

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

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OFFICE

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

Docket No. MC2002-2

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS PLUNKETT
TO INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS CRUM
(OCA/USPS-T3-1)

The United States Postal Service hereby provides the response of witness
Plunkett to the following interrogatory of Office of the Consumer Advocate: OCA/USPS-
T3-1, filed on October 7, 2002, and redirected from witness Crum.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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October 17, 2002

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TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS CRUM

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

RESPONSE:

- (a) The reason for the discounts is described in my testimony at pages 4-6.
- (b) The Postal Service does not consider these rates to be promotional, and did not base its agreement on any research on such pricing techniques.
- (c) The basis for the discounts, and the relationship of those discounts to the other elements in the instant agreement, is explained throughout my testimony.

DECLARATION

I, Michael K. Plunkett, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "M. Plunkett", written in a cursive style.

Dated: 10/17/02

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.

A handwritten signature in cursive script, appearing to read "Scott L. Reiter", is written above a horizontal line.

Scott L. Reiter

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