

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

RESPONSES OF POSTAL SERVICE WITNESS PARR  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T1-17-26) (Revised)  
(September 21, 2007)

The United States Postal Service hereby provides the revised responses of witness Parr to the following interrogatories of the Office of the Consumer Advocate, filed on September 6, 2007: OCA/USPS-T1-17-26.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 21, 2007

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

**OCA/USPS-T1-17.** Please refer to your testimony at page 12, lines 14-17, where it states:

To the extent that the after-rates volume forecasts underestimate Bradford Group's volume response to the price incentives, the benefits to the Postal Service will exceed those presented in this case.

Please confirm that to the extent any of the Bradford Group's volume response is caused by non-price factors, the benefits to the Postal Service will be less than those presented in this case. If you do not confirm, please explain.

**RESPONSE:**

Not confirmed. Given that non-price factors can have both negative and positive effects on volume response, benefits to the Postal Service can be less than or exceed those presented in this case.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PARR  
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**OCA/USPS-T1-18.** Please refer to your testimony at page 13, line 12, and the phrase “reduces the risk of discount exposure.”

- a. Please explain the meaning of “discount exposure” as used in this phrase.
- b. Please explain and give one or more examples of what would trigger the Postal Service’s unconditional right to terminate the agreement so as to “reduce[ ] the risk of discount exposure.”

**RESPONSE:**

- a. Discount exposure, as used in the cited phrase, means the amount by which the Before-Rates forecast volume exceeds the minimum volume threshold in any tier, in any year.
- b. Under the Bradford Group NSA, there is nothing which will “trigger” the Postal Service’s unconditional right to terminate the agreement in order to prevent annual Before-Rates forecast volumes from exceeding annual minimum threshold volumes. The provision for termination upon 30 days’ notice in the contract provides a disincentive for any potential NSA partner to overestimate their Before-Rates volume forecasts, thereby reducing the risk of discount exposure to the Postal Service.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PARR  
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**OCA/USPS-T1-19.** Please refer to your testimony, Appendix A, page 3, and the column entitled "Revenue per piece (1)." Also, please refer to Appendix B, page B-2, where it states, "the revenue calculations use prices which took effect May 14, 2007."

- a. Please confirm that the "prices [rates] which took effect May 14, 2007," for Standard Mail letters in the Regular Automation Categories (Rate Schedule 321B) are \$0.252, \$0.238, \$0.233, and \$0.218 for Mixed AADC, AADC, 3-Digit, and 5-Digit, respectively. If you do not confirm, please explain.
- b. Please confirm that the "Revenue per piece" figures shown in column (1) include Destination Entry Discounts. If you do not confirm, please explain.
- c. Please show all calculations used to derive the "Revenue per piece" figures shown in column (1), and provide citations to all figures used in such calculations.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed.
- c. A joint motion for protective conditions has been filed.

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

**OCA/USPS-T1-20.** Please refer to your testimony, Appendix A, page 3, which presents the volumes for the Bradford Group's Standard Mail Regular letters in the column entitled "Volume (2)." Please provide electronic workpapers showing the development of the "Volume" figures for letters shown in column (2). Also, please provide citations to all figures used.

**RESPONSE:**

A joint motion for protective conditions has been filed.

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

**OCA/USPS-T1-21.** Please refer to your testimony, Appendix A, page 5, and the column entitled "Revenue per piece (1)." Also, please refer to Appendix B, page B-2, where it states, "the revenue calculations use prices which took effect May 14, 2007."

- a. Please confirm that the "prices [rates] which took effect May 14, 2007," for Standard Mail flats in the Regular Nonautomation Categories (Rate Schedule 321A) are \$0.515, \$0.461, \$0.427, and \$0.363 for Mixed AADC, AADC, 3-Digit, and 5-Digit, respectively. If you do not confirm, please explain.
- b. Please confirm that the "Revenue per piece" figures shown in column (1) for nonautomation flats include Destination Entry Discounts. If you do not confirm, please explain.
- c. Please provide electronic workpapers showing the development of the "Revenue per piece" figures for nonautomation flats shown in column (1). Also, please provide citations to all figures used.
- d. Please confirm that the "prices [rates] which took effect May 14, 2007," for Standard Mail flats in the Regular Automation Categories (Rate Schedule 321B) are \$0.477, \$0.424, \$0.392, and \$0.335 for Mixed AADC, AADC, 3-Digit, and 5-Digit, respectively. If you do not confirm, please explain.
- e. Please confirm that the "Revenue per piece" figures shown in column (1) for automation flats include Destination Entry Discounts. If you do not confirm, please explain.
- f. Please provide electronic workpapers showing the development of the "Revenue per piece" figures for automation flats shown in column (1). Also, please provide citations to all figures used.
- g. Please confirm that the "prices [rates] which took effect May 14, 2007," for Standard Mail Enhanced Carrier Route flats (Rate Schedule 322) is \$0.249, for Basic. If you do not confirm, please explain.
- h. Please confirm that the "Revenue per piece" figure shown in column (1) for Enhanced Carrier Route flats includes Destination Entry Discounts. If you do not confirm, please explain.
- i. Please provide electronic workpapers showing the development of the "Revenue per piece" figure for Enhanced Carrier Route flats shown in column (1). Also, please provide citations to all figures used.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed.
- c. A joint motion for protective conditions has been filed.
- d. Confirmed.

