

**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

**AMERICAN POSTAL WORKERS UNION, AFL-CIO
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS MICHAEL K. PLUNKETT
(APWU/USPS-T2-1-12)
(October 31, 2002)**

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the American Postal Workers Union, AFL-CIO ("APWU") hereby submits interrogatories and requests for production of documents to Witness Michael K. Plunkett.

Respectfully submitted,

Susan L. Catler
O'Donnell, Schwartz and Anderson, P.C.
1300 L Street NW Suite 1200
Washington, DC 20005-4126
Telephone: (202) 898-1707
Facsimile: (202) 862-9276
e-mail: scatler@odsalaw.com

Counsel for American Postal Workers Union, AFL-CIO

CERTIFICATION

I hereby certify that I have this date served the following document in accordance with the rules of practice.

Susan L. Catler
O'Donnell, Schwartz and Anderson, P.C.
1300 L Street NW Suite 1200
Washington, DC 20005-4126

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APWU/USPS-T2-1. Of what benefit is it to the Postal Service to include an incentive for Capital One to reduce its mail volume in the first year of the proposed Negotiated Service Agreement in order to qualify for additional discounts on even lower volumes the next year, as is done in III. F. of the proposed Negotiated Service Agreement?

APWU/USPS-T2-2. Why are block discounts considered to be a necessary part of this proposed Negotiated Service Agreement since the changes proposed to undelivered mail handling seem to benefit both the Postal Service and Capital One?

APWU/USPS-T2-3. In your response to OCA/USPS-T2-14 (b), you indicate the Postal Services' objective in concluding this proposed Negotiated Service Agreement is to promote the growth of mail volume. What specific clauses in this proposed Negotiated Service Agreement spell out Capital One's intention of increasing its First Class mail volume beyond the levels that it had already planned? Has Capital One provided the Postal Service with any assurances that it will mail the same or a larger portion or number of pieces of its solicitation mail by First Class mail rather than Standard mail? If so, what assurances has Capital One made that it will mail the same or a larger portion or number of pieces of its solicitation mail by First Class mail rather than Standard mail? Has Capital One provided the Postal Service with any assurances that it will reduce its efforts to achieve electronic delivery of twenty five percent (25%) of customer statements by 2005? If so, what assurances has Capital One made that it will reduce its efforts to achieve electronic delivery of twenty five percent (25%) of customer statements by 2005?

APWU/USPS-T2-4. If meeting MPTQM certification standards is important to the Postal Service, why did it not require that Capital One's lettershops and strategic partners, who will also be generating mail under this proposed Negotiated Service Agreement, meet those standards?

APWU/USPS-T2-5. On page 3 of your testimony you indicate that Capital One agrees under the proposed Negotiated Service Agreement to continue monthly NCOA and CASS updates. Please identify where in the proposed Negotiated Service Agreement Capital One agrees to do that for all its mailing lists.

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APWU/USPS-T2-6. On page 3 of your testimony you state, referring to ACS fees, that "In the case of Capital One, however, these fees would total to an amount ten times larger than for a typical mailer." Is this because Capital One mails ten times more than the typical mailer or are Capital One's return rates substantially higher than a typical mailer of First Class solicitation mail? If Capital One's return rates are higher than those of a typical First Class mailer, has the Postal Service attempted to determine why such a disparity exists? If the Postal Service has reviewed Capital One's return rates, what are the specific causes and their relative significance in driving Capital One's return rates?

APWU/USPS-T2-7. On page 7 of your testimony, you state that Capital One documents its return volume of mail. Does the Postal Service currently have any method of independently determining the volume of Capital One's returned mail? Is the Postal Service developing any method of determining the volume of returned mail?

APWU/USPS-T2-8. On page 7 of your testimony, you state that any mailer whose return or forwarding volumes exceed the average imposes a larger cost burden than mailers whose return and forwarding volumes are below average. Can the Postal Service provide information on how much of Capital One's mail is forwarded? If so, please provide any and all data you have for any time period on how much of Capital One's mail is forwarded. Is the forwarding volume of Capital One's mail above average for First Class Mail? If Capital One's forwarding volume is above average, was that factor considered in determining the benefits to the Postal Service of creating a CSR Option 2, which, unlike Option 1, the current option, will forward mail that is forwardable, instead of destroying it, continuing the costs associated with Capital One's above average forwarding rate?

APWU/USPS-T2-9. How will the costs of making the programming and regulation changes necessary to implement CSR Option 2 by February 1, 2003 be accounted for in the Postal Services' accounting system? Will they be considered an institutional cost? Will they be attributed to specific mail class? If they will be attributed to a specific mail class, how will they be attributed?

APWU/USPS-T2-10. How were the sizes of the discounts in the proposed block discounts determined? Did the Postal Service use a cost avoided concept to generate them? If so, please explain in detail the assumptions and calculations used to do so.

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APWU/USPS-T2-11. On page 12 of your testimony, you discuss data collection issues.

- (a) Will the data collection system for this proposed Negotiated Service Agreement be able to identify how many pieces and what proportion of Capital One's First Class mail are forwarded?
- (b) Will the data collection system for this proposed Negotiated Service Agreement be able to identify how many pieces and what proportion of Capital One's First Class mail are destroyed?
- (c) Will the data collection system for this proposed Negotiated Service Agreement be able to identify how many pieces and what proportion of Capital One's First Class mail are returned as undeliverable as addressed?
- (d) If the data collection system is able to identify the number and/or proportion of pieces forwarded, destroyed or returned of Capital One's First Class mail, how will that information be reported and maintained?
- (e) If the data collection system is not able to identify the number and/or proportion of pieces forwarded, destroyed or returned of Capital One's First Class mail, will any other methods be developed or used to obtain this information?
- (f) Will data be collected for other First Class mailers during the period of the proposed Negotiated Services Agreement, showing the number of pieces and or the proportion of pieces forwarded, destroyed or returned as undeliverable as addressed?
- (g) If data is collected for other First Class mailers during the period of the proposed Negotiated Services Agreement, showing the number of pieces and or the proportion of pieces forwarded, destroyed or returned as undeliverable as addressed, how will this information be reported and maintained?

APWU/USPS-T2-12. NAA/USPS-T2-5 referred you to page 7 of your testimony and asked you whether you believed Capital One's annual volume of solicitation mail is above average for First Class mailers. Your answer merely referred to the projected FY 2003 mail volume of Capital One in witness Jean's testimony, COS-T-1, page 5, table 1. In order to determine whether Capital One's projected FY 2003 annual volume of solicitation mail is above average for First Class mailers, please provide the total amount of First Class solicitation mail that the Postal Service expects to be mailed in FY 2003, broken down in any and all ways that the Postal Service uses to make its forecast (such as by industry or size of mailer) and the number of mailers it expects to provide that mail in each category so that the average can be compared to the Capital One's forecast.