

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 CRUM TO
INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA
(NAA/USPS-T3-12-15)

The United States Postal Service hereby provides the responses of witness
Crum to the following interrogatories of Newspaper Association of America:
NAA/USPS-T3-12-15, filed on November 8, 2002.

Each 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 18, 2002

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CRUM TO
INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-T3-12. Please refer to your response to OCA/USPS-T3-12(a). Is it a correct reading of your response that the Postal Service did not prepare a specific final analysis of the potential value of the Capital One NSA until you prepared your testimony?

RESPONSE:

The exact numbers as presented in my testimony were not available until all the inputs were finalized and I prepared my testimony. We conducted various preliminary internal analyses throughout the preparation and negotiation phases.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CHARLES L. CRUM
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

NAA/USPS-T3-13. Please refer to Witness Wilson's testimony, page 4, lines 8-14, where he describes the change in treatment of UAA mail bearing the CSR endorsement.

- (a) Please confirm that the costs you have utilized in your testimony are based on the current treatment of UAA mail bearing the CSR endorsement. If you do not confirm, please explain fully.
- (b) If you confirm, please explain how costs will differ starting in January 2003, when UAA CSR mail that can be forwarded will be, instead of being discarded. Also, please apply these new costs to your testimony and provide the new cost/piece, estimated cost savings to the USPS as a result of the NSA, and the effect on net contribution to the USPS as a result of the NSA.

RESPONSE:

a. Not confirmed. Witness Wilson's testimony explains the different forwarding treatment available under the present CSR endorsement and CSR, Option 2. CSR, Option 2 merely alters the treatment of the mail piece to provide the same forwarding service available currently to all First-Class mailers. I did not incorporate any forwarding savings into my cost model.

b. N/A

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CHARLES L. CRUM
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NAA /USPS-T3-14. Please refer to your response to NAA/USPS-T3-11. Please confirm that the \$0.066 cost/piece for the additional keystrokes does not include the cost of whatever media option Capital One chooses for ACS fulfillment (cartridge tape, CDROM disc, diskette, paper reports, or electronic file transfer).

- (a) If you do confirm, please provide the cost/piece for media fulfillment and all relevant calculations.
- (b) If you do not confirm, please explain how these costs are accounted for in the \$0.066 figure.

RESPONSE:

Confirmed.

- a. I have not specifically analyzed the additional cost/piece of electronic file transfer to Capital One, but I expect these unit costs to be near zero.
- b. N/A

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS CHARLES L. CRUM
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

NAA/USPS-T3-15. Please refer to your response to OCA/USPS-T3-12(b).

- (a) What did you assume would be the average contribution of Capital One's Standard Mail?
- (b) Please confirm that if any Capital One mail were to migrate from Standard Mail to First-Class Mail under the NSA, any reduction in net contribution due to the migration of that mail is not included in your calculation of net contribution. If you cannot confirm, please explain why not.

RESPONSE:

- a. My testimony makes no assumption regarding the average contribution of Capital One's Standard mail. It includes only new First-Class Mail volume as projected by Capital One. It does not assume any migration from Standard. The analysis I referenced in OCA/USPS-T3-12(b) was prepared for internal analysis purposes only and only to make it clear that any new "selling up" from Standard to First-Class Mail would, on average, result in additional contribution to the Postal Service.
- b. Confirmed that my testimony does not project any contribution impact from migration. Please see my responses to APWU/USPS-T3-6(c), OCA-USPS-T3-12(b), and NAA-USPS-T3-7/8.

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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