

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

EXPERIMENTAL RATE AND SERVICE CHANGES
TO IMPLEMENT NEGOTIATED SERVICE
AGREEMENT WITH CAPITAL ONE SERVICES,
INC.

Docket No. MC2002-2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BIZZOTTO
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-5, 7, 9)

The United States Postal Service hereby provides the responses of witness
Bizzotto to the following interrogatories of Office of the Consumer Advocate:

OCA/USPS-T1-5, 7, 9, filed on October 25, 2002. Responses to interrogatories

OCA/USPS-T1-4, 6, 8 were redirected to witness Plunkett.

Each interrogatory is stated verbatim and followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999 Fax -5402
November 4, 2002

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OCA/USPS-T1-4. Please refer to Section IV. of you testimony at pages 3-5. Customer-Specific Agreements. Please state, where, if at all, your testimony describes any effort by the USPS to obtain data applicable to mailers beyond Capital One during the course of the proposed Negotiated Service Agreements (NSA).

RESPONSE:

Redirected to witness Plunkett.

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OCA/USPS-T1-5. Please refer to Section IV. of your testimony at pages 3-5, Customer-Specific Agreements. Please state when and whether the USPS has offered, or has offered to negotiate, similar NSA's to other mailers. If such offers have been made, what response did they receive?

RESPONSE:

Withdrawn by OCA.

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OCA/USPS-T1-6. Please refer to Section V. of your testimony at pages 5-6, The Agreement with Capital One. Please explain why the USPS has agreed, in the NSA, to freeze the rate during the third year of the NSA's term.

RESPONSE:

Redirected to witness Plunkett.

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OCA/USPS-T1-7. Please refer to Section V. of your testimony at pages 5-6, The Agreement with Capital One. Please provide your understanding of the role, if any, of the Postal Rate Commission in reviewing or overseeing decisions made by the USPS on appeals taken by Capital One pursuant to the NSA.

RESPONSE:

Section IV(B) of the NSA Agreement with Capital One (Attachment G to the Request at 7) establishes an administrative appeal process for issues raised under the terms and conditions of the proposed NSA. Any appeals decided by the Manager of the Rates and Classification Service Center in New York will be final.

The appeal procedure agreed to in the Capital One NSA follows established Postal Service administrative procedures for customer appeals of Postal Service decisions on the application of established mailing standards. These administrative decisions are not reviewed by the Postal Rate Commission.

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OCA/USPS-T1-8. Please refer to Section V. of your testimony at pages 5-6, The Agreement With Capital One. Please explain why, under the terms of the NSA, the USPS does not receive the authority to cancel the NSA upon thirty days notice, as Capital One is authorized to do.

RESPONSE:

Redirected to witness Plunkett.

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OCA/USPS-T1-9. Please refer to page 2, line 12, through page 3, and line 23, of your prefiled testimony. Please explain why you consider individual-customer agreements to be a “natural next step in the evolution of postal pricing[.]”

RESPONSE:

Over the past twenty-five years, the Postal Service has proposed, and the Postal Rate Commission has recommended, a wide variety of workshare discounts that provide our customers with opportunities to reduce their overall mailing costs by presorting, barcoding, dropshipping and making mail pieces automation compatible. More recently, small targeted classifications and rate initiatives (for example, Weight-Averaged, Nonletter-Sized Business Reply Mail and Bulk Parcel Return Service) have been developed to address the specialized needs of small groups of customers. Negotiated Service Agreements are the next step in this continuum of targeted rate and classification initiatives because they address the unique characteristics and abilities of a single customer. Examining the possibilities for mutually beneficial agreements between the Postal Service and individual customers simply continues the progression. We have moved from the relatively generic rates available immediately following Reorganization to the more targeted product offerings available in 2002. The next step in that progression is developing customer-specific rate and classification proposals that will allow the Postal Service to address the unique needs of its individual customers.

The Postal Service is working to see if it can better fulfill its mission of serving the American public and American commerce by developing products that meet the individualized needs of customers. Some customers may be willing to pay more for a service very specific to their needs; others might require an incentive to do something that makes postal operations more efficient. While the Postal Service has not

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previously targeted rate and classifications to meet a single customer's needs, I believe customer-responsive product offerings are consistent with the Postal Service's mandate to provide postal services to the American public.

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.

Scott L. Reiter

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