

UNITED STATES OF AMERICA  
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

ANSWER OF THE OFFICE OF THE CONSUMER ADVOCATE  
TO INTERROGATORY OF CAPITAL ONE SERVICES INC.  
(COS/OCA-T1-4) REDIRECTED FROM  
WITNESS: J. EDWARD SMITH  
(January 6, 2003)

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The Office of the Consumer Advocate hereby submits its answer to the interrogatory of Capital One Services Inc. redirected from witness J. Edward Smith, dated December 26, 2002. The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

OFFICE OF THE CONSUMER ADVOCATE

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ANSWER OF THE OCA TO INTERROGATORY  
COS/OCA-T1-4 REDIRECTED FROM WITNESS SMITH

COS/OCA-T1-4. Please refer to page 3 of your testimony where you discuss the volume threshold.

- (a) Please confirm that, in general, worksharing discounts pass through a portion of Postal Service cost savings from the worksharing and that these discounts are not contingent on the mailer increasing its Test Year mail volume. If not confirmed, please explain fully.
- (b) Please confirm that the only discounts that Capital One is being offered in this case are volume discounts. If not confirmed, please explain fully.
- (c) Please confirm that if the threshold volume is set exactly equal to Test Year before-rates First-Class Mail volume, then Capital One will only receive a discount if it increases its volume in response to the volume discounts.
- (d) Is it your opinion that Capital One should not receive any discount from reducing Postal Service return costs unless Capital One also grows mail volume? Please describe your response in detail.

RESPONSE TO COS/OCA-T1-4.

- (a) If the word "portion" is changed to "percentage," then confirmed.
- (b) Confirmed.
- (c) Not Confirmed. Capital One's "Test Year before-rates First-Class Mail volume" is unknown and unknowable. Thus, it is not possible to know, after the fact, whether a higher volume represents a before-rates-volume estimation error or new volume in response to a discount.
- (d) The OCA has not developed a position on this issue.