

UNITED STATES OF AMERICA
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

PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

(Issued December 2, 2002)

The proponents are requested to provide the information described below to assist in developing a record for the consideration of their request. In order to facilitate inclusion of the requested material in the evidentiary record, either the Postal Service or Capital One Services, Inc., as appropriate, is to have a witness attest to the accuracy of the answers and be prepared to explain to the extent necessary the basis for the answers. The answers are to be provided by December 12, 2002.

1. In the response to APWU/USPS-T3-4 (d), witness Crum states that he assumes that Capital One's First-Class Mail is forwarded at or below the average rate for the class as a whole. In part (e) of the response, he goes on to explain that the (1.96 percent) average forwarding rate for all First-Class Mail is derived from USPS-LR-J-69 by allocating the First-Class Mail UAA percentage (3.197 percent) in Table 4.2 by the proportion of First-Class forwarded mail (61.34 percent) in Table 4.3.3.
 - (a) The 9.6 percent return rate of Capital One's First-Class solicitations dictates that the UAA percentage for Capital One's solicitations must be at least 9.6 percent. Please explain why it is reasonable to use a UAA percentage (3.197 percent) that is demonstrably below Capital One's

First-Class solicitation UAA percentage as an element of the estimated forwarding rate of Capital One's First-Class solicitations.

(b) Applying the average forwarding rate for First-Class mail to Capital One's First-Class solicitation volume would suggest a TYBR estimate of 15.1 million forwarded pieces. Viewed in combination with an estimated 73.7 million TYBR returns (9.6 percent of 768 million), this would imply that Capital One's First-Class solicitation UAA mail is roughly 17 percent forwarded and 83 percent returned to sender. In contrast, Table 4.3.3 shows the average First-Class UAA disposition as roughly 61 percent forwarded and 39 percent returned to sender. Please explain any factors that might cause the disposition of Capital One's First-Class solicitation UAA mail to differ from the average for First-Class UAA mail by such a wide margin.

2. In the response to POIR 2, question 7, witness Crum calculates that the estimated 12,794,880 Capital One solicitations that would have been forwarded in the test year would go to 2,293,782 delivery points. This calculation assumes that, in the absence of the NSA, a piece requiring forwarding would be sent to each of these delivery points 5.6 times in the test year. Please explain how the effects of Capital One's practice of processing its solicitation mail addresses through the National Change of Address (NCOA) database every 60 days is reflected in the assumption that a piece requiring forwarding would be sent to the same address 5.6 times without the address being corrected.

George A. Omas
Presiding Officer