of marketing channels and mail forecasts.

(a) To what degree does the state of the economy (whether we are in a recession, whether better times are ahead, whether consumers are confident, trends in interest rates, etc.) affect the marketing of credit cards? Please address specific, relevant factors.

(b) What are the primary drivers affecting the selection of specific marketing channels?

OCA/DFS-T1-2. In your testimony at page 8, line14, through page 9 line 7 you provide Before-NSA and After-NSA forecasts of mail volume.

(a) Please provide the models, statistical analyses, estimating procedures, and/or other relevant quantitative documentation substantiating the forecasts.

(b) Please provide your understanding of the underlying factors that would cause Discover to switch between Standard Mail and First-Class Mail, as referenced at page 5, line19.

OCA/DFS-T1-3. In your testimony at page 5, lines 1-2, you indicate that direct mail is a part of Discover's core strategy. In Appendix 1, you provide Discover's mailing data from December of 1999 onwards for First-Class Mail. Please provide similar data from December 1995 through November of 1999, thereby providing some verification of Discover's mailing trends as related to actual and forecasted volumes over an extended period of macroeconomic variability.

OCA/DFS-T1-4. In your testimony at page 8, lines 18-19, you indicate that your First-Class Mail projections for the next three years are essentially flat, notwithstanding a recent reported industry trend toward lower First-Class Mail volumes. Please explain why the projections are flat, as related to your use of First-Class Mail, Standard Mail, and the drivers that affect marketing programs.

OCA/DFS-T1-5. In your testimony at page 9, lines 13-15 you indicate that your projection for the After-NSA forecast is based upon an upgrade from Standard Mail to First-Class Mail for existing marketing campaigns. In order to understand potential Postal Service losses in Standard Mail revenues, and potential gains in First-Class Mail revenues, and the overall level of mailings under previous and projected economic conditions, please provide Discover's monthly data for Standard Mail for the time period December 1995 to December 2003.