

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 WITNESS CHARLES L. CRUM
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T3-11-13)

The United States Postal Service hereby provides the responses of witness Crum to the following interrogatories of Office of the Consumer Advocate: OCA/USPS-T3-11-13, filed on October 25, 2002. Interrogatory OCA/USPS-T3-14 was redirected to the Postal Service.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 4, 2002

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OCA/USPS-T3-11. Please refer to pages 2-4, "Increased Contribution from New Mail Volume," of your prefiled testimony. Please provide any analysis of Capital One's mail volume and/or of other mail volumes, which were relied upon by the USPS in its negotiation of the proposed Negotiated Service Agreement (NSA).

RESPONSE:

I analyzed Capital One's volume data and provided its First-Class Mail volume to the negotiators based on unique, identified Permit numbers for FY 2001. As quarterly FY 2002 data became available, I provided that as well.

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OCA/USPS-T3-12. Please refer to pages 1-2, "Background," of your prefiled testimony. Please provide any and all analyses of revenues, volumes, costs, or cost savings relied upon by the USPS in the negotiation of the proposed NSA which analyses address[:]
(a) the cost savings being made available by the proposed NSA to Capital One and/or to the USPS;
(b) the migration of mail to First Class anticipated from the effects of the NSA; and,
(c) the costs that the USPS anticipates will be occasioned to it in order to carry out and monitor performance of the proposed NSA.

RESPONSE:

(a) – While we broadly discussed the potential value to Capital One internally, I did not prepare any specific analyses. Regarding the value to the Postal Service, I prepared various preliminary cost analyses that were finalized and presented in my testimony.

(b) – As stated in my responses to NAA/USPS-T3-7 and 8, I do not project any contribution impact from migration that may result from the NSA. However, I did look at the contribution of Capital One's Standard Mail on average relative to Capital One's First-Class Mail on average. I doubt this provided any information to the negotiators beyond knowing that, all else equal, if any of Capital One's Standard Mail moved to First-Class (even with a discount), on average, this would result in an improvement in unit contribution.

(c) – I have not estimated costs of implementation or monitoring beyond that presented in my testimony.

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OCA/USPS-T3-13. Please refer to pages 1-2, "Background," of your prefiled testimony.

- (a) Please provide your understanding, if any, of the amount of time devoted by postal management personnel to the negotiation and formation of the NSA. If your understanding rests on any documentation, please provide such documentation.
- (b) Please provide your understanding, if any, of the amount of time expected to be devoted by postal management personnel to the administration and enforcement of the NSA over the life of the agreement. If your understanding rests on any documentation, please provide such documentation.

RESPONSE:

Please refer to my responses to NAA/USPS-T3-2, 5-6.

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.

Nan K. McKenzie

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