

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

**RATE AND SERVICE CHANGES TO
IMPLEMENT BASELINE NEGOTIATED
SERVICE AGREEMENT WITH BOOKSPAN**

DOCKET NO. MC2005-3

**REDIRECTED RESPONSE OF WITNESS POSCH TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-10(a) and (c) and OCA/USPS-T1-13(c) and (d))**

(August 30, 2005)

Bookspan hereby provides the response of Witness Posch to Office of the Consumer Advocate interrogatories OCA/USPS-T1-10(a)and (c) and OCA/USPS-T1-13(c) and (d), filed August 11, 2005. The interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

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RESPONSE OF BOOKSPAN WITNESS POSCH TO REDIRECTED
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-10. Please turn to the “Request of the United States Postal Service for a Recommended Decision on Classifications and Rates to Implement a Baseline Negotiated Service Agreement with Bookspan,” Docket No. MC2005-3, July 14, 2005. Attachment A, 620.11 states, “Such pieces may be sent by Bookspan, by entities in which Bookspan holds controlling shares, or by their vendors on their behalf.”

- a. Please provide a list of entities in which Bookspan holds controlling shares. For each such entity, describe the organization, lines of business, functions, and markets in which it operates.
- c. Please explain what party or parties own and/or control Bookspan.

Response:

- a. There are currently no active entities in which Bookspan holds controlling shares.
- c. Bookspan is a Delaware general Partnership with partnership interests held by Doubleday Direct Inc. and Book of the Month Club Holdings LLC.

OCA/USPS-T1-13. Please turn to the “Request of the United States Postal Service for a Recommended Decision on Classifications and Rates to Implement a Baseline Negotiated Service Agreement with Bookspan,” Docket No. MC2005-3, July 14, 2005. Attachment A, 620.11 states, “Such letters may include promotions of Bookspan’s strategic business alliances.”

- c. Assuming that Bookspan is owned and/or could be owned by another corporation and/or group of corporations, could Bookspan develop strategic business alliances under the provisions of 620.11? If not, why not?
- d. In addition to current strategic business alliances, is there the possibility of the development of future strategic alliances and, if so, please describe the types, purposes, and potential transactions of such alliances.

Response:

- c. Bookspan is a partnership with ownership interests held by other entities. See response to OCA/USPS-T1-10(c).

RESPONSE OF BOOKSPAN WITNESS POSCH TO REDIRECTED
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

Attachment A, section 620.11 describes the mail volumes which Bookspan mails now or in the future that qualify for discounts under the agreement. Some of the Standard Mail solicitation letters sent by Bookspan (under Bookspan's permits) may include inserts of third parties with which Bookspan has a business relationship. Historically, when soliciting its new members, Bookspan generally has not included inserts for third parties in its own mailpieces. Nonetheless, this year, Bookspan is testing inserts. For purposes of reaching this Agreement, Bookspan mail with and without inserts were included in Bookspan's solicitation volumes. The sentence concerning "strategic business alliances" was included to ensure that Bookspan's Standard Mail solicitation letters that include inserts would qualify for the NSA discount regardless of the relationship of the company to Bookspan.

d. Conceivably, yes. Bookspan simply cannot speculate on the types of strategic business alliances that may develop in the future. Please see the response to (c) above. As Witness Epp explains in his testimony, Bookspan's marketing budgets drive its mail volume forecasts. I expect any new strategic business alliances to be required to operate within Bookspan's overall budgetary constraints. Therefore, to the extent that there could be future strategic business alliances that generate new mail volumes, these volumes are within the forecasts.