

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

Rate and Service Changes to Implement)
Functionally Equivalent Negotiated Service) Docket No. MC2004-4
Agreement with Discover Financial)
Services, Inc.)

OFFICE OF THE CONSUMER ADVOCATE
FOLLOW-UP INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS ALI AYUB (OCA/USPS-T1-44-46)
August 18, 2004

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. Instructions included with OCA interrogatories OCA/DSF-T1-1-5, dated June 25, 2004, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T1-44. Please refer to your response to OCA/USPS-T1-35(a), where it states “The current ratio of Discover’s marketing mail volume to total First-Class mail volume is 33.6%.” Please confirm that the “current” (i.e., Year 1) ratio should be 34.59 (156,000,000 / 451,000,000) percent. If you do not confirm, please explain.

OCA/USPS-T1-45. Please refer to your response to OCA/USPS-T1-35(a), where it states “While both DFS and the Postal Service agree that a cap limits the potential volume response to the price incentives, DFS appears to believe that the cap of \$14 million for the term of the agreement or (\$4.6 million per year) provides them ample opportunity for growth.” Please confirm that the “competitive cap” proposed by Discover is \$13 million. See DFS-T-1 (Giffney), page 12; *and*, USPS-T-1 (Ayub), page 9, lines 14-15. If you do not confirm, please explain.

OCA/USPS-T1-46. Please refer to your response to OCA/USPS-T1-36(a)-(d), and the attachment to OCA/USPS-T1-28.

- a. Please refer to the Excel worksheet “OCA36a”. For cells D6, D7, D11 and D14, enter the following: in D6, 0.5512; in D7, 0.3432; in D11, $=156000000/(295000000+156000000)$; and, in D14, $=497630513/1000$. After making these changes, please confirm that your result in line (11) is the same as the figure \$2,830,220 in line [10] of Table 1, Year 1 – ACS Related Savings of the attachment to OCA/USPS-T1-28. If you do not confirm, please explain.
- b. Please refer to the Excel worksheet “OCA36b”. For cells D6, D7, D11 and D14, enter the following: in D6, 0.573248; in D7, 0.356928; in D11,

=156000000/(290000000+156000000); and, in D14, =501928341/1000. After making these changes, please confirm that your result in line (11) is the same as the figure \$3,002,134 in line [10] of Table 1, Year 2 – ACS Related Savings of the attachment to OCA/USPS-T1-28. If you do not confirm, please explain.

- c. Please refer to the Excel worksheet “OCA36c”. For cells D6, D7, D11 and D14, enter the following: in D6, 0.59617792; in D7, 0.37120512; in D11, =156000000/(285000000+156000000); and, in D14, =506540893/1000. After making these changes, please confirm that your result in line (11) is the same as the figure \$3,186,636 in line [10] of Table 1, Year 3 – ACS Related Savings of the attachment to OCA/USPS-T1-28. If you do not confirm, please explain.
- d. Please refer to the Excel worksheet “OCA36d”. Please confirm that 95 percent of the ACS related cost savings over the term of the agreement is \$8,568,040 ($0.95 * (\$2,830,220 + \$3,002,134 + \$3,186,636)$), the same result in Table 3 of the attachment to OCA/USPS-T1-28. If you do not confirm, please explain.