

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

ANSWERS OF OFFICE OF CONSUMER ADVOCATE
WITNESS JAMES F. CALLOW TO INTERROGATORIES OF
UNITED STATES POSTAL SERVICE (USPS/OCA-T2-25-27)
(February 3, 2003)

The Office of Consumer Advocate hereby submits the answers of James F. Callow to interrogatories USPS/OCA-T2-25-27, dated January 24, 2003. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

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ANSWERS OF OCA WITNESS JAMES F. CALLOW
TO INTERROGATORIES USPS/OCA-T2-25-27

USPS/OCA-T2-25

Please refer to your response to COS/OCA-T2-11 where you state that small-volume mailers are likely to be discouraged by the experimental classification's requirement that mailer use NCOA or the *FASTforward* system. Assume that almost six thousand mailers each process on an annual basis 25,000 addresses or fewer through NCOA or *FASTforward*. Would that change your response? If so, how would your response change?

RESPONSE TO USPS/OCA-T2-25

No. As stated in my response to COS/OCA-T2-11, I would not expect the Postal Service to authorize hundreds, let alone thousands, of mailers to participate in the Experimental Automated Address Correction Service for administrative reasons. As an experiment, the changes to the DMCS permit the Postal Service to "deny authorization for any legitimate data collection, administrative or logistical reason."

ANSWERS OF OCA WITNESS JAMES F. CALLOW
TO INTERROGATORIES USPS/OCA-T2-25-27

USPS/OCA-T2-26

Please refer to your response to COS/OCA-T2-13(c) where you discuss the term “publicly available data” as data that would be available for public inspection and review. If the Postal Service relies on its own data from the PERMIT system in setting the discount threshold, would it be required to make that data available for public inspection and review?

RESPONSE TO USPS/OCA-T2-26

Yes. The changes to the DMCS for the Experimental Volume-Based Declining Block Rate classification directs that the “Discount Threshold” be “established by the Postal Service using only its own or publicly available data.” OCA-T2 Attachment B, DMCS 620.61. The intent of this requirement is to make the establishment of a volume threshold transparent. Transparency could be achieved through public reporting pursuant to the proposed data collection plan, see OCA-T-2 at 23, lines 1-4, or pursuant to the Commission’s rules governing filings made under protective conditions. However, to the extent that the Postal Service cannot or will not make data from the PERMIT system or mailing statements publicly available, either as part of the proposed data collection plan or under protective conditions, the Postal Service should not rely on such data.

ANSWERS OF OCA WITNESS JAMES F. CALLOW
TO INTERROGATORIES USPS/OCA-T2-25-27

USPS/OCA-T2-27

Please refer to your response to USPS/OCA-T2-13 (c) where in developing a formula for the total cost savings, you state that \$.23 represents “the cost difference between a physical and an electronic return.” Please confirm that the cost difference is actually \$.20 (\$.53 - \$.33 (rounded)). See USPS-LR-1/MC2002-1. If you do not confirm, please explain. If you do confirm, please describe in detail how this changes the analysis in your response to USPS/OCA-T2-13 (c).

RESPONSE TO USPS/OCA-T2-27

Confirmed. A revised response will be provided to USPS/OCA-T2-13(c).

Using the cost difference between a physical and an electronic return of \$0.2026 results in two principal changes. First, the minimum additional contribution per piece mailed is smaller, changing from \$0.01 to \$0.007. Second, the “minimum” return rate is larger, changing from 4.6 percent to 5.2 percent.