

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Rate and Service Changes to Implement)
Baseline Negotiated Service Agreement) Docket No. MC2007-1
With Bank of America Corporation)

**ANSWER OF BAC WITNESS JONES TO
OCA INTERROGATORY OCA/BAC-T1-1**

Bank of America Corporation ("BAC") submits the answer of BAC witness Richard D. Jones to OCA interrogatory OCA/BAC/T1-1, submitted by the OCA on February 15, 2007. The question is followed by Mr. Jones' answer.

Respectfully submitted,

Stacey Stone Bennett
Assistant General Counsel
Global Staff Support Functions
BANK OF AMERICA, N.A.
101 South Tryon Street
NC1-002-29-01
Charlotte, NC 28255
(704) 388-6583
stacey.stone_bennett@bankofamerica.com

David M. Levy
Richard E. Young
SIDLEY AUSTIN LLP
1501 K Street, N.W.
Washington, DC 20005-1401
(202) 736-8000
dlevy@sidley.com
ryoung@sidley.com

Counsel for Bank of America Corporation

March 7, 2007

OCA/BAC-T1-1. Please refer to your testimony at page 17, lines 7-12, "Forwarding Rate for First-Class Mail." Please describe and explain the "methodology" used to determine that "on average 1.7 percent of the bank's mail is forwarded." Please provide all data and show all calculations used to develop this percentage figure.

RESPONSE: My staff calculated the baseline forwarding rate of 1.7 percent from reports generated in the ordinary course of business by NCOALink processing of the address lists used to generate the bank's First Class mailings from January through September 2006. The data and calculations are set forth in Exhibit OCA/BAC-T1-1, and are summarized here.

NCOALink reports show, among other things, the percentage of addresses on an address list for which the USPS has a forwarding notice. We used reports for the period from January through September 2006 to calculate the forwarding rate for the period January-June 2006.

We performed these calculations on five groups of address records. Groups A through C were address records for legacy Bank of America customers to whom we sent credit statements, notices, plastic cards, and similar items during the nine-month period. During the period January-September 2006, the addresses in Groups A and B were updated by matching against the NCOA database every 60 days; and the addresses in Group C were updated at least every 180 days. The results of the updating, and the percentage of addresses shown as requiring forwards, appear in Exhibit OCA/BAC-T1-1 for the following months:

Group A: January, March, May and July 2006

Group B: February, April, June and August 2006

Group C: April and September 2006

For mailings entered in the months between NCOALink processing, we estimated the forwarding rates by linear interpolation. The results of the analysis of the NCOALink runs for groups A through C appear in Exhibit OCA/BAC-T1-1, columns L through Q of rows 10-23.

The addresses in Group D were for statement mailings to legacy MBNA customers. These addresses were given monthly processing during the period studied, so interpolation was unnecessary. The results of our analysis of the NCOALink runs for Group D appear in Exhibit OCA/BAC-T1-1, columns L through Q of rows 25-28.

The addresses in Group E were for statement mailings to holders of passbook and checking accounts, or Demand Deposit Accounts. This address group requires a slightly different analysis. These records are divided into four subgroups, with one subgroup in turn receiving NCOALink processing each month, so that each subgroup is updated every four months. Because statements are typically mailed every month, a statement mailing to the Group E address list has the following characteristics:

- One subgroup of the addresses was given NCOALink processing three months earlier.
- One subgroup of the addresses was given NCOALink processing two months earlier.
- One subgroup of the addresses was given NCOALink processing one month earlier.
- One subgroup of the addresses was just given NCOALink processing.

To compute a weighted forwarding rate for the pieces in a Group E mailing, it was necessary to interpolate the forwarding rates for the last three of these subgroups, and then to calculate a weighted average of the results. The analysis used to produce the 2.75% value for January 2006 mailing (cell L33 in Exhibit OCA/BAC-T1-1) is illustrative. One portion of the mailing consisted of pieces that had not been given NCOALink processing since September 2005. For this subgroup, we applied a weighted forwarding rate of $5.99\% * 1.00 * 0.22$. (In each weighting, the last figure (0.22) represents the ratio of the number of addresses included in this processing group to the total addressed processed in the entire four month cycle (15,956,171/71,698,440 – i.e., the number of January addresses divided by the total address count between January – April 2006)).

Another portion of the mailing consisted of pieces that received NCOALink processing in October 2005 and would receive it again in February 2006; for this subgroup; we applied a weighted forwarding rate of $4.80\% * 0.75 * 0.18$.

Another portion of the mailing consisted of pieces that received NCOALink processing in November 2005 and would receive it again in March 2006. For this subgroup, we applied a weighted forwarding rate of $2.88\% * 0.5 * 0.28$.

The remaining portion of the mailing consisted of pieces that received NCOALink processing in December 2006, and thus were assumed to require no further forwarding by the Postal Service. For this subgroup, we applied a weighted forwarding rate of $4.66\% * 0.25 * 0.31$.

The results of this analysis appear in columns L through Q of Exhibit OCA/BAC-T1-1. The companywide averages appear in row 38 of Exhibit OCA/BAC-T1-1. Averages were weighted by the number of address records in each group of records. The result is the 1.67% percent value in cell R38, which we have rounded to 1.7%.

