

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

OFFICE OF CONSUMER ADVOCATE
MOTION TO COMPEL RESPONSES TO
INTERROGATORIES OCA/USPS-T2-11(c)-(e)
(September 1, 2005)

The Office of the Consumer Advocate (OCA) hereby moves for a ruling directing the Postal Service to respond to interrogatories OCA/USPS-T2-11(c)-(e), directed to witness Yorgey. The interrogatories seek information on the financial performance of negotiated service agreements (NSAs) known as International Customized Mail agreements. The interrogatories are attached.

The sole objection that the Postal Service offers is lack of relevance. The objection is baseless. The success of witness Yorgey in particular, and of the Postal Service in general, in negotiating and administering NSAs is patently relevant in a baseline NSA proceeding. More specifically, information concerning the financial performance of previously implemented NSAs bears on the reliability of the financial projections provided in this proceeding. Even if witness Yorgey had not relied on her prior experience with NSAs as a basis for her status as an expert witness (which she did), the interrogatories could reasonably be expected to lead to the discovery of admissible evidence (the standard of relevance in Commission proceedings).

Part (c) of interrogatory 11 is preliminary to parts (d) and (e). Part (c) simply places a reasonable limit on the number of NSAs to be reviewed, as well as limiting the NSAs reviewed to those the witness should be more familiar with. The limitation is purely for the convenience of the Postal Service, as the financial performance of *all* NSAs bears on the credibility of the financial projections presented in this case. If a significant number of previously implemented NSAs has failed to generate profits (or if the Postal Service is ignorant of their profitability), then the probability that the Bookspan NSA will not be (or will not be known to be) profitable increases. Such an increased risk of unprofitability should be taken into account when evaluating any NSA.

Parts (d) and (e) ask what steps the Postal Service has taken to improve the accuracy of its NSA forecasts. If the Postal Service has been improving the accuracy of its financial forecasts for NSAs, the Commission can have more confidence in the Service's ability to forecast outcomes for the Bookspan NSA. On the other hand,

WHEREFORE, the OCA requests that the presiding officer direct the Postal Service to respond to interrogatories OCA/USPS-T2-11(c)-(e).

Respectfully submitted,

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OCA/USPS-T2-11. Please refer to your testimony at page ii. You state that: "In 1996, I was selected as the Program Manager for International Customized Mail agreements in the newly formed International Business Unit. I was responsible for negotiation, development and implementation of ICM agreements."

* * * * *

- c. Please state the number of ICM agreements, by year, that the Postal Service entered into during the period of time given in answer to part b. of this interrogatory. Please break down this number into:
 - i. number, or percentage, of total ICM agreements (by year) that broke even, i.e., revenues equaled costs.
 - ii. number, or percentage, of total ICM agreements (by year) that produced a surplus, i.e., revenues exceeded costs.
 - iii. number, or percentage, of total ICM agreements (by year) that lost money, i.e., costs exceeded revenues.

- d. Please list all measures used by the Postal Service to ensure revenue surpluses for ICM agreements.
 - i. How successful were these measures?
 - ii. If the measures were not entirely successful, what changes to these measures are being taken with respect to ICM agreements.

- e. Please describe in detail all methods and techniques that were used under your direction to estimate the volumes that would be entered by mailers pursuant to ICM agreements.
 - i. How accurate were the volume estimation methods and techniques that were used?
 - ii. If the measures were not entirely successful, what changes to these methods and techniques were adopted to make them more successful?