

**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
(APWU/USPS-2)
(November 15, 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 the United States Postal Service.

Respectfully submitted,

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CERTIFICATION

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

Susan L. Catler
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November 15, 2002

APWU/USPS-2. The proposed experimental Negotiated Service Agreement between the USPS and Capital One Services, Inc. is expected to last for three years. The proposed rates in the agreement may not be static over that time period. Under certain conditions, there are different discounts proposed for years 2 and 3 depending on mail volume in year 1. In addition, the Postal Service will be implementing new automation capabilities during this time period that USPS witnesses have indicated will decrease the Postal Services' costs of processing Undeliverable as Addressed mail. Since a reduction in those costs is one of the primary reasons that the Postal Service is willing to enter in to this NSA, it is not possible to adequately analyze this agreement without having a complete revenue and cost analysis for the full three years of this experiment.

- (a) Please provide an extended cost and revenue analysis, in the same detail as that already provided by witness Crum, that covers the full three years of this agreement.
- (b) Please include reasonable assumptions about the upcoming changes in the costs of handling UAA mail due to the implementation of the PARS system and provide all information that will support those assumptions.
- (c) If Capital One Services, Inc. is unable to provide volume assumptions for this time period, please make reasonable assumptions and provide documentation on how those assumptions were arrived at.
- (d) Please provide an analysis as to how the revenue and cost numbers would change if the circumstances were to occur that would trigger the discounts listed in III. F. of the agreement.