

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

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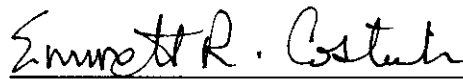
Experimental Changes to Implement)
Capital One NSA)

Docket No. MC2002-2

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS CHARLES L. CRUM
(OCA/USPS-T3-1-4)
October 7, 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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1. OCA/USPS-T3-1. Please refer to your testimony at page 1, lines 19-21, which references the declining block discounts.

- (a) What is the economic justification for these discounts? Are these discounts cost-based? If these discounts are cost-based, please provide the supporting analysis.
- (b) Alternatively, are the discounts based on any type of research on possible promotional rates? If so, please provide the relevant research materials.
- (c) Conversely, are these discounts simply arbitrary, being based on supposition, intuition, or speculations? Please explain

OCA/USPS-T3-2. Please refer to your testimony at page 4, lines 14-15, and page 6, lines 14-15. Excluding cost savings associated with address correction service, please confirm that at the negotiated volume threshold of 1.225 billion pieces, the revenue contribution resulting from Capital One's access to the declining block discounts is a negative \$4.9 million, as shown in the table below. If you do not confirm, please explain.

NEGATIVE REVENUE CONTRIBUTION FROM CAPITAL ONE'S ACCESS
TO DECLINING BLOCK DISCOUNTS
(millions)

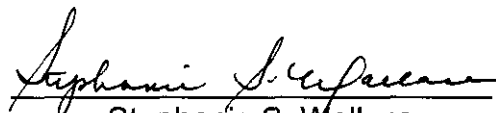
Increased Contribution from New Volume	\$1.8
Discount Leakage	<u>(\$6.7)</u>
NEGATIVE REVENUE CONTRIBUTION	(\$4.9)

OCA/USPS-T3-3. Please refer to your testimony at page 6, lines 6-7. Please confirm that the cost savings of \$13.1 million for the electronic address correction service provided to Capital One excludes the negative revenue contribution associated with the declining block discounts. If you do not confirm, please explain.

OCA/USPS-T3-4. Please refer to your testimony at page 5, lines 22-23, and page 6, lines 1-4, where you cite the testimony of Capital One that 9.6 percent of its solicitation mail is returned, and use this percentage figure in your calculations. Do you expect this percentage figure to remain constant, increase or decrease during the three-year period of the experiment? Please explain and provide any available analysis or document to support you conclusions.

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 S. Wallace

Washington, D.C. 20268-0001
October 7, 2002