

**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 OFFICE OF THE CONSUMER ADVOCATE
WITNESS JAMES F. CALLOW
(APWU/OCA-T2-1-9)
(January 3, 2003)**

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 Witness James F. Callow.

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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APWU/OCA-T2-1. Have you estimated the changes in revenue and costs to the Postal Service of implementing the two experimental mail classifications that you propose in your testimony? If so, please provide those results and the assumptions that underlie your results. Please include in the description of your assumptions any changes that might arise from the implementation of PARS. If you have not made such cost and revenue estimates, why not?

APWU/OCA-T2-2. Please confirm that all mailers participating in the experimental address correction classification that you propose would use the CSR-Option 2 endorsement.

APWU/OCA-T2-3. You state on page 9 of your testimony that "mailers would have an affirmative obligation to use address correction information to correct their address databases, and to do so within two days of receiving electronic notices."

- a) Is this the same as requiring mailers to process all their future mailing lists against the information received from the ACS program? If not, please explain in more detail what actions the mailer would need to undertake to be in compliance with this requirement. Would this prohibit the mailer from mailing to an addressee at an address that has had a notice of a prior return?
- b) How would the Postal Service monitor compliance with this requirement?

APWU/OCA-T2-4. You state on page 18 of your testimony that under your experimental volume-based declining block rates, a unique volume threshold for each mailer would be determined from "a mailer's recent historic First-Class Mail volume." Are you proposing to use a specific methodology for determining this unique threshold value? If so, what methodology are you proposing? Once set, would these threshold amounts stay constant for all future years of the agreement?

APWU/OCA-T2-5. Under your proposed experimental volume-based declining block rates, when would the discounts be applied? Since mailers can claim the highest discount available based on the amount by which their mail volume exceeds their threshold amounts, would the discounts be provided as a retroactive rebate once the full year's volume is determined? If not, please explain further the procedures for implementing the discounts. If so, will the volume totals be determined through the PERMIT system based on a set of permit numbers registered at the time of the Postal Service approves the mailer to participate in the program?

APWU/OCA-T2-6. Under your proposed experimental volume-based declining block rates, would the amount of the discounts available to each mailer be the same (for example always starting at 3 cents and progressing to 6 cents) but the

threshold amounts differ or would the amount of the discounts available also be dependent on the size of the threshold amount? Would the size of the incremental blocks be adjusted to the specific mailer?

APWU/OCA-T2-7. Under your proposed experimental volume-based declining block rates, how would mergers or acquisitions among mailers be handled? Could a mailer meet its threshold target by purchasing another mailer and adding the acquired mail volume to its own?

APWU/OCA-T2-8. Under your proposed experimental volume-based declining block rates, does the mail volume used to qualify for the discount have to be generated by the mailer? Could a mailer contract to mail other mailers volume in order to qualify for the discounts?

APWU/OCA-T2-9. Under your proposed experimental volume-based declining block rates, the Postal Service can decline access to the volume-based declining block rates to a specific mailer if it does not believe that additional contribution to institutional costs can be generated. Are there any other reasons that the Postal Service can decline access to the volume-based declining block discounts to a specific mailer? If so what would those be?