

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

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS PLUNKETT
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T2-26-30, 32-35)

The United States Postal Service hereby provides the responses of witness Plunkett to the following interrogatories of Office of the Consumer Advocate: OCA/USPS-T2-26-30, 32-35, filed on November 12, 2002. Interrogatory OCA/USPS-T2-31 was redirected to the Postal Service.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PLUNKETT
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OCA/USPS-T2-26. Please refer to your testimony at page 12, "C. Data Collection."

- (a) Please confirm that, during the course of the experiment, the Postal Service will collect data on Capital One's volume of undeliverable-as-addressed (UAA) First-Class solicitation mail that is forwarded. If you do not confirm, please explain.
- (b) Please confirm that, during the course of the experiment, the Postal Service will collect data on the number of electronic ACS notifications provided to Capital One for UAA First-Class solicitation mail that is forwarded. If you do not confirm, please explain.
- (c) Please confirm that, during the course of the experiment, the Postal Service will collect data on the number of electronic ACS notifications provided to Capital One for UAA First-Class solicitation mail that would otherwise be physically returned. If you do not confirm, please explain.
- (d) For each of the five types of data (marked by "bullets," at lines 11-18), identify which data will be obtained from (1) the permit system; (2) the address management system; and, (3) a special study.
 - (i) Explain the suitability of the permit and address management system to provide each of the five types of data.
 - (ii) Describe in detail every special study that will be conducted, including frequency of collection and whether data will be census or sample type. Also describe how Capital One will need to cooperate in order for the data to be collected.
- (e) Answer all questions posed in part (d) of this interrogatory with respect to the data listed in parts (a), (b), and (c) of this interrogatory.

RESPONSE:

- a-b. Not confirmed. This is not part of the current data collection plan.
- c. Confirmed.
- d-e. Information relating to volumes and revenues will be collected from the Permit system. Information regarding electronic address information will be collected from the address management system. Manual returns of solicitations will be measured by monitoring the number of pieces returned to relevant PO Box addresses. The precise means by which this data will be collected is still under consideration.

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OCA/USPS-T2-27. Please refer to your testimony at page 3, lines 7-9, and Article II, Paragraph C of the Agreement. Please define and explain what is meant by the phrase "update its address lists."

RESPONSE:

This phrase means to incorporate new address information into existing address databases.

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OCA/USPS-T2-28. Please refer to your testimony at page 12, "C. Data Collection." Please confirm that for each year of the agreement the Postal Service will collect for itself or from Capital One data on the number of

- (a) address lists and/or databases used by Capital One;
- (b) address lists and/or databases referred to in part (a) of this interrogatory that are updated pursuant to Article II, Paragraph C of the agreement;
- (c) corrections made to each address list and/or database referred to in part (b) of this interrogatory;
- (d) address lists and/or databases referred to in part (a) of this interrogatory that are updated pursuant to Article II, Paragraph C of the agreement and reused; and,
- (e) corrections made to each of the address lists and/or databases referred to in part (d) of this interrogatory.
- (f) For parts (a) through (e) of this interrogatory, describe in detail the method of data collection.

RESPONSE:

- a. Not confirmed.
- b. Not confirmed.
- c. Confirmed to the extent such information is required to ensure compliance with the Agreement.
- d. Not confirmed.
- e. Confirmed to the extent such information is required to ensure compliance with the Agreement.
- f. Section II (C) of the Agreement provides the Postal Service with the opportunity to audit Capital One's addressing practices. To the extent the Postal Service finds it necessary to perform such audits, it will seek the necessary information from Capital One.

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OCA/USPS-T2-29. Please refer to your testimony at page 12, "C. Data Collection." Please confirm that the Postal Service will develop and report an annual estimate of the physical returns eliminated and forwards avoided as a result of updates to Capital One's address lists and/or databases. If you do not confirm, please explain. Describe in detail the method of data collection.

RESPONSE:

Not confirmed. The number of avoided physical returns can be estimated based on the number of ACS records processed. As I indicated in my testimony, our intention was to collect and report these data.

With regard to forwarding, see my response to OCA/USPS-T2-26(a).

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OCA/USPS-T2-30. Please refer to the Agreement between the Postal Service and Capital One, Attachment G to the Request. Under the section, Address and Other Quality Issues, Article II, Paragraph C, "Capital One agrees to update its databases within 2 business days and use the information in all future marketing campaigns."

