

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

COMPLAINT OF CAPITAL ONE SERVICES, INC.

Docket No. C2008-3

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF VALPAK DIRECT MARKETING SYSTEMS, INC.  
AND VALPAK DEALERS' ASSOCIATION, INC.  
(VP/USPS-2-4)  
(September 30, 2008)**

The United States Postal Service hereby provides its response to the following interrogatories of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. ("Valpak"), filed on September 16, 2008: VP/USPS-2-4. A response to VP/USPS-1 is forthcoming.

Each interrogatory is stated verbatim, and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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September 30, 2008

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TO INTERROGATORY OF VALPAK DIRECT MARKETING SYSTEMS, INC.  
AND VALPAK DEALERS' ASSOCIATION, INC.

**VP/USPS-2.** Please refer to the response to APWU/USPS-1, which states that “[t]he types of mailers best suited for **this type of NSA** are those that can motivate key industry players, such as software **providers to large mailers....**” (Emphasis added.)

- a. Please define “this type of NSA” as it is used in this interrogatory response.
- b. Please respond to these questions about the phrase “this type of NSA.”
  - (i) What are the critical parameters that define “this type of NSA”?
  - (ii) Are you referring to any baseline NSA (as that term was used in prior Commission rules)?
  - (iii) Would any contract considered to be functionally equivalent to the Bank of America NSA fall within the scope of “this type of NSA”? Please explain any negative answer.
  - (iv) For any contract not considered functionally equivalent to the Bank of America NSA, what are the most critical considerations that might cause such a contract to fall within the scope of “this type of NSA”?
- c. Is it correct to infer that the Postal Service is unlikely to consider it ever appropriate to enter into an NSA of “this type” with any mailer that is not sufficiently large so as to be able to “motivate key industry players, such as software providers to large mailers”? Please explain any disagreement with this inference.
- d. Is the ability to motivate other “players” that are not party to the NSA itself considered to be any kind of prerequisite or threshold condition for obtaining “this type of NSA”?

**RESPONSE:**

- a. “This type of NSA” refers to an NSA with requirements similar to the Bank of America NSA, which are intended to accelerate adoption or use of new USPS technologies or processes.
- b. (i) A mailer commitment to implement a new service or suite of services, such as that outlined in section III of the Bank of America NSA, where such a commitment can be expected to drive industry adoption or use of the services well ahead of the time that such services are widely available or mandatory.

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- (ii) The Bank of America NSA would be an example of this type of NSA.
  - (iii) Each proposal for an NSA would have to be evaluated on its own merits,  
but generally we would expect this to be the case.
  - (iv) See (b)(i).
- c. Yes. While there may be cases where smaller mailers could make a valuable contribution to the development and implementation of new processes or technologies, it seems likely that large mailers would most likely fill that role, given the current industry structure and environment.
- d. The ability to motivate other industry participants is certainly a consideration, but each case needs to be evaluated on its own merits.

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**VP/USPS-3.** Please refer to the response to COS/USPS-1.

- a. Define the term “maximizing” as used in the third bullet in Part A of that response.
- b. Define what is intended by the phrase “maximizing Seamless Acceptance pilot size” as that phrase is used in the third bullet in Part A of that response.
- c. With respect to pilot testing of Seamless Acceptance, has the Postal Service placed any limits, either formal or informal, on the number of mailers permitted to participate in any such pilot test? If so, please describe those limits.
- d. Please explain why allowing one more major mailer to participate in pilot testing of seamless acceptance would not help maximize the Seamless Acceptance pilot size.

**RESPONSE:**

- a.-b. “Maximizing Seamless Acceptance pilot size” refers to the idea that, while the Postal Service needs a substantial amount of volume to have an effective test, and while it is desirable to have a significant volume of mail from multiple locations in the pilot, the complexity of the data systems involved, as well as their newness, make it desirable to have relatively few completely separate systems involved.
- c. The Postal Service has not created any such limits, although given the nature of the system development required, there is a practical upper bound to the number of both data and organizational interfaces that can reasonably be supported.
- d. The Postal Service does not disagree that, in the abstract, having an additional large mailer in the test could have added value, but the testing is now far along, and the additional value to be gained is small.

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**VP/USPS-4.** Please refer to the response to COS/USPS-11, and in Docket No. MC2007-1, responses to VP/USPS-T1-3 and 22. The response to part (d) of VP/USPS-T1-22 in Docket No. MC2007-1 states that "BAC will be required to implement Seamless Acceptance once the Postal Service has completed its beta-testing of the service." Please define the term "beta-testing" as it is used in this interrogatory response, and indicate whether a beta test is synonymous with either (i) a "pilot test" or (ii) a "field test" as those terms are used in the responses to COS/USPS-11 and VP/USPS-T1-3 (Docket No. MC2007-1). If a beta test is not synonymous with either of these two terms, please explain how it differs from each.

**RESPONSE:**

A beta test is the final test of a presumptively fully-developed system before release into a production environment. The term is used interchangeably with pilot test and field test in these interrogatory responses.