

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-5-11)  
(April 27, 2009)**

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 October 10, 2008: VP/USPS-5-11.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**VP/USPS-5.** Please refer to the response to PR/USPS-5 in this docket. Also refer to Docket No. MC2007-1, response to VP/USPS-T1-22, filed 4/24/07.

- a. Please define the term "first adopter" as used in the response to PR/USPS-5.
- b. The response to part (a) of VP/USPS-T1-22 states that "[a]t this time there are currently fewer than 5 mailers pilot testing Seamless Acceptance," and the response to part (b) states that Bank of America was not included among those "fewer than 5 mailers." Please explain whether any, some, or all, of these "fewer than 5 mailers" should be regarded as a "first adopter" of Seamless Acceptance?
- c. If some mailers, in addition to the "fewer than 5 mailers," agreed to participate in the pilot test of Seamless Acceptance, would the Postal Service regard any or all of them as "first adopters"?
- d. Please explain, and indicate the number of mailers that the Postal Service now considers to be a "first adopter" of Seamless Acceptance.
- e. If the response to preceding part (b) is to the effect that none of the "fewer than 5 mailers" in that early pilot test should be regarded as a "first adopter" of Seamless Acceptance, please explain the event (e.g., field test following completion of pilot test) and timing that would cause some mailer (or mailers) to qualify for the distinction of being regarded as a "first adopter" of Seamless Acceptance.

**RESPONSE:**

Please note that since the signing of the Bank of America NSA, the Postal Service has changed its focus to support testing for Full Service and Service Measurement. Full Service is a system we are deploying in May 2009 with lower rates in November 2009. The Full Service system will lay the foundation for moving to automated verifications and Seamless Acceptance. With the shift in focus in the current budgetary climate, the "Seamless Acceptance" program is not currently scheduled for deployment.

- a. Potential first adopters are those mailers who are now testing aspects of Seamless Acceptance; namely, the generation of unique Intelligent Mail barcodes and the submission of electronic documentation, which

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encompasses the unique barcodes and nesting information, in order to prove the concepts of in-depth electronic documentation and automated electronic verification. These mailers along with their vendors helped the Postal Service define requirements for electronic documentation and test the suite of Intelligent Mail barcodes and automated verification processes.

- b. Because we have not deployed Seamless Acceptance, there is no first adopter at this point. However we have used the intelligence gleaned in the pilot to define requirements for the future deployment of Seamless Acceptance. It has also helped us architect solutions for Full Service.
- c.-d. See part b above.
- e. In order for a mailer to be a first adopter of Seamless Acceptance, the Postal Service will have to develop the business rules and technical capability requirements, develop a technology solution, and then deploy the entire Seamless Acceptance platform.

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**VP/USPS-6.** Please refer to COS/USPS-11 in this docket, filed 8/22/08. Also refer to Docket No. MC2007-1, response to VP/USPS-T1-3, filed 3/30/07.

