

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 PLUNKETT  
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T2-22-25)

The United States Postal Service hereby provides the responses of witness  
Plunkett to the following interrogatories of Office of the Consumer Advocate:

OCA/USPS-T2-22-25, filed on October 31, 2002.

Each interrogatory is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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November 12, 2002

RESPONSE OF UNITED STATES POSTAL SERVICE PLUNKETT TO  
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T2-22.** Please refer to your responses to OCA/USPS-T2-7 and OCA/USPS-T2-8. Please confirm that in the first year of the Negotiated Service Agreement (NSA), if Capital One enters qualifying First-Class Mail volume of 1.025 billion pieces up to 1.225 billion pieces, Capital One will have access to the discounts contained in Article III, paragraphs E and F during the second and third years of the agreement. If you do not confirm, please explain.

**RESPONSE:**

Not confirmed. The alternative discount tiers that are referred to above are not invoked unless Capital One's volumes are below 1.025 billion pieces during a given year (see Agreement section III(H)).

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**OCA/USPS-T2-23.** Please refer to your testimony at page 12, lines 8-20.

- (a) Please confirm that the Postal Service will collect data on the number of electronic address correction notices sent for First-Class Mail solicitations. If you do not confirm, please explain.
- (b) Please confirm that the Postal Service will separately collect and report data on the number of electronic address correction notices sent for First-Class Mail solicitations pieces that are forwarded and solicitations pieces that would otherwise be physically returned. If you do not confirm, please explain.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed.

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**OCA/USPS-T2-24.** Please refer to page 12, “C. Data Collection,” of your prefiled testimony. Please describe any effort by the USPS to obtain data applicable to mailers beyond Capital One during the course of the proposed NSA.

**RESPONSE:**

The description of data collection is specific to Capital One’s data. It does not include collecting data from other mailers because the experiment sought by the Postal Service relates to an agreement involving only Capital One and the Postal Service.

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**OCA/USPS-T2-25.** Please refer to your testimony at page 3, lines 7-10.

- (a) Please confirm that by concluding the NSA with Capital One, the Postal Service expects that Capital One's access to electronic Address Change Service (ACS) will reduce the volume of undeliverable-as-addressed (UAA) First-Class solicitation mail that is forwarded. If you do not confirm, please explain. If you do confirm, please provide an estimate of the reduction in volume of UAA First-Class Mail that is forwarded, showing all calculations and stating all assumptions.
- (b) Please confirm that by concluding the NSA with Capital One, the Postal Service expects that, during the course of the experiment, the number of electronic ACS notifications provided to Capital One for UAA First-Class solicitation mail that is forwarded will decline. If you do not confirm, please explain. If you do confirm, please provide an estimate of the reduction in the number of electronic notifications for pieces that are forwarded, showing all calculations and stating all assumptions.
- (c) Please confirm that by concluding the NSA with Capital One, the Postal Service expects that, during the course of the experiment, the number of electronic ACS notifications provided to Capital One for UAA First-Class solicitation mail that would otherwise be physically returned will decline. If you do not confirm, please explain. If you do confirm, please provide an estimate of the reduction in number of electronic notifications for pieces that would otherwise be physically returned, showing all calculations and stating all assumptions.
- (d) Since Capital One has no affirmative obligation imposed upon it (by either the NSA or the proposed DMCS language) to download the electronic ACS information, isn't it correct that the "receipt" referred to at line 10 of page 3 may or may not take place?
  - (i) Please explain.
  - (ii) Please explain how you take this uncertainty into account in developing estimates for parts (a) – (c) of this interrogatory (if estimates are provided).

**RESPONSE:**

- a. Confirmed. With respect to volume estimation, see the response to (b-c), below.
- b. As Capital One witness Jean testifies (at 6, lines 9-18), Capital One expects to reduce undeliverable-as-addressed (UAA) mail volume although it does not know by what percentage. I have no reason to doubt that the reduction will occur in UAA mail that is forwarded as well as the mail that currently is returned to Capital One. Similarly, the Postal Service does not have enough information to estimate the reduction of UAA mail. This is precisely the type of data the Postal Service

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hopes to develop during the term of the Negotiated Service Agreement. It is also the type of data the Postal Service may find useful in developing new policies.

- c. Unable to confirm. Though my response to part (a) suggests that – all other things being equal – an eventual reduction in the number of electronic ACS notifications would ensue, other factors are and will be at work that could counteract that tendency. For example, any significant increase in Capital One's volume would tend to increase the number of undeliverable pieces.
- d. See Agreement, section II(C). Electronic ACS information is furnished via an electronic format chosen by the subscriber. See response to NAA/USPS-T4-1.

## 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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