

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Experimental Changes to Implement  
Capital One NSA

Docket No. MC2002-2

PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

(Issued November 8, 2002)

The proponents are requested to provide the information described below to assist in developing a record for the consideration of their request. In order to facilitate inclusion of the requested material in the evidentiary record, either the Postal Service or Capital One Services, Inc., as appropriate, is to have a witness attest to the accuracy of the answers and be prepared to explain to the extent necessary the basis for the answers. The answers are to be provided by November 18, 2002.

1. Witness Jean refers to "Capital One's recent announcements regarding its strategic emphases." COS-T-1, page 3, lines 14-15. Please provide a copy of the announcements to which the witness is referring.
2. On November 1, 2002, witness Elliott (COS-T-2) revised his Exhibit 2, "Capital One Volume of Customer Mail and Solicitations: October 1999 to September 2002." Although the revised volume figures are described as customer mail for October and November 2001 in the second note of the revised Exhibit 2, he has actually revised the First-Class solicitations volumes for the above months, listed in the second column of Exhibit 2. Please reconcile the discrepancy between the description of the revision in the second note of revised Exhibit 2 and the revision actually made.

3. The second note of revised Exhibit 2 in witness Elliott's Testimony (COS-T-2) states: "Customer Mail figures for October and November 2001 omit mail volume for a one-time mailing related to a new arbitration provision in the contract between Capital one and its Customers." Please explain why the volume of this one-time mailing should be omitted from Exhibit 2. Would volumes of this nature be ineligible for the NSA discounts? If so, why? Please provide Capital One's definition of a one-time mailing. Is the volume of any other one-time mailing included in the customer mail figures presented in Exhibit 2?
  
4. In the response to POIR 1, question 4, witness Plunkett states that the Postal Service analyzed and evaluated Capital One's test year volume estimates.
  - (a) Please describe the methods and data the Postal Service used to evaluate the estimates of TYBR customer and solicitation mail provided by witness Jean (COS-T-1).
  
  - (b) Please provide a copy of any quantitative and/or qualitative analysis, reports or briefings prepared to facilitate the Postal Service's evaluation of witness Jean's TYBR estimates.
  
5. Witness Plunkett explains that the Postal Service plans to use data from the experiment to evaluate the benefits of the NSA. USPS-T-2, page 12, lines 5-7. In order to evaluate the success of the discounts, the benefits (including contribution from new mail) and the costs (including discounts given to mail that would have been sent in the absence of discounts) must be calculated. At the conclusion of the experiment, how does the Postal Service plan to distinguish volume that was generated in response to the discounts from volume that would have been mailed in the absence of the discounts?

6. Please refer to the response to POIR 1, question 5. Please explain the rationale behind the Postal Service's assertion that a single fiscal year, 2003, is the appropriate test period, as opposed to the duration of the experiment.
  
7. Under the terms of the NSA, the Postal Service will provide electronic address correction information for Capital One's First-Class solicitations that are forwarded under CSR option 2. In the response to NAA/USPS-T3-11 witness Crum provides an estimate of 6.6 cents for the cost of providing electronic address correction information for one forwarded piece of First-Class mail. Witness Crum goes on to assert that the costs of notification "would likely be more than offset by the cost savings accruing to the Postal Service from the reduction of forwarded Capital One mail."
  - (a) Please provide the estimate of the Postal Service's *total* (as opposed to unit) TYAR cost of providing electronic address correction information to Capital One for forwarded First-Class solicitation mail upon which witness Crum's assertion is based. If no quantitative estimate is available, please develop one. Please show all calculations and explain any assumptions.
  
  - (b) Please provide the estimate of *total* TYAR savings from the reduction of forwarded mail upon which witness Crum's assertion is based. If no quantitative estimate is available, please develop one. Please show all calculations and explain any assumptions.
  
8. Please confirm that the \$0.5347 estimated cost of a physical return presented in USPS-LR-1 does not include any costs for a carrier delivering returned mail to the sender. Please also confirm that Capital One's returned mail is not delivered to Capital One by a carrier.

George A. Omas  
Presiding Officer