- a. The response to part (d) of COS/USPS-11 states that “Seamless Acceptance is currently undergoing **pilot testing**.” The earlier response to part (a) of VP/USPS-T1-3 states that “the Postal Service is currently **pilot testing** Seamless Acceptance with mailers,” and the response to part (b) states that “the Postal Service has not scheduled a specific date to begin the **field test** of Seamless Acceptance.” (Emphasis added.) In order to avoid any ambiguity, please state whether the current pilot testing of Seamless Acceptance referred to in COS/USPS-11 is identical to (i) the **pilot test** or (ii) the **field test** referred to in VP/USPS-T1-3, or (iii) some test other than the pilot test and field test discussed in the response to VP/USPS-T1-3? Please clarify and explain as necessary.
- b. When did the Postal Service begin the **pilot test** of Seamless Acceptance referred to in part (a) of the response to VP/USPS-T1-3?
- c. Has the Postal Service completed the **pilot test** of Seamless Acceptance referred to in part (a) of the response to VP/USPS-T1-3?
  - (i) If so, when was that **pilot test** completed?
  - (ii) If your response is to the effect that the current **pilot test** referred to in COS/USPS-11 is the same as the **pilot test** of Seamless Acceptance referred to previously in VP/USPS-T1-3, please indicate when the Postal Service expects the **pilot test** to be completed.
- d. Once the current pilot test of Seamless Acceptance referred to in COS/USPS-11 is completed, does the Postal Service still plan on conducting a subsequent **field test** of Seamless Acceptance as referred to in part (b) of the response to VP/USPS-T1-3?
- e. To date, what is the total number of mailers that have participated in the **pilot test** of Seamless Acceptance referred to in part (a) of the response to VP/USPST1-3?
- f. Did Bank of America participate at any time in the early **pilot testing** of Seamless Acceptance referred to in part (a) of the response to VP/USPS-T1-3? If so, when did such participation commence, and for how many months did (has) the Bank of America participate(d)?
- g. Does the Postal Service consider itself to have benefitted from the early **pilot testing** of Seamless Acceptance referred to in the response to VP/USPS-T1-3? Unless the response is an unqualified negative, please describe briefly and in qualitative terms the benefits derived by the Postal Service from that early **pilot testing** of Seamless Acceptance.
- h. Did the Postal Service provide any incentives, whether financial or nonfinancial, to any mailer, other than Bank of America, that were connected

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in any way to their participation in the **pilot testing** of Seamless acceptance referred to in the responses to VP/USPS-T1-3 and COS/USPS-11? If your response does not identify any incentives provided by the Postal Service, please explain how those early participating mailers were recruited and induced to incur the cost of their participation.

**RESPONSE:**

- a. Proof-of-concept tests are currently being performed for elements of Seamless Acceptance in support of the Full Service IMb program and service performance measurement, although the Seamless Acceptance program as a whole is not being tested, and is not schedule for deployment. These tests are analogous to the pilot tests referred to in the earlier interrogatories, and are not field tests.
- b. Fall of 2006.
- c. No. See the response to subpart (a) above.
- d. See the response to subpart (a) above.
- e. Fourteen.
- f. BAC started participating in the pilot in the fall of 2007, in support of the NSA.
- g. The Postal Service benefitted from the early Seamless Acceptance pilot program. The address quality inspections helped define the process for address correction feedback for Full Service. The program also helped us offer a transition environment to meet our service measurement obligations, and has helped us define requirements for a future seamless acceptance verification model.

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- h. The Postal Service did not provide any incentives, whether financial or nonfinancial, to any mailer, other than Bank of America. Other mailers participated voluntarily and at their own expense, presumably because of perceived benefits to their business.

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**VP/USPS-7.** Please refer to Docket No. MC2007-1, response to VP/USPS-T1-7, filed 3/30/07. The response to part (b) of that interrogatory states that “the Postal Service is currently **pilot testing** eDropShip with mailers. **Field testing** of the production system will only occur once the production system is developed.” (Emphasis added.)

- a. When did the Postal Service begin the **pilot test** of eDropShip referred to in part (b) of the above-referenced interrogatory response?
- b. Has the Postal Service completed the **pilot test** of eDropShip referred to in part (b) of the above-referenced interrogatory response?
  - (i) If so, when was the **pilot test** completed?
  - (ii) If not, when is the **pilot test** expected to be completed? and
  - (iii) when is the **field test** expected to commence?
- c. For the **pilot test** of eDropShip referred to in part (b) of the above-referenced interrogatory response, please indicate the number of mailers that have participated:
  - (i) as of the date the response was filed;
  - (ii) as of 12/17/07, the date the Governors approved the NSA with the Bank of America;
  - (iii) as of 4/1/08, the effective date of the NSA commenced; and
  - (iv) up until the present time.
- d. Has the Bank of America participated in that **pilot test** of eDropShip at any time? If so, when did such participation commence, and for how many months has the Bank of America participated?
- e. In order for one or more of the mailers using eDropShip to be considered a “first adopter” (as defined in the response to preceding interrogatory 5(a)), when (or during what time frame) would they have had to commence using eDropShip?
- f. Is the Bank of America considered to be a “first adopter” of eDropShip? If so, please explain, and indicate the number of mailers that the Postal Service now considers to be a “first adopter” of eDropShip.
- g. Did the Postal Service provide any incentives, whether financial or nonfinancial, to any mailer, other than Bank of America, that were connected in any way to their participation in the **pilot testing** of eDropShip? If your response does not identify any incentives provided by the Postal Service, please explain how participating mailers were recruited and induced to incur their cost of participation.

