

**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

**FIFTH INTERROGATORIES OF CAPITAL ONE SERVICES, INC.
TO OFFICE OF THE CONSUMER ADVOCATE
WITNESS JAMES F. CALLOW (OCA-T2-18-22)**

Capital One Services, Inc (COS) hereby requests Office of the Consumer Advocate to respond fully and completely to the following interrogatories and requests for production of documents pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure.

Respectfully submitted

Timothy J. May
Patton Boggs LLP
2550 M Street, NW
Washington, D.C. 20037-1350
Tel: 202 457 6050
Fax: 202 457 6315
Counsel for Capital One
Services, Inc.

Dated: January 23, 2003

COS/OCA-T2-18. Please refer to your response to COS/OCA-T2-13(c) where you state, “Thus, any information that can be made public, such as posted on the Commission’s website, without violating any contractual or copyright provisions would be included within the meaning of ‘publicly available’” Please confirm that, your definition of publicly available data includes statements made in testimony that is posted on the Commission’s website and therefore statements made in testimony that is posted on the Commission’s website can be used by the Postal Service to determine the volume threshold. If not confirmed, please explain fully.

COS/OCA-T2-19. Please refer to your response to COS/OCA-T2-14(a) where you state, “Under either method, establishment of the ‘correct’ volume threshold for any mailer is unknowable.”

(a) Please define fully “unknowable” as used in your response to COS/OCA-T2-14(a).

(b) Based upon the definition provided in your response to subpart (a) of this interrogatory, are the Test Year Before Rates volume forecasts by subclass that are used in rate cases “unknowable”? Please explain fully.

COS/OCA-T2-20. Please refer to your response to COS/OCA-T2-14(a) where you state, “Consequently, the requirement that the Postal Service use its own or publicly available data is one of several means of reducing financial risks to the Postal Service associated with establishing a volume threshold. The others are linking access to volume-based discounts to reducing the number of physical returns so as to reduce Postal Service costs, and limiting the amount of discounts available to any one mailer.”

- (a) Please confirm that, everything else equal, if the mailer’s return rate is lower, then the Postal Service’s financial risk associated with your proposed volume-based discounts will be higher. If not confirmed, please explain fully.

- (b) Please confirm that, everything else equal, Capital One having a higher-than-average return rate reduces the Postal Service’s financial risk from the NSA.

COS/OCA-T2-21. Please refer to your response to USPS/OCA-T2-16(c) where you state, “The proposed changes to the DMCS simply direct that the Postal Service establish the volume threshold for each mailer using its own or publicly available data. The absence of a specific forecasting model or any other method permits the Postal Service to develop the most appropriate method based upon the type, quantity, and quality of mailer information available to it.”

- (a) Based upon the data presented in this case, could the Postal Service set a unique volume threshold of 1.225 billion pieces for Capital One if it participated in your proposed Experimental Volume-Based Declining Block Rate Classification? Please explain your response fully

- (b) In your experimental classifications, would the Postal Service be allowed to set the volume threshold below estimated Test Year Before Rates volumes as long as it believed that contribution would be increased? Please explain your response fully.

COS/OCA-T2-22. Please refer to your response to USPS/OCA-T2-1 where you state, “Each electronic notice reduces costs to the Postal Service by avoiding the physical return of a First-Class mailpiece, or by reducing the number of mailpieces that are repeat forwards.” Regarding your Experimental Automated Address Correction Service classification, is it your opinion that the cost savings from reducing the number of mailpieces that are repeat forwards will more than offset the cost of providing electronic notices for forwarded mail? Please explain your response fully.