Postal Rate Commission
Submitted 11/5/2002 3:52 pm
Filing ID: 35721

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 INTERROGATORY OF OFFICE OF THE CONSUMER ADVOCATE REDIRECTED FROM WITNESS WILSON (ERRATA)
(OCA/USPS–T4-11)

The United States Postal Service hereby responds to the following interrogatory of Office of the Consumer Advocate: OCA/USPS–T4-11, filed on October 25, 2002 and redirected from witness Wilson.

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

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3089 Fax -5402
November 4, 2002 Revised November 5, 2002

OCA/USPS-T4-11. Please refer to your response to OCA/USPS-T4-2 (c), where you state that in the absence of the Negotiated Service Agreement (NSA), the Postal Service would not offer Change Service Requested, Option 2, to Capital One at no charge. Given that offering Change Service Requested, Option 2, to Capital One at no charge reduces Postal Service costs by $13.1 million, please explain why offering electronic address change service at no charge in the absence of the agreement is not beneficial to the Postal Service. Please provide any relevant cost/benefit analysis that supports your response.

RESPONSE:

The prior response of witness Wilson to interrogatory OCA/USPS-T4-2(c) does not state or imply that waiving the address correction fee could not be beneficial. It was a simple statement that acknowledged the fee structure presently in place. However, the Postal Service recognizes that the current address correction fee structure for First-Class Mail will need to be re-evaluated in a context broader than this case.

While the Postal Service is actively engaged in re-evaluating address correction fees, it does not yet have the in-depth cost studies and analysis that would be necessary to support elimination of the fee for First-Class Mail electronic address correction service. Nor has the Postal Service yet been able to incorporate the concept of eliminating the fee into its long-term address management strategy. Eliminating the fee for all First-Class Mail has far more cost variables/inputs and policy implications (such as reducing the incentive to keep address lists accurate) than waiving the fee in the narrow context of the Capital One Negotiated Service Agreement. The Postal Service cannot state whether eliminating the fee would be “beneficial,” before it has developed and examined the necessary data, solicited the appropriate input from industry stakeholders, and carefully considered the policy implications.

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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
November 5, 2002