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**RESPONSE:**

- a. The proof-of-concept pilot testing of eDropshipment occurred as part of an Industry/USPS MTAC workgroup 93 subgroup "Design & Concept Testing".  
  
The testing was conducted from October 10, 2005, to March 16, 2006, in two consecutive phases.
- b. The test was completed on March 16, 2006. No further test has been scheduled.
- c. Three mailers participated over the life of the test.
- d. Bank of America did not participate in the eDropShip pilot test.
- e. Because eDropship has not been deployed, there are no first adopters.
- f. No.
- g. No. Mailers participated voluntarily at their own expense, presumably because of perceived benefits to their business.

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**VP/USPS-8.** Please refer to your responses to preceding VP/USPS-5 and VP/USPS-7.

- a. Of the mailers that participated in the **pilot test** for Seamless Acceptance prior to December 17, 2007, how many also participated in the **pilot test** for eDropShip?
- b. Of those mailers that have participated in the pilot test for both Seamless Acceptance and eDropShip, how many (or what portion) could be considered "first adopters" of both Seamless Acceptance and eDropShip?
- c. Is Bank of America included among the mailers counted in the response to preceding parts a or b?

**RESPONSE:**

- a. None.
- b. N/A.
- c. No.

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**VP/USPS-9.** Please refer to Docket No. MC2007-1, response to VP/USPS-T1-6, which discusses use of electronic manifest for all pallets, trays and pieces in either a Mail.dat or web services file.

- a. Has the presentment of an electronic manifest in either a Mail.dat or web services file been put into general use by the Postal Service? If, when did that occur?
- b. If the answer to preceding part a is negative, then what is the current status of the presentment of an electronic manifest in either a Mail.dat or web services file as regards being in either a **pilot test** stage or a **field test** stage?
- c. If the answer to preceding part a is affirmative, then prior to the time when presentment of an electronic manifest in either a Mail.dat or web services file was first put into general use by the Postal Service,
  - (i) were these electronic formats subjected to a **pilot test** by the Postal Service?
  - (ii) over what time period were such **pilot test** conducted?
- d. If the answer to preceding part (c)(i) is affirmative, how many mailers participated in the **pilot test** that preceded the time when presentment of an electronic manifest in either a Mail.dat or web services file was first put into general use by the Postal Service?
- e. Was Bank of America included among the mailers in the **pilot test** of presentment of an electronic manifest in either a Mail.dat or web services file? If so, when did Bank of America's participation commence?
- f. In order for one or more mailers using presentment of an electronic manifest in either a Mail.dat or web services file to be considered a "first adopter" (as defined in the response to preceding interrogatory 5(a)), when (or during what time frame) would they have had to commence using presentment of an electronic manifest in either a Mail.dat or web services file?
- g. Is the Bank of America considered to be a "first adopter" of eDropShip? If so, please explain, and indicate the number of mailers that the Postal Service now considers to be a "first adopter" of presentment of an electronic manifest in either a Mail.dat or web services file.
- h. Did the Postal Service provide any incentives, whether financial or nonfinancial, to any mailer, other than Bank of America, that were connected in any way to their participation in the **pilot testing** of presentment of an electronic manifest in either a Mail.dat or web services file? If your response does not identify any incentives provided by the Postal Service, please explain how participating mailers were recruited and induced to incur their cost of participation.

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**RESPONSE:**

- a. Mail.dat has been in existence since 1996. However, the Mail.dat standard continues to evolve, and additional elements have been, and continue to be, developed and tested since that time.
- b. N/A.
- c. (i) Yes.  
  
