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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.

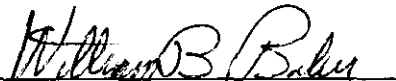
Docket No. MC2002-2

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS MICHAEL K. PLUNKETT
(NAA/USPS-T2-1-10)
October 17, 2002**

The Newspaper Association of America hereby submits the attached
interrogatories to United States Postal Service witness Michael K. Plunkett (USPS-T-2)
and respectfully requests a timely and full response under oath.

Respectfully submitted,

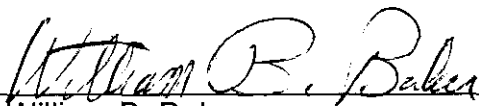
NEWSPAPER ASSOCIATION OF AMERICA

By: 
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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all
participants requesting such service in this proceeding in accordance with section 12 of
the Rules of Practice.

October 17, 2002


William B. Baker

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(NAA/USPS-T2-1-10)**

NAA/USPS-T2-1: Please refer to page 3, lines 12-14, of your testimony, where you state “If Capital One mails more than 750 million pieces of qualified First-Class Mail annually, the fees for address correction will be waived.” Please confirm that, assuming appropriate approvals were received, the Postal Service could similarly waive the fee for Electronic Address Correction for other mailers. If you are unable to confirm, please explain why not.

NAA/USPS-T2-2: Please refer to page 5, lines 4-5 of your testimony, where you state that the total net contribution increase estimated by witness Crum would equal “approximately 2 percent of Capital One’s First-Class Mail revenue.”

- a. Please confirm that Capital One’s First-Class Mail revenue is approximately \$ 410 million. If you cannot confirm, please provide the correct figure and the correct percentage that \$8.2 million is of Capital One’s First-Class mail revenue.
- b. Is it your testimony that Capital One will pay an additional \$8.2 million in contribution if the NSA were implemented?

NAA/USPS-T2-3: Please confirm that, under the NSA, Capital One has agreed to forego its right to the physical return of a portion of its Undeliverable As Addressed mail in exchange for, *inter alia*, receiving electronic address correction for free instead of the \$0.20 regular fee.

NAA/USPS-T2-4: Please refer to page 3, lines 20-22, of your testimony, where you state that because “the cost of returning mail pieces is much greater than the

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electronic address correction fee, the Postal Service reduces its overall cost of serving Capital One even if the fee is waived.” Is the cost of physically returning mail pieces greater than the fee for electronic correction?

NAA/USPS-T2-5: Please refer to page 7 of your testimony where you purport to identify unique aspects of Capital One’s use of the mail. Is it your belief that Capital One’s annual volume of solicitation mail is above average for First Class mailers?

NAA/USPS-T2-6: Please refer to page 7, lines 22-25, of your testimony. Please explain what you mean by “Capital One documents its return volume, and incorporates return information into its mail preparation operations.”

NAA/USPS-T2-7: Please refer to page 9, line 41, through page 10, line 2 of your testimony, where you state that NSAs may enable the USPS to “more accurately present prices that represent the value that the user places on the service being provided.”

- a. Is it your testimony that Capital One places a value of zero on ECS?
- b. Is it your testimony that the Capital One places less value on the First-Class mail volume that will receive a discount under the NSA?
- c. Will the volume discounts make First-Class mail more desirable, or less so, for Capital One?
- d. Will the NSA increase the value of the First-Class postal services provided to Capital One by the USPS?

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NAA/USPS-T2-8: Please refer to page 10, lines 7 through 9, of your testimony, where you state that the address improvement steps to which Capital One has agreed “will serve to lower costs currently borne by other customers.” If Capital One is the largest, or nearly largest, First-Class mailer, does it today bear more of the costs of its UAA than any other First Class mailer? If not, please explain why not.

NAA/USPS-T2-9: Please refer to page 11, lines 1 through 9, of your testimony, in which you discuss the proposed experimental classification of this proposal. Other than Capital One’s implicit use of a company-specific price elasticity, what other “information” and “assumptions” depart from prior Commission practice that justify the use of experimental classification?

NAA/USPS-T2-10: Please refer to page 12, lines 11 through 20 of your testimony. For each of the five categories of data listed in the bullet points, please explain how the Postal Service will collect the data.