

UNITED STATES OF AMERICA
Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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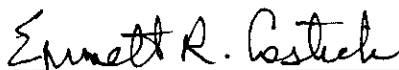
Experimental Changes to Implement)
Capital One NSA)

Docket No. MC2002-2

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO CAPITAL ONE SERVICE, INC.,
WITNESS STUART ELLIOT
(OCA/COS-T2-1-4)
October 4, 2002

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-2 dated October 3, 2002, are hereby incorporated by reference.

Respectfully submitted,



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OCA/COS-T2-1. Please turn to Exhibit 6 of your testimony.

- (a) At line 7, does any of the increase in the "First-Class Mail Solicitation Volume Increase" consist of mail that would be sent via Standard Mail absent the proposed NSA? If your answer is "Yes," please provide the increase in volume that is Standard Mail.
- (b) At line 8, does any of the "First-Class Customer Mail Volume Increase" consist of mail pieces that would have been sent absent the proposed NSA? If your answer is "Yes," please provide the increase in volume that would have been sent in the absence of the proposed NSA.
- (c) At line 8, does any of the "First-Class Customer Mail Volume Increase" consist of pieces migrating from other billing mediums as a result of the NSA? If your answer is "Yes," please provide the increase in volume that is migrating from other billing mediums as a result of the NSA.
- (d) At line 10, you project "After-Rates First-Class Mail Solicitation Volume" at 776,432,165 pieces. Under what circumstances would the annual increase to this volume, 8,432,165 (at line 7), be larger in future years? Please explain why there would be an increase, and please quantify the projected increase.
- (e) At line 10, you project "After-Rates First-Class Mail Solicitation Volume" at 776,432,165 pieces. Under what circumstances would the annual increase to this volume, 8,432,165 (at line 7), be smaller in future years? Please explain why there would be a decrease, and please quantify the projected decrease.
- (f) At line 11, you project "After Rates First-Class Customer Mail Volume" at 647,026,804 pieces. Under what circumstances would the annual increase to

this volume, 7,026,804 (at line 8), be larger in future years? Please explain why there would be an increase, and please quantify the projected increase.

- (g) At line 11, you project "After Rates First-Class Customer Mail Volume" at 647,026,804 pieces. Under what circumstances would the annual increase to this volume, 7,026,804 (at line 8), be smaller in future years? Please explain why there would be a decrease, and please quantify the projected decrease.

OCA/COS-T2-2. Please refer to Exhibit 6.

- (a) At line 5, please confirm that the "Marginal Price Discount from NSA" of -15.5 percent is estimated on the basis of achieving a certain level of mail volume, specifically 1.375 to 1.45 billion pieces. If you do not confirm, please explain and provide a detailed explanation of your conclusion(s).
- (b) Please confirm that the "Marginal Price Discount from NSA" of -15.5 percent at line 5 and the "Price Elasticity-Workshared First-Class Letters" of -0.071 at line 4 are then used in an elasticity analysis to estimate the increase in solicitation mail volume. If you do not confirm, please explain and provide a detailed explanation of your conclusion(s).
- (c) Please confirm that the increase in mail plus the original, assumed volume of mail yield after-rates volume of 776, 432,165, which coupled with the increase in after-rates First-Class customer mail volume, results in total volume of 1,423,458,969 pieces. If you do not confirm, please explain and provide a detailed explanation of your conclusion(s).

OCA/COS-T2-3. Please refer to Exhibit 6, footnote 5. Please confirm that you have estimated the amount of the discount based on an assumed volume projection, and this assumed volume projection is then used with an elasticity estimate to arrive at the final volume projection. If you do not confirm, please explain. If you do confirm, please explain why your reasoning is not circular.

OCA/COS-T2-4. Please turn to your testimony at page 5, lines 11-16.

- (a) Please confirm that you apply the Postal Service's Standard Mail elasticity to estimate the upper bound of the increase in the after-rates volume of First-Class solicitation mail. If you do not confirm, please explain.
- (b) Please provide an economic rationale that supports the use of the Standard Mail elasticity rather than an elasticity for First-Class Mail to estimate the upper bound of the increase in the after-rates volume of First-Class solicitation mail.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with Rule 12 of the rules of practice.


Stephanie Wallace

Washington, D.C. 20268-0001
October 4, 2002