(ii) The Postal Service started testing electronic documentation capabilities using the Mail.dat file format in an effort called Direct Link around 1996. In 1998 the Direct Link program was shut down and a new effort, PostalOne! program was initiated. The electronic features were implemented onto a production platform called the PostalOne! System around 2004. This functionality was primarily used for Standard Mail and Periodicals.
- d. Three mailers participated in the early testing of the Mail.dat functionality.
- e. No, although some of Bank of America's vendors participated in the early testing of the First-Class Mail functionality.
- f. To be considered a first adopter, a mailer would have had to have been among the first users to implement Mail.dat immediately upon deployment of the system.
- g. This answer assumes that "Mail.dat" was intended where "eDropShip" was used in the question. No. The very early adopters of Mail.dat would be the ones that first started testing this functionality with the Postal Service via Direct Link and then PostalOne!.

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- h. No. Mailers participated voluntarily and at their own expense, presumably because of perceived benefits to their business.

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**VP/USPS-10.** Please refer to the responses to preceding VP/USPS-5, VP/USPS-7 and VP/USPS-9.

- a. How many mailers have participated in the **pilot testing** of (i) Seamless Acceptance, **and** (ii) eDropShip, **and** (iii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, all three)?
- b. How many mailers would the Postal Service consider to be a “first adopter” (as defined in the response to preceding interrogatory 5(a)) of (i) Seamless Acceptance, **and** (ii) eDropShip, **and** (iii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, all three)? Is the Bank of America included among the number of mailers cited in the response to this question?
- c. Excluding any mailers that were included in the response to preceding part (a), how many mailers have participated in the **pilot testing** of (i) Seamless Acceptance, **and** (ii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, these activities two only)?
- d. How many mailers would the Postal Service consider to be a “first adopter” (as defined in the response to preceding interrogatory 5(a)) of (i) Seamless Acceptance, **and** (ii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, these two only)? Is the Bank of America included among the number of mailers cited in the response to this question?
- e. Excluding any mailers that were included in the response to preceding part (a), how many mailers have participated in the **pilot testing** of (i) eDropShip, **and** (ii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, these activities two only)?
- f. How many mailers would the Postal Service consider to be a “first adopter” (as defined in the response to preceding interrogatory 5(a)) of (i) eDropShip, **and** (ii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, these two only)? Is the Bank of America included among the number of mailers cited in the response to this question?

**RESPONSE:**

- a. None.
- b. None.
- c. None, although three mailers have tested certain elements of Seamless Acceptance, and also Mail.dat.
- d. None.

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e. Three.

f. None.

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**VP/USPS-11.** Please refer to Docket No. MC2007-1, response to VP/USPS-T1-5, which discusses the Centralized Automated Payment System ("CAPS").

- a. Was CAPS subjected to an initial **pilot test**? If so,
  - (i) over what time period did the **pilot test** last, i.e., when did the test begin and end?
  - (ii) how many mailers participated in the **pilot test**? and
  - (iii) was Bank of America included among the mailers in the initial **pilot test**?
- b. Was CAPS subject to a **field test** before becoming generally available? If so,
  - (i) over what time period did the **field test** last;
  - (ii) how many mailers participated in the **field test**; and
  - (iii) was Bank of America included among the mailers in the **field test**?
- c. When was CAPS first made generally available (i.e., after any **pilot test** and **field test** were completed)?
- d. As of December 17, 2007 approximately what percentage of First-Class Mail and Standard Mail was **not** entered and paid for through CAPS?
- e. If any mailer (or agent acting on behalf of a mailer) were to adopt CAPS after December 17, 2007 (the date of the Governors' decision in Docket No. MC2007-1), would the Postal Service consider that mailer to be a "first adopter" of CAPS? Please explain, and indicate the time frame when a mailer that started to use CAPS could have been considered a "first adopter" of CAPS.

**RESPONSE:**

- a. No.
- b. No.
- c. CAPS began in 1995.
- d. As of December 17, 2007, approximately 80 percent of First-Class Mail and 20 percent of Standard Mail was not paid through CAPS.
- e. No. In order to be considered a first adopter, a mailer would have had to participate in CAPS early in its deployment.