

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

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

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**DOCKET NO. MC2005-3**

**RESPONSE OF BOOKSPAN'S WITNESS EPP TO  
PARTS OF PRESIDING OFFICER'S INFORMATION REQUEST NO. 2**

**(September 7, 2005)**

Bookspan hereby responds to questions 1(b) (last sentence), 1(c) (last sentence), 1(d)(first sentence), and 1(e)(i) of Presiding Officer's Information Request No. 2, issued August 23, 2005. Each question is stated verbatim and followed by the response. Postal Service counsel advises us that the Postal Service intends to respond to the remaining questions or portions of questions.

Respectfully submitted,

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**RESPONSE OF BOOKSPAN WITNESS EPP TO PARTS OF PRESIDING  
OFFICER'S INFORMATION REQUEST NO. 2**

1. Please refer to Request of the United States Postal Service for a Recommended Decision on Classifications and Rates to Implement a Baseline Negotiated Service Agreement with Bookspan, Attachment A (proposed Domestic Mail Classification Schedule language). Section 620.11 states in part: “Eligible Standard Mail under this section is defined as letter shaped pieces sent by Bookspan for the purposes of soliciting book club membership of persons who are not current subscribers to the book club or clubs Bookspan is promoting in the mailing or to book club members whose membership is expiring.”

Also, please refer to Request of the United States Postal Service for a Recommended Decision on Classifications and Rates to Implement a Baseline Negotiated Service Agreement with Bookspan, Attachment F (Negotiated Service Agreement Between the United States Postal Service and Bookspan). Section I.A. states in part: “In the last three government fiscal years, Bookspan mailed an average of 87 million Standard Mail letters to consumers who were not the subscribers to the book club or clubs Bookspan was promoting in the mailing and to book club members whose membership was expiring. For the purposes of this agreement, the term ‘Bookspan Letter Mail Solicitations’ shall mean Standard Mail solicitation letters sent by Bookspan, by entities in which Bookspan holds controlling shares, and by their vendors on their behalf.”

Finally, please refer to Response of Bookspan to Presiding Officer’s Information Request No. 1, August 10, 2005, Response 4(c) states in part: “Finally, and perhaps most importantly, the volumes set forth below include letter mail sent by Bookspan to existing members and, therefore, ineligible for the NSA.”

The three sources cited above appear inconsistent in describing what types of Bookspan’s Standard Mail letters are eligible for mailing under the terms and conditions of the Negotiated Service Agreement. For example, the response to POIR No. 1 part 4(c) infers that “existing” members of a Bookspan book club are not eligible to receive mailings under the terms and conditions of the Negotiated Service Agreement. The DMCS language appears to describe mailings to existing customers. The contract does not place a restriction on mailing to existing customers. As another example, the contract appears to limit mailing to “solicitations” type mailings. However, it is not clear whether a mailing “to book club members whose membership is expiring,” as written in the proposed DMCS language, must be a solicitations type mailing.

- a. If there is a conflict between the requirements appearing in the Domestic Mail Classification Schedule language (Request, Attachment A) and the requirements appearing in the Negotiated Service Agreement contract (Request, Attachment F), how is the conflict resolved? Does the Domestic Mail Classification Schedule language take precedence? Please explain.

- b. Please describe the characteristics of Bookspan's Standard Mail that is eligible for mailing under the terms and conditions of the Negotiated Service Agreement. Is eligible Standard Mail limited to "solicitations" mail? Please describe the characteristics of Bookspan's Standard Mail that is not eligible for mailing under the terms and conditions of the Negotiated Service Agreement.
- c. Please confirm that "book club members whose membership is expiring" are existing members of a Bookspan book club. If this is a correct interpretation, will such existing members be eligible to receive Standard Mail under the terms of the Negotiated Service Agreement? At what point in time is the status of a member of a Bookspan book club changed from an "existing member" to an existing member "whose membership is expiring?"
- d. Please confirm that Bookspan uses Standard Mail for solicitations to more than one book club. If this is a correct assumption, please indicate whether existing members of one book club may receive Bookspan solicitations for a second (unrelated) book club under the terms of the Negotiated Service Agreement.
- e. Witness Posch states that: "A current member receives 16 to 19 Standard Mail letters per year offering the cycle's Featured Selection as well as other club selections and offerings." Bookspan-T-1 at 4.
  - i. Under what circumstances do these mailings solicit "book club membership of persons who are not current subscribers to the book club or clubs Bookspan is promoting in the mailing?"
  - ii. Under what circumstances are these mailings eligible for mailing under the terms of the Negotiated Service Agreement?

**Response:**

- b. (last sentence) Bookspan generates Standard Mail letters, flats and parcels.

Bookspan Standard Mail flats and parcels are not eligible for discounts under the Negotiated Service Agreement. Bookspan's Standard Mail letter mail consists of Current Member letters, and New Member letters. What Bookspan means by "Current Member" letters are the periodic advanced announcements of its book club selections. Current Member letters are not eligible for discounts under the Negotiated Service Agreement.

- c. (last sentence) For purposes of this Agreement, the status of a member of a Bookspan book club changes from an "existing member" to an existing member "whose

membership is expiring” when his or her account has been inactive for a period defined by the club's rules. Bookspan's club rules permit, but do not require such a customer to be dropped from receiving the Current Member mailings announcing the cycle's Featured Selection. If such a customer has met their club purchase commitment, he or she may receive an offer to re-new their purchase commitment in the club (such as 4 books for \$1 in exchange for a new purchase commitment) inserted in a Current Member mailing announcing the cycle's Featured Selection. Such a mail piece would be ineligible for the NSA discount. Also, an inactive customer may separately receive an advance reenrollment solicitation which offers a new membership in the same book club, and which includes a new enrollment offer. Such a mailpiece would be eligible for the NSA discount. (An inactive customer may receive both New Member and Current Member mailings.) Customers may also call Bookspan to cancel their membership; re-enrollment solicitations sent to such a customer are eligible for the NSA discount.

d. (first sentence) Confirmed. Bookspan uses Standard Mail for solicitations to each and every one of its many book clubs.

e. (i) The primary purpose of a Current Member solicitation mailing (as that term is described in (b) above) is to offer the cycle's Featured Selection and other club selections and offerings to existing members. Such a mailing may include inserts promoting another Bookspan club; regardless, a Current Member mailing would not be eligible for the NSA discount.