The records in Groups A through E account for the vast majority—approximately 89 percent—of all letter-rated First-Class Mail entered by Bank of America during the period studied. The remaining 11 percent of the mail is scattered among businesses that use NCOA practices that, while diverse, are all compliant with Move Update requirements. Moreover, the customers in these groups are similar to the recipients of the 89 percent of the mail that we analyzed. Thus, there is no reason to believe that the forwarding rates for the residual 11 percent of our volume would differ greatly from the forwarding rates for the 89 percent of volume that we analyzed. Furthermore, even if the forwarding rates differed, any differences would be unlikely to have a material effect on the overall baseline value, given that the volume of the mail we analyzed exceeded the volume of the unanalyzed mail by a factor of 8-to-1. Even if the unanalyzed volume had a forwarding rate of *zero*—an extremely improbable likelihood—the overall forwarding rate for all our letter-rated First-Class Mail would still be 1.5 percent, not substantially below the 1.7 percent baseline we estimated.

**Bank of America
NCOA Baseline
Forwarded Mail**

EXHIBIT OCA/BAC-T1-1

| Group A | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 |
|--------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total NCOA Matches | 273,947 | - | 252,491 | - | 294,904 | - | 336,674 | - | - | 273,947 | 126,246 | 252,491 | 147,452 | 294,904 | 168,337 |
| Total Records | 20,105,469 | - | 20,793,806 | - | 21,638,013 | - | 22,397,727 | - | - | 20,105,469 | 20,793,806 | 20,793,806 | 21,638,013 | 21,638,013 | 22,397,727 |
| % of Total | 1.36% | | 1.21% | | 1.36% | | 1.50% | | | 1.36% | 0.61% | 1.21% | 0.68% | 1.36% | 0.75% |
| Group B | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 |
| Total NCOA Matches | - | 335,996 | - | 302,940 | - | 360,270 | - | 403,134 | - | 167,998 | 335,996 | 151,470 | 302,940 | 180,135 | 360,270 |
| Total Records | - | 24,652,829 | - | 24,473,224 | - | 24,626,803 | - | 24,666,247 | - | 24,652,829 | 24,652,829 | 24,473,224 | 24,473,224 | 24,626,803 | 24,626,803 |
| % of Total | | 1.36% | | 1.24% | | 1.46% | | 1.63% | | 0.68% | 1.36% | 0.62% | 1.24% | 0.73% | 1.46% |
| Group C | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 |
| Total NCOA Matches | - | - | - | 199,492 | - | - | - | - | 173,300 | 99,746 | 132,995 | 166,243 | 199,492 | 34,660 | 69,320 |
| Total Records | - | - | - | 5,279,180 | - | - | - | - | 5,871,913 | 5,279,180 | 5,279,180 | 5,279,180 | 5,279,180 | 5,871,913 | 5,871,913 |
| % of Total | | | | 3.78% | | | | | 2.95% | 1.89% | 2.52% | 3.15% | 3.78% | 0.59% | 1.18% |
| Group D | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 |
| Total NCOA Matches | 245,589 | 191,700 | 187,539 | 219,684 | 218,642 | 290,328 | 301,576 | 369,630 | | 245,589 | 191,700 | 187,539 | 219,684 | 218,642 | 290,328 |
| Total Records | 56,581,981 | 56,620,491 | 56,625,272 | 56,055,973 | 56,031,651 | 56,250,588 | 52,658,849 | 55,565,299 | | 56,581,981 | 56,620,491 | 56,625,272 | 56,055,973 | 56,031,651 | 56,250,588 |
| % of Total | 0.43% | 0.34% | 0.33% | 0.39% | 0.39% | 0.52% | 0.57% | 0.67% | | 0.43% | 0.34% | 0.33% | 0.39% | 0.39% | 0.52% |
| Group E | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Jul-06 | Aug-06 | Sep-06 | Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 |
| Total NCOA Matches | 954,996 | 618,284 | 588,079 | 1,045,883 | 1,158,015 | 1,195,518 | 1,030,784 | 830,509 | 921,245 | 1,974,219 | 1,871,789 | 2,250,378 | 2,769,849 | 2,777,673 | 2,614,172 |
| Total Records | 15,956,171 | 12,887,093 | 20,400,732 | 22,454,444 | 22,316,622 | 20,117,042 | 21,340,961 | 22,695,152 | 23,177,914 | 71,698,440 | 78,058,891 | 85,288,840 | 86,229,069 | 86,469,777 | 87,331,069 |
| % of Total | 5.99% | 4.80% | 2.88% | 4.66% | 5.19% | 5.94% | 4.83% | 3.66% | 3.97% | 2.75% | 2.40% | 2.64% | 3.21% | 3.21% | 2.99% |

| Jan-06 | Feb-06 | Mar-06 | Apr-06 | May-06 | Jun-06 | Total |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| 2,761,499 | 2,658,725 | 3,008,122 | 3,639,417 | 3,506,014 | 3,502,427 | 19,076,203 |
| 178,317,899 | 185,405,197 | 192,460,322 | 193,675,459 | 194,638,157 | 196,478,100 | 1,140,975,134 |
| 1.55% | 1.43% | 1.56% | 1.88% | 1.80% | 1.78% | 1.67% |