

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

**ANSWERS OF NEWSPAPER ASSOCIATION OF AMERICA
WITNESS CHRISTOPHER D. KENT TO INTERROGATORIES OF
CAPITAL ONE SERVICES, INC. (COS/NAA-T1-35-39)
February 3, 2003**

The Newspaper Association of America hereby provides submits the answers of
Christopher D. Kent to interrogatories of Capital One Services, Inc., filed January 27,
2003.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By:

William B. Baker
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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 and the Presiding Officer's Rulings.

February 3, 2003

William B. Baker

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COS/NAA-T1-35. Please refer to your response to COS/NAA-T1-25(c) where you state,

“Confirmed that Table 4.4 of USPS LR-J-69 shows that mailpieces returned for the following reasons:

Attempted, Not Known,
No such Number/No Such Street, and
Insufficient Address

comprise 42.57% of the total FCM returned to sender by delivery unit.”

Please confirm that, excluding the “Forwarding Order Expired” and the “Other” categories, the reasons “Attempted, Not Known,” “No Such Number/No Such Street,” and “Insufficient Address” comprise approximately 97 percent of the “total FCM returned by delivery unit.” If not confirmed, please provide the correct figure.

ANSWER:

Confirmed that if one excludes the “Forwarding Order Expired” and the “Other” categories (which together make up 56% of the “return to sender by delivery unit” volume), the reasons “Attempted, Not Known,” “No Such Number/No Such Street,” and “Insufficient Address” comprise approximately 97 percent of the remaining “total FCM returned by delivery unit” volume.

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COS/NAA-T1-36. Please refer to your response to COS/NAA-T1-27 where you state, “Not confirmed. COS is continuously mailing solicitations to new persons with whom they have no relationship. Even for those lists used by COS for multiple mailings, there is a lag time between processing against NCOA and the mailings.”

(a) Please explain fully why this explanation causes you not to confirm in your response to COS/NAA-T1-27.

(b) Is there also “a lag time between processing against NCOA and the mailings” for other mailers or is Capital One the only mailer for which there is “a lag time between processing against NCOA and the mailings”? Please explain your response fully.

ANSWER:

a) COS/NAA-T1-27 states:

Please confirm that having a match rate that is consistent with that of other NCOA mailers suggests that Capital One’s forwarding rate is similar to other mailers who use NCOA.

The explanation I gave in my reply listed additional points I considered to reach my conclusion that COS likely has a higher forwarding rate than other mailers.

b) Yes, it is likely that other mailers experience a lag between NCOA processing and mailings.

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COS/NAA-T1-37. Please refer to your response to COS/NAA-T1-29 where you state, “Not confirmed. This hypothetical does not include enough data to make an accurate and reliable judgment. For example, the actual costs of forwarding COS mail would be needed to estimate the breakeven ratio.” Please assume that “the actual costs of forwarding COS mail” is \$0.306 per forwarded piece and that the actual costs of providing eACS forwarding notifications to COS is \$0.066 per notification. Under these assumptions, please confirm that the breakeven ratio is approximately 4.6. If not confirmed, please provide your best estimate of the breakeven ratio. If you need to make additional assumptions to estimate the breakeven ratio, please make the necessary assumptions and list them in your response.

ANSWER:

Confirmed, given the stated assumptions.

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COS/NAA-T1-38. Please refer to your response to COS/NAA-T1-28(a) where you discuss how many “notifications will be needed” to incorporate forwarding information into mailing lists. Please summarize all analyses that you have performed regarding the extent to which eACS forwarding notifications will reduce the number of repeat forwards sent by Capital One.

ANSWER:

As I stated in my response to COS/NAA-T1-28(a),

My statement that multiple notifications will be needed is based on common sense, an understanding that COS mailings occur in real time, and that there are lags between the time the mailing occurs and the time COS lists are updated.

I have not performed, and I cannot perform, any quantitative analyses without more information. For example, I would need to know the actual number of COS repeat forwards and the actual time it takes to prepare a COS mailing (which would aid in estimating the lag time between COS receiving the eACS notice, updating its mailing lists, and the updated mailing lists being incorporated into a mailing).

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COS/NAA-T1-39. Please refer to your response to COS/NAA-T1-30(b) where you state, “The waived fees should be included because they are potential lost revenue.” Please assume that Capital One will, under no circumstances, pay for electronic “returns” or for eACS forwarding notifications in the Test Year. Under this assumption, please confirm that “waiving fees” as part of the NSA will not result in a reduction in the Postal Service’s actual Test Year revenues. If not confirmed, please explain fully.

ANSWER:

Confirmed, given the assumption that COS will “under no circumstances, pay for electronic returns or for eACS forwarding notifications in the Test Year,” which makes the question a tautology. But if the Postal Service nonetheless provides electronic returns or eACS forwarding notifications without a fee, it will receive less revenue than it would if it collected the fee.