- (a) Within 2 business days of what? Please confirm that since the agreement does not specify what triggers the requirement to update the database, under the agreement, Capital One is not subject to a 2-day update requirement.
- (b) How will Capital One "use the information in all future marketing campaigns?" Does this mean that every Capital One mailing, whether or not from an affected database (or mailing list), must be screened to see if it contains an address identified as UAA from an earlier electronic notification? Please explain.

RESPONSE:

- a. Not confirmed. The agreement requires Capital One to update its databases within 2 business days of receiving the change information.
- b. I expect that Capital One will use the address change information when it prepares its addresses lists for its marketing campaigns.

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OCA/USPS-T2-32. Please refer to the Agreement between the Postal Service and Capital One, Attachment G to the Request, and the Address and Other Quality Issues, Article II, Paragraph G. What are the “published Postal Service Move Update requirements for automation compatible mail?” Please present the full text of these requirements and citations for them.

RESPONSE:

Move Update requirements for First-Class Mail are contained in DMM Section E140.

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OCA/USPS-T2-33. Please refer to the Negotiated Service Agreements Classification Schedule, Capital One Negotiated Service Agreement, section 610.2:

The fees for address correction in Fee Schedule 911 are waived for those First-Class Mail solicitations on which Capital One uses the endorsement specified by the Postal Service, if:

...

[Capital One] updates its databases within 2 days after receipt of address correction information and uses the information in all future First-Class Mail marketing campaigns.

- (a) Please confirm that the DMCS does not impose a requirement on Capital One to receive address correction information.
- (b) Please confirm that the DMCS does not impose a requirement on Capital One to endorse its First-Class Mail solicitation pieces.
- (c) Please confirm the following: given that there is neither a requirement for Capital One to endorse its First-Class Mail solicitation pieces nor to receive address correction information, Capital One may opt to omit the (CSR) endorsement from its First-Class Mail solicitation pieces, thereby receiving no address correction notices, and avoiding any address correction fees.

RESPONSE:

- a.-b. Confirmed. The requirement applies only if Capital One wishes to have address correction fees waived and pieces counted toward the discount thresholds. One could readily conclude that, regardless of any other benefits, it would be in Capital One's interests to mail its solicitations to the most accurate addresses available.
- c. Confirmed, although if Capital One were to omit all CSR endorsements and waive electronic address notification, there would be no solicitation mail counted toward the volume thresholds necessary to attain discounts. The practical effect in this scenario is the same as if the Agreement did not exist.

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OCA/USPS-T2-34. Please explain why the following specifications of the Agreement were omitted from the classification schedule requirements:

- (a) Agreement, Attachment G, Key Condition I.B. "Capital One agrees to receive electronic information about its undeliverable-as-addressed solicitations sent as First-Class Mail, instead of physical return of the pieces."
- (b) Address and Other Quality Issues, II.A. "Capital One will apply the endorsement 'Change Service Requested' (CSR) to all First-Class Mail solicitations"

RESPONSE:

Although Capital One's intentions are to receive electronic address information and to use the specified endorsement, the NSA recognizes that the Postal Service has no desire to force Capital One to take these actions unless Capital One is seeking the benefits set forth in the NSA, in which case the conditions of the DMCS become applicable, as do any provisions of the NSA that provide further specifications regarding those conditions.

In the event Capital One were to "opt out," the waived address correction fee and the First-Class Mail discounts would not be provided to Capital One and the situation would be the status quo, as indicated in my response to OCA/USPS-T2-33. The Postal Service is not in the business of forcing mailers to use services or seek discounts if they are unwilling to perform the prerequisites of eligibility. Similarly, the NSA does not seek to force Capital One to do anything, but rather embodies Capital One's stated intentions to take certain actions and, if it does, the Agreement sets forth the relative obligations of the parties.

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OCA/USPS-T2-35. Why are the Classification Schedule and Agreement silent on key details of transmission and receipt of address correction information, thereby raising doubts whether Capital One will ever “receive” electronic address corrections and update its databases?

RESPONSE:

Please see my responses to OCA/USPS-T2-33 and 34 as well as to 30(b).

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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