

**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 TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 1**

**(CORRECTED)**

**(September 29, 2005)**

Bookspan hereby responds to questions 4(a) and 4(c) of Presiding Officer's Information Request No. 1, issued July 26, 2005. Each question is stated verbatim and followed by the response. Postal Service witnesses Plunkett and Yorgey have answered the remaining questions.

Respectfully submitted,

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**RESPONSE OF BOOKSPAN WITNESS EPP TO PRESIDING OFFICER'S  
INFORMATION REQUEST NUMBER 1, QUESTIONS 4(A) AND 4(C)**

4. Bookspan witness Epp states that the significant drop in the before rates volume forecast for the first year of the agreement is “primarily due to the anticipated 5.4% increase in postage rates.” Bookspan-T-2, page 11, lines 12-13.
- a. Please provide a set of before and after rates volume estimates (separately for letters and flats) for each year of the agreement assuming that rates remain at current levels.
  - c. Please provide historical volumes that, as nearly as practicable, reflect the Standard Mail volumes (separately for letters and flats) of Bookspan in the year before and the year after the implementation of the R2001-1 rate increase.

**Response of Bookspan Witness Epp:**

- a. When the company’s budgeting process for 2006 began, the company already knew that there would be, or would highly likely be, a postal rate increase at some time during the company’s fiscal year and, therefore, we did not prepare hypothetical budgets or volume forecasts. Our current best estimate of volumes to which the NSA would apply on the artificial assumption that there is no rate increase is as follows:

	<b>No rate hike, no NSA</b>		
	2006	2007	2008
Letters	80	78	78
Flats	140	135	135
<b>Total</b>	<b>220</b>	<b>213</b>	<b>213</b>

The estimated reduction of letter and flat volume in 2007 is not predicated on the assumption that there would be a rate increase in 2007; rather, it reflects my judgmental assessment that, but for the NSA, there would be some shift of letters and flats to electronic media in that year.

c. The question calls for Bookspan's *total* Standard Mail volumes "in the year before and the year after" the rate increase that took effect on June 30, 2001. While we set forth below the information that we have that may be responsive to the question, several cautions concerning the use of this data must be noted. First, the fiscal year calculation used by Bookspan does not coincide with that of the Postal Service. Therefore, the historic volumes of mail eligible for NSA treatment submitted in this case was recomputed to conform to the Postal Service's fiscal year. Although, pursuant to the NSA, Bookspan will compute volumes of mail eligible for NSA treatment in accordance with the Postal Service's fiscal year during the term of the agreement, it has not historically done so and does not have such records for prior years.

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 letter –flat split provided for 2001 and 2002 are estimates derived by splitting the overall total according to the ratio of flats and letters sent during the respective years. With these cautions, the information requested is as follows:

2001

Total:	422,445,784
Letters:	195,388,615
Flats:	227,057,169

2002

Total:	449,772,518
Letters:	218,144,051
Flats:	231,628,467

2003

Total:	392,888,414
Letters:	202,194,712
Flats:	190,693, 701