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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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

ERRATA TO REQUEST AND TO TESTIMONY OF WITNESS PLUNKETT (USPS-T-2)

The United States Postal Service hereby gives notice of the following errata:

1. *Request, Attachment A, Classification Schedule, section 610.31:* Change
"610.36" to "610.34."

2. *USPS-T-2, Testimony of Michael K. Plunkett, Appendix 1, line 4:*

Change "any" to "the first."

Replacement pages are attached .

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

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October 22, 2002

NEGOTIATED SERVICE AGREEMENTS
CLASSIFICATION SCHEDULE

610 CAPITAL ONE NEGOTIATED SERVICE AGREEMENT

610.1 Eligible First-Class Mail

Eligible First-Class Mail under this section is defined as Capital One's First-Class Mail customer correspondence with established account holders and First-Class Mail solicitations that bear the endorsement specified by the Postal Service. Eligible First-Class Mail does not include Business Reply Mail, Qualified Business Reply Mail, Cards, or Priority Mail. To the extent specific language in 610 is seen to conflict with other classification schedules, the former shall control.

610.2 Waiver of Address Correction Fees

The fees for address correction in Fee Schedule 911 are waived for those First-Class Mail solicitations on which Capital One uses the endorsement specified by the Postal Service, if:

- (a) Capital One mails more than 750 million pieces of Eligible First-Class Mail within the first year after implementation of this section, and
- (b) updates its databases within 2 days after receipt of address correction information and uses the information in all future First-Class Mail marketing campaigns.

If, during the first year after implementation, Capital One mails fewer than 750 million pieces of Eligible First-Class Mail, Capital One agrees to pay the greater of either (1) all address correction service fees under Fee Schedule 911, as specified by the Postal Service, for pieces receiving address correction service, or (2) \$1,000,000.

610.3 First-Class Mail Discounts

610.31 Discount Threshold

The Discount Threshold is defined as the greater of either 1.225 billion pieces of eligible First-Class Mail, or 90 percent of Capital One's average eligible First-Class Mail volume for FY2000, FY2001 and FY2002. The Discount Threshold may be adjusted in accordance with section 610.34.

1 **Appendix 1.**

2 **Declining Block Rates**

3 **Discount Threshold Adjustments**

4 In the event Capital One's First-Class volume in the first year of the agreement is below
5 1.025 billion pieces, the following discount structure would be activated.

6	<u>Volume Block</u>	<u>Incremental Discounts</u>
7		
8	1,025,000,001 – 1,075,000,000	1.0¢
9	1,075,000,001 – 1,125,000,000	1.5¢
10	1,125,000,001 – 1,175,000,000	2.0¢
11	1,175,000,001 – 1,225,000,000	2.5¢
12	1,225,000,001 – 1,275,000,000	3.0¢
13	1,275,000,001 – 1,325,000,000	3.5¢
14	1,325,000,001 – 1,375,000,000	4.0¢
15	1,375,000,001 – 1,450,000,000	4.5¢
16	1,450,000,001 – 1,525,000,000	5.0¢
17	1,525,000,001 – 1,600,000,000	5.5¢
18	1,600,000,001 and above	6.0¢
19		

20 If 90 percent of the average annual Capital One First-Class Mail volume from FY 2000
21 to FY 2002 exceeds 1.225 billion pieces, the initial threshold will be adjusted upward to
22 be equivalent to 90 percent of the annual Capital One First-Class Mail volume during
23 that period. If for example, Capital One's FY 2002 were to be such that this number
24 equaled 1.3 billion pieces, the discount structure would be as follows

25	<u>Volume Block</u>	<u>Incremental Discounts</u>
26		
27	1,300,000,001 – 1,325,000,000	3.0¢
28	1,325,000,001 – 1,375,000,000	4.0¢
29	1,375,000,001 – 1,450,000,000	4.5¢
30	1,450,000,001 – 1,525,000,000	5.0¢
31	1,525,000,001 – 1,600,000,000	5.5¢
32	1,600,000,001 and above	6.0¢

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 black ink, appearing to read "Scott L. Reiter", written over a horizontal line.

Scott L. Reiter

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