

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

SUPPLEMENTAL RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS CRUM TO INTERROGATORY APWU/USPS-T3-3(c))

The United States Postal Service hereby provides the supplemental response of Witness Crum to interrogatory APWU/USPS-T3-3(c). The original answer, filed on November 12, 2002, indicated that the requested information was being prepared and would be provided when available. That information is now available.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 26, 2002

SUPPLEMENTAL RESPONSE OF  
UNITED STATES POSTAL SERVICE WITNESS CRUM  
TO INTERROGATORY OF AMERICAN POSTAL WORKERS UNION, AFL-CIO

**APWU/USPS-T3-3:**

(c) Is the comparable data for Capital One's FY 2002 volume now available? If so, please provide the FY 2002 information at the same level of detail. If not, when will it be available? Please provide it when it is available.

**RESPONSE:**

The 2002 information is attached.

Capital One First-Class Mail  
By Rate Category  
FY 2002 Presorted Letter Volumes at Current Rates (Eff. 6/30/2002)

	(1) FY 2002 <u>Volume</u>		(2) Current <u>Rates</u>		(3) = (1) * (2) <u>Revenue</u>
<b>Nonautomated Presorted Letters</b>					
First Ounce	69,506,498	\$	0.352	\$	24,466,287
Additional Ounces	393,126	\$	0.225	\$	88,453
Nonmachinable Pieces (a)	249,132	\$	0.055	\$	13,702
Heavy Piece Deduction	0	\$	(0.041)	\$	-
<b>Total Nonautomated Presorted Letters</b>	<b>69,506,498</b>			\$	<b>24,568,443</b>
<b>Revenue Adjustment Factor (1)</b>					<b>0.985164</b>
<b>Total Nonautomated Presorted Letters Revenue</b>				\$	<b>24,203,951</b>
<b>Automation Presort Letters and Flats</b>					
<b>Letters</b>					
	<b>1,441,937,382</b>				
Mixed AADC Letters (b)	50,149,046	\$	0.309	\$	15,496,055
AADC Letters (b)	56,093,807	\$	0.301	\$	16,884,236
3-Digit Letters	774,641,440	\$	0.292	\$	226,195,300
5-Digit Letters	561,053,089	\$	0.278	\$	155,972,759
Additional Ounces	7,132,515	\$	0.225	\$	1,604,816
Heavy Piece Deduction	10,044	\$	(0.041)	\$	(412)
<b>Flats</b>					
	<b>8,916,320</b>				
Mixed ADC Flats (b)	185,833	\$	0.341	\$	63,369
ADC Flats (b)	307,076	\$	0.333	\$	102,256
3-Digit Flats	4,724,071	\$	0.322	\$	1,521,151
5-Digit Flats	3,699,340	\$	0.302	\$	1,117,201
Additional Ounces	4,622,069	\$	0.225	\$	1,039,966
Heavy Piece Deduction	0	\$	(0.041)	\$	-
Nonmachinable Pieces (a)	4,294,251	\$	0.055	\$	236,184
<b>Total Automation Presort Letters and Flats</b>	<b>1,450,853,702</b>			\$	<b>420,232,881</b>
<b>Revenue Adjustment Factor</b>					<b>1.000542</b>
<b>Total Automation Presort Letters and Flats Revenue</b>				\$	<b>420,460,670</b>
<b>Automation Carrier Route Letters</b>					
First Ounce	97,692,049	\$	0.275	\$	26,865,313
Additional Ounces	199,217	\$	0.225	\$	44,824
Heavy Piece Deduction	0	\$	(0.041)	\$	-
<b>Automation Carrier Route Letters</b>	<b>97,692,049</b>			\$	<b>26,910,137</b>
<b>Revenue Adjustment Factor</b>					<b>1.000972</b>
<b>Automation Carrier Route Letters Revenue</b>				\$	<b>26,936,289</b>
<b>Total Capital One First-Class Presort Letters</b>	<b>1,618,052,249</b>			\$	<b>471,600,910</b>
<b>Revenue per Piece</b>					<b>\$ 0.2915</b>

(1) Revenue adjustment factors increase (or decrease) revenue calculated by multiplying rate category volumes times rates to match booked revenues.

**Notes:**

Capital One volume based on postage statement data from the PERMIT system

a. Following the implementation of Docket No. R2001-1, the nonstandard surcharge was expanded and renamed to include nonmachinable mail. No additional Capital One volume is assumed to be subject to the nonmachinable surcharge.

b. Following the implementation of Docket No. R2001-1, the basic automation letters and flat rate categories were split into Mixed AADC and AADC rate categories (ADC for flats). For Capital One, the 1997 Mail Characteristics Data shown below was used to allocate the basic automation volumes.

	Volume prior to 6/30/2002 Pieces	Share of Basic Automation *	Pieces Allocated to Rate Categories
<u>COF Basic Automation Letter Volume</u>	96,197,917		
Mixed AADC		48.3%	46,463,594
AADC		51.7%	49,734,323
*Docket No. R97-1, USPS-LR-H-185, Table 3, p.8		100.0%	96,197,917
<u>COF Basic Automation Flat Volume</u>	265,513		
Mixed ADC		65.1%	172,902
ADC		34.9%	92,611
*Docket No. R97-1, USPS-LR-H-185, Table 10, p.17		100.0%	265,513

## 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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November 26, 2002