

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

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
OFFICE OF THE CONSUMER ADVOCATE WITNESS JAMES F. CALLOW
(NAA/OCA-T2-1-9)
January 14, 2003**

The Newspaper Association of America hereby submits the attached
interrogatories to Office of the Consumer Advocate witness James F. Callow (OCA-T-2)
and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By: _____

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all
participants requesting such service in this proceeding in accordance with section 12 of
the Rules of Practice.

January 14, 2003

William B. Baker

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NAA/OCA-T2-1: Please refer to pages 15, line 18 to page 16, line 3 of your testimony, where you summarize the cost and charges of physical returns and electronic address correction service.

- a. Please confirm that the Postal Service estimates an average mailstream processing cost of 29.95 cents (USPS-LR-1/MC2002-2, page 1) to return a piece of Capital One First-Class Mail from the CFS back to the mailer, for which the effective charge is zero because it is a service feature of First-Class mail.
- b. Please confirm that the Postal Service estimates that the cost of providing electronic Address Change Service (“ACS”) for non-forwardable First-Class Mail is approximately 14.5 cents (USPS-LR-1/MC2002-2, page 2), and that this 14.5 cent cost also supports the current 20 cent charge for eACS.
- c. Is pricing at zero a service that costs the USPS an estimated 29.95 cents to provide sending economically efficient price signals?

NAA/OCA-T2-2: Please refer to page 16, lines 7-8, of your testimony. Do the “more timely and ‘richer’ data” for mailers to use in updating their address databases have value to mailers?

NAA/OCA-T2-3: Please confirm that under your proposed discount rate schedule, the discounts that a mailer could claim are not tied to a particular incremental volume block, but instead are based on the highest volume block that a mailer’s volume happens to achieve. If you cannot confirm, please explain the relationship between the incremental volume blocks and the discounts which a mailer could claim.

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NAA/COS-T2-4: Please refer to page 24 of your testimony, where you discuss your proposal that incremental volume thresholds for declining block rates should be based upon “publicly available and verifiable historical volume data.”

- a. To what “publicly available and verifiable historical volume data” do you refer?
- b. Are mailing statements “publicly available”?
- c. Assume mailer A receives a volume discount under your proposal and its competitor B wants to determine whether mailer A’s volumes and eligibility for discounts are calculated accurately. Could it do so? If so, how? If not, why not?

NAA/OCA-T2-5: Under your proposal, could the volume thresholds upon which a mailer’s eligibility for declining volume discounts be set at levels below:

- a. the mailer’s recent historical volumes?
- b. the mailer’s projected volume?

Please explain your answer.

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NAA/OCA-T2-6: Please refer to page 25, lines 9 through 12, of your testimony, where you state that the Postal Service would have an “affirmative duty” to find that any First-Class mailer authorized to use the volume discount proposal would “generate an additional contribution to institutional costs.”

- a. At what level in the Postal Service would this determination be made? At the postal facility of entry? At headquarters? Please explain.
- b. Would the additional contribution to institutional costs have to come from postage paid by the mailer?
- c. If the additional contribution could be based upon expected cost savings, how would the Postal Service identify the particular mailer to whom cost savings should be credited?

NAA/OCA-T2-7: Please refer to page 25, line 12 through 13, where you state that if the Postal Service “does not find an additional contribution will be likely, it may decline to authorize a mailer’s access to the volume-based declining block rates.”

(emphasis added)

- a. Under your proposal, could the Postal Service authorize a mailer to use the volume discounts if it determines that the net change in contribution would be zero? If so, please explain under what circumstances it could do so.
- b. Under your proposal, could the Postal Service authorize a mailer to use the volume discounts if it determines that the net change in contribution would be negative? If so, please explain why.

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NAA/OCA-T2-8: Please refer to the written denial of eligibility referred to in proposed DMCS section 610.5 in Attachment A to your testimony. Would a denial by the Postal Service of access to volume-based declining discounts be subject to administrative or judicial review? If so, please explain what review would be available? If not, please explain why not.

NAA/OCA-T2-9: Would a decision by the Postal Service to allow mailer A to receive the volume-based discounts that you propose be subject to administrative or judicial review by a competitor of mailer A? By another mailer that is not a competitor of mailer A? Please explain why or why not.