

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

RATE AND SERVICE CHANGES TO IMPLEMENT
BASELINE NEGOTIATED SERVICE AGREEMENT
WITH WASHINGTON MUTUAL BANK

Docket No. MC2006-3

**UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO OFFICE OF CONSUMER ADVOCATE WITNESS CALLOW
(USPS/OCA-T1—17-18)**

Pursuant to rules 25 and 26 of the Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to Office of Consumer Advocate witness Callow: USPS/OCA-T1—17-18.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Customer Programs

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September 12, 2006

USPS/OCA-T1-17. On page 24, lines 22 to 24, of your testimony, you state, "The Panzar analysis does not consider the Postal Service's...costs of litigation to obtain regulatory approval."

- a) To your knowledge, has the Postal Rate Commission ever considered a party's costs of litigation to obtain regulatory approval in a rate and classification proceeding? If yes, please provide examples.
- b) Please confirm that, as a general matter, the USPS's NSA litigation and negotiation costs are likely to increase when an intervenor files testimony. If you cannot confirm, please explain.
- c) Please confirm that, as a general matter, the USPS's NSA litigation and negotiation costs are likely increase when the Commission alters the terms of the NSA. If you cannot confirm, please explain.

USPS/OCA-T1-18. Please refer to page 25, lines 15 and 16, and page 26, line 1, of your testimony. You state, "I estimate the Postal Service's investment in negotiating and litigating the Washington Mutual NSA at \$250,000 each...or \$500,000."

- a) Please provide the quantitative analysis on which you relied to develop this estimate.
- b) Please confirm that you used either the penalty figure from section II(J) of the Washington Mutual NSA ("Solicitation Mail Volume Guarantee") or the penalty figure from section III(D) of the agreement as a proxy for your estimate of the USPS's costs for negotiating and litigating the agreement. If you cannot confirm, please explain.
- c) Please confirm that, to your knowledge, the USPS has never represented that either of the penalty figures referenced in subpart (b) serves as a proxy for the USPS's costs for negotiating and litigating the agreement. If you cannot confirm, please explain.

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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