

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

RATE AND SERVICE CHANGES TO IMPLEMENT  
FUNCTIONALLY EQUIVALENT NEGOTIATED  
SERVICE AGREEMENT WITH BANK ONE  
CORPORATION

Docket No. MC2004-3

RESPONSES OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT  
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE,  
PARTIALLY REDIRECTED FROM BANK ONE CORPORATION WITNESS  
LAWRENCE BUC(OCA/BOC-T2-3 and 4b)  
(August 16, 2004)

The United States Postal Service hereby provides its responses to the following  
interrogatories of the Office of Consumer Advocate: OCA/BOC-T2-3 and 4b, filed on  
August 5, 2004 and partially redirected from Bank One Corporation witness Larry Buc.

Each interrogatory is stated verbatim and is followed by its response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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Nan K. McKenzie

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August 16, 2004

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT TO  
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE, PARTIALLY REDIRECTED  
FROM BANK ONE CORPORATION WITNESS LAWRENCE BUC

**OCA/BOC-T2-3.** Please refer to your testimony at page 3, lines 20 through 22. You project response rates for Standard Mail between 0.1 percent and 0.7 percent, with 0.4 percent as the average response rate for credit card solicitation.

- a. What is the response rate specifically applicable for Bank One?
- b. What is the lift specifically applicable for Bank One?

**RESPONSE:**

In the period since the implementation of the Capital One NSA I have been involved in extensive discussions with most of the major credit card issuers in the United States, and have analyzed publicly available materials such as those employed by witness Buc. In my experience, this information is regarded as highly proprietary by credit card issuers. These companies are not only reluctant to disclose this information in public litigation, but are generally unwilling to share such information even in private negotiations in which all parties are covered by written non-disclosure agreements. Nonetheless, I can affirm that the assumptions used in Mr. Buc's model comport well with my understanding, and the understanding of my colleagues who are involved in NSA negotiations, of how mailing decisions are affected by response rates and lift.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT TO  
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FROM BANK ONE CORPORATION WITNESS LAWRENCE BUC

**OCA/BOC-T2-4.** On page 4, you discuss the lifetime value of a customer.

b. Also confirm that \$102.43 is the lifetime value of a Bank One customer, as discussed on page 4 of your testimony. If you do not confirm, then explain why not.

**RESPONSE:**

b. I cannot confirm that \$102.43 is the exact average lifetime value of a Bank One customer. In my experience, this information is regarded as highly proprietary by credit card issuers. These companies are not only reluctant to disclose this information in public litigation, but are generally unwilling to share such information even in private negotiations in which all parties are covered by written non-disclosure agreements. Nonetheless, I believe that the method used by witness Buc to respond to this interrogatory appears to be a reasonable approximation.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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Nan K. McKenzie

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August 16, 2004