

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

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA  
(NAA/USPS-1-9)

The United States Postal Service hereby provides its responses to the following interrogatories of Newspaper Association of America: NAA/USPS-1-9, filed on October 17, 2002.

Each 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

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Scott L. Reiter

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2999 Fax -5402  
October 28, 2002

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**NAA/USPS-1:** Please provide, as an update to Appendix G of the Request, a copy of the negotiated service agreement with Capital One that is dated and signed by the Postal Service. If a copy of the NSA that is dated and signed by both parties cannot be provided, please explain why not.

**RESPONSE**

Appendix G is a copy of the NSA that is dated and signed by the Postal Service.

Please see the Notice Of United States Postal Service Regarding Negotiated Service Agreement with Capital One Services, Inc., Filed as Appendix G to the Request in this Docket which was filed on October 22, 2002 and the errata thereto, dated October 23, 2002.

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**NAA/USPS-2:** Please provide the Postal Service's calculation of "90% of Capital One's average First-class Mail volume for Postal Service FY2000, FY2001 and FY2002" as referenced in Section II1.D of the NSA submitted as Appendix G of the Request. Please include a showing of the calculation.

**RESPONSE:**

Please see the response of witness Plunkett to OCA/USPS-T2-4.

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**NAA/USPS-3:** Please refer to Section 1II.F. of the NSA submitted as Appendix G of the Request and to the Testimony of witness Plunkett (USPS-T-2) at page 4 , footnote 1, and Appendix 1.

a. Please confirm that the following language appears in Section 1II.F of the NSA (emphasis added):

If at the end of the first year after implementation, Capital One's First-class Mail volume, as defined in Article 111, Paragraph C above, falls below 1.025 billion pieces, the following discounts shall apply for the second and third years of the Agreement: . . .

b. Please confirm that at USPS-T-2, Appendix 1, the following language appears (emphasis added):

In the event Capital One's First-class volume in any year of the agreement is below 1.025 billion pieces, the following discount structure would be activated: . .

c. Please clarify whether the lower discount schedule beginning at 1.025 billion pieces takes effect if Capital One's volume falls below that threshold in the first year only, or whether the lower discount threshold would take effect if Capital One's volume were above 1.025 billion in year 1, but fell below 1.025 billion pieces in year 2.

**RESPONSE:**

Please see errata to testimony of witness Plunkett, filed on October 22, 2002.

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**NAA/USPS-4:** Please refer to the preamble of the NSA submitted as Appendix G of the Request, and in particular to the statement that the NSA "will be transferable to other mailers willing to meet the same conditions and terms." Please refer also to the Request, page 4, line 6, at which the Postal Service states: "As proposed, the changes would apply only to one, discretely-positioned mailer." Please clarify whether the NSA is available to other mailers, or if it applies only to one mailer.

**RESPONSE:**

Both. The NSA submitted as Appendix G is a binding agreement between the Postal Service and only one mailer, Capital One. The changes in the DMCS that the Postal Service has requested the Commission to recommend apply by their terms only to implementation of this agreement with this mailer on an experimental basis.

The Capital One NSA indicates that the terms and conditions of the agreement with Capital One would be available to other mailers. This statement is not a term or condition of the Capital One NSA, but, rather, expresses the Postal Service's willingness to enter into the same NSA with another mailer capable of accepting and willing to accept the same terms and conditions.

To the best of the Postal Service's knowledge, no other mailer is situated exactly like Capital One with respect to the terms and conditions embodied in the Capital One NSA. Nevertheless, the Postal Service would be willing to enter into an agreement consisting of the same terms and conditions with another mailer willing to accept them. The mailer would have to demonstrate to the Postal

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Service that it is similarly situated, and that the Postal Service would derive from the agreement with the new mailer the same or substantially the same benefits resulting from the Capital One NSA.

Any agreement with a new mailer duplicating the terms and conditions embodied in the Capital One NSA would be presented to the Commission as a request for a recommended decision for an experimental change in the DMCS. Unless otherwise determined by the Commission, the Postal Service would expect that DMCS changes implementing the new NSA would be subject to the same review process applied to the changes implementing the Capital One NSA, under Chapter 36 of the Postal Reorganization Act and the Commission's Rules of Practice and Procedure.

As a result of inherent differences among mailers, the Postal Service would expect that any NSA it was considering with other mailers would have terms and conditions different from the Capital One NSA, and would reflect the distinct characteristics of the mailer and its relationship with the Postal Service. The Postal Service is willing to consider new NSAs on those different terms, as negotiated between the mailer and the Postal Service. As with an NSA duplicating the Capital One agreement, furthermore, DMCS changes implementing any new NSA would be submitted to the Commission for review.

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**NAA/USPS-5:** Please refer to the preamble of the NSA submitted as Appendix G of the Request, and in particular to the statement that the NSA "will be transferable to other mailers willing to meet the same conditions and terms." Please indicate where the proposed DMCS language in Attachment A to the Request states that the NSA is available to other mailers willing to meet the same conditions and terms.

**RESPONSE:**

Please see response to NAA/USPS-4.

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**NAA/USPS-6:** Please refer to Section 1V.C of the NSA submitted as Appendix G of the Request, which states that the NSA "is effective on the latest date of signing by both parties." Please state on what date the NSA either did, or will, become effective

**RESPONSE:**

Please see page 11 of the NSA. The NSA became effective under the terms you cite on September 9, 2002, when it was signed by Ms. Bizzotto on behalf of the Postal Service, having previously been signed by Mr. Jean on September 4, 2002. Please see the Notice Of United States Postal Service Regarding Negotiated Service Agreement with Capital One Services, Inc., Filed as Appendix G to the Request in this Docket which was filed on October 22, 2002 and the errata thereto, dated October 23, 2002.



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**NAA/USPS-7:** Please provide the number of First Class mailer production sites that have received certification to date under the Mail Preparation Total Quality Management (MPTQM) program.

**RESPONSE:**

Currently, there are 35 First-Class Mail sites that are MPTQM certified.

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**NAA/USPS-8:** Please provide the number of list mailers to have production sites certified to date under the Mail Preparation Total Quality Management program.

**RESPONSE:**

Currently, there are five production list mailer sites.

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**NAA/USPS-9:** Please confirm that, to the best of the Postal Service's knowledge, other First Class mailers are, or can become, capable of:

- a. maintaining MPTQM in their mailing sites;
- b. achieving MPTQM certification at additional sites;
- c. cleansing address databases for customers not more than 30 days prior to mailings;
- d. cleansing solicitation address files no more than 60 days prior to mailing;
- e. use Electronic Address Correction Service information in marketing campaigns.

Where it is not possible to confirm, please explain why not.

**RESPONSE:**

- a. Confirmed
- b. Confirmed
- c. Confirmed.
- d. Confirmed.
- e. Confirmed.

## 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.

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Scott L. Reiter

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
October 28, 2002