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

- e. Confirmed.
- f. A joint motion for protective conditions has been filed.
- g. Confirmed.
- h. Confirmed.
- i. A joint motion for protective conditions has been filed.

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

**OCA/USPS-T1-22.** Please refer to your testimony, Appendix A, page 5, which presents the volumes for the Bradford Group's Standard Mail Regular and ECR flats in the column entitled "Volume (2)." Please provide electronic workpapers showing the development of the "Volume" figures for flats shown in column (2). Also, please provide citations to all figures used.

**RESPONSE:**

A joint motion for protective conditions has been filed.

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

**OCA/USPS-T1-23.** Please refer to your testimony, Appendix A, page 4, which presents the Bradford Group's Standard Mail Regular Letter Unit Cost in the column entitled "TYAR 2008 Total Unit Cost (Dollars) (1)." Please provide electronic workpapers showing the development of the "TYAR 2008 Total Unit Cost" figures for Standard Mail Regular letters shown in column (1). Also, please provide citations to all figures used.

**RESPONSE:**

See attached file "Table 2.Resp.OCA.23-26.xls"

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

**OCA/USPS-T1-24.** Please refer to your testimony, Appendix A, page 4, which presents the Bradford Group's Standard Mail Regular Letter Unit Cost in the column entitled "TYAR 2008 Total Unit Cost (Dollars) (1)." Also, please refer to the testimony of witness Yorgey (USPS-T-1), Appendix A, page 4, in Docket No. MC2005-3, and the response of witness Yorgey to POIR No 1, Question 2 in Docket No. MC2005-3, which shows the development of Bookspan's Standard Mail Regular total unit cost for letters. Please provide electronic workpapers showing the development of the "TYAR 2008 Total Unit Cost" figures for the Bradford Group's Standard Mail Regular letters in the same manner as provided in response to POIR No. 1, Question 2 in Docket No. MC2005-3. Provide citations to all figures used.

**RESPONSE:**

See attached file "Table 2.Resp.OCA.23-26.xls"

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

**OCA/USPS-T1-25.** Please refer to your testimony, Appendix A, page 6, which presents the Bradford Group's Standard Mail Regular and ECR Flats unit costs in columns (1) and (5), both entitled "TYAR 2008 Total Unit Cost (Dollars)." Please provide electronic workpapers showing the development of the "TYAR 2008 Total Unit Cost" figures for Standard Mail Regular and ECR flats shown in columns (1) and (5). Also, please provide citations to all figures used.

**RESPONSE:**

See attached file "Table 2.Resp.OCA.23-26.xls"

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

**OCA/USPS-T1-26.** Please refer to your testimony, Appendix A, page 6, which presents the Bradford Group's Standard Mail Regular and ECR flats unit costs in the column entitled "TYAR 2008 Total Unit Cost (Dollars) (1)." Also, please refer to the testimony of witness Yorgey (USPS-T-1), Appendix A, page 6, in Docket No. MC2005-3, and the response of witness Yorgey to POIR No 1, Question 2 in Docket No. MC2005-3, which shows the development of Bookspan's Standard Mail Regular and ECR total unit cost for flats. Please provide electronic workpapers showing the development of the "TYAR 2008 Total Unit Cost" figures for the Bradford Group's Standard Mail Regular and ECR flats in the same manner as provided in response to POIR No. 1, Question 2 in Docket No. MC2005-3. Provide citations to all figures used.

**RESPONSE:**

See attached file "Table 2.Resp.OCA.23-26.xls"