

**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

**RESPONSE OF NATIONAL NEWSPAPER ASSOCIATION WITNESS
JEFF M. DAVID TO INTERROGATORIES OF
CAPITAL ONE SERVICES, INC.
COS/NNA T-1-1-2**

National Newspaper Association witness Jeff David (NNA-T1) hereby responds to the following interrogatories. Each interrogatory is provided verbatim and is followed by the response.

Respectfully submitted

Tonda F. Rush
KING & BALLOW
PO Box 50301
Arlington, VA 22205
(703) 534-5750
Counsel for
National Newspaper Association,
Inc.

Dated: January 8, 2003

COS/NNA-T1-1. Please refer to Appendix G, page 1 of the Postal Rate Commission's Opinion and Recommended Decision from Docket No. R2001-1 and page 3 of USPS-T-3.

- (a) Please confirm that the majority of subscriber copies of the *Livingston Parish News* are mailed at Periodicals Within-County rates. If not confirmed, please explain fully.

Confirmed.

- (b) Please confirm that the average rate (from Appendix G, page 1) for the Periodicals Within-County subclass is approximately 9.7 cents per piece, its markup over attributable costs is 0.2%, and its contribution to institutional costs is approximately .02 cents per piece. If not confirmed, please provide correct figures.

Confirmed that a contribution of institutional costs of .2% and a contribution of .02 cents per piece was projected in that decision. My understanding from reports filed with the Commission for Fiscal Year 2001 is that the contribution was closer to .10 cents per piece for a cost coverage of 109.54 percent. I might add that the cost coverage, which the law requires to be half that of the corresponding regular rate, was higher than the cost coverage for outside county periodicals.

- (c) Please confirm that the average rate, markup, and unit contribution for Periodicals Within-County subclass are lower than the average rate, markup, and unit contribution for any other mail subclass. If not confirmed, please explain fully.

Not confirmed if the question refers to rates, markups and contributions actually paid, as opposed to those designed by the rate schedule. The markup may be designed to be lower than that for any other mail subclass, but it does not always turn out that way. It appears that in FY 2001, for example, it was actually higher than that for outside county periodicals.

- (d) What is the average Periodicals Within-County rate that your company pays to mail the *Livingston Parish News*?

The question does not specify a time period for the average requested. The unit postage for my last mailing in December was 13.4 cents for the within county mail.

- (e) Please confirm that the average rate that Capital One pays to mail a First-Class Mail letter is 29.1 cents. If not confirmed, please provide the correct figure.

I have no first-hand knowledge of Capital One's mailing rates. I assume its rate depends upon a variety of factors, including its use of presort discounts.

- (f) Please confirm that the average unit contribution of First-Class Mail letters to institutional costs is over 18 cents per piece. If not confirmed, please provide correct figures.

Confirmed.

COS/NNA-T1-2. Please refer to page 6 of your testimony, which states, "For example, if my local bank wants to promote its credit card service with a letter to the 33,000 households in Livingston Parish, it will pay between 27.5 and 30.9 cents at the presort first-class automation rates."

- (a) Please confirm that this local bank could also mail these letters at Standard Mail rates. If not confirmed, please explain fully.

I assume it could if it wished to purchase that level of service and have its customers identify its mail piece as advertising mail, as could Capital One Services, Inc.

- (b) Please confirm that this local bank could enter these letters at the destination sectional center facility. If not confirmed, please explain fully.

I assume any mailer could do so if its mail were properly prepared and transported.

- (c) Please confirm that it is less costly to enter an entire local mailing at a destination sectional center facility than to enter an entire national mailing at a destination sectional center facility. If not confirmed, please explain fully.

Not confirmed. I assume a variety of factors could affect the cost. For example, the answer might depend upon the location of the printer for the "national mailing." Presumably a "national mailing" could be sent electronically to a variety of points, printed and entered at a destination sectional center facility.