

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RATE AND SERVICE CHANGES TO) Docket No. MC2004-3
IMPLEMENT FUNCTIONALLY EQUIVALENT)
NEGOTIATED SERVICE AGREEMENT WITH)
BANK ONE CORPORATION)

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
SECOND INTERROGATORIES AND REQUESTS FOR PRODUCTION OF
DOCUMENTS TO BANK ONE CORPORATION
WITNESS BRAD RAPPAPORT (VP/BOC-T1-12-15)
(July 15, 2004)

Pursuant to sections 25 through 27 of the Rules of Practice of the Postal Rate
Commission, Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.
hereby submit the following interrogatories and requests for production of documents.

Respectfully submitted,

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Valpak Direct Marketing Systems, Inc. and
Valpak Dealers' Association, Inc.

VP/BOC-T1-12.

- a. During 2003, did Bank One request any kind of optional physical return or return information for any of its Standard Mail solicitations that were Undeliverable as Addressed (“UAA”) and non-forwardable? Please explain any answer that is not an unqualified negative, and indicate the extent to which Bank One used such optional endorsements on its Standard Mail solicitations. Also, please indicate the amount of any extra fees that Bank One paid as a result of using such endorsements.
- b. During 2003, did Bank One request forwarding service for any of its Standard Mail solicitations that might be UAA? Please explain any answer that is not an unqualified negative, and indicate the extent to which Bank One used such optional endorsements on its Standard Mail solicitations. Also, please indicate the amount of extra fees that Bank One paid the Postal Service as a result of requesting forwarding service for any of its Standard Mail solicitations.

VP/BOC-T1-13.

- a. Please refer to your testimony at page 6, Tables 3 and 4, and confirm that in years 2 and 3 you project an increase in First-Class solicitation mail volume from 64.430 million Before Rates to 163.485 million After Rates, or an increase in the volume of this mail of 138 percent. Please explain any non-confirmation.
- b. Please refer to your testimony at page 9, lines 1-7, and confirm that if the volume of First-Class solicitation mail increases as you project, and the percentage return rates materialize as you project, the volume of Bank One’s First-Class solicitation mail

requiring return service will increase from 6.50 million pieces to 15.41 million pieces, or by 137 percent, computed as follows (millions):

	Before Rates <u>Volume</u>	Before Rates <u>Returns</u>	After Rates Volume <u>Yrs 2&3</u>	After Rates Returns <u>Yrs 2&3</u>
Letters	29.387	2.65	128.442	11.56
Flats	<u>35.043</u>	<u>3.85</u>	<u>35.043</u>	<u>3.85</u>
Total	64.430	6.50	163.485	15.41

If you do not confirm, please state what you believe to be the correct volumes, and explain the derivation.

- c. Please refer to the data on page 1 of the Appendix A to the testimony of Postal Service witness William K. Plunkett (USPS-T-1), and please confirm that the Postal Service's cost of physically returning Bank One's Before Rates volume shown in your Tables 3 and 4 would amount to \$6.02 million. If you do not confirm, please indicate what you believe to be the correct amount, and explain the derivation.
- d. Please refer to the data on page 1 of the Appendix A to the testimony of witness Plunkett (USPS-T-1), and please confirm that the Postal Service's cost of electronically transmitting address correction information for Bank One's After Rates volume shown in your Tables 3 and 4 would amount to \$6.13 million, or about 2 percent more than the cost of the manually returning the Before Rates volume. If you do not confirm, please indicate what you believe to be the correct amount, and explain the derivation.

VP/BOC-T1-14.

- a. Please explain why Bank One would need address correction service for its First-Class solicitation mail, when it does not need address correction service for its Standard Mail solicitations.
- b. Please explain all ways in which Bank One utilized information from its First-Class solicitation mail that was returned physically (or manually) during 2003. That is, did it use returned mail pieces to correct its solicitation mail lists? If not, what did Bank One do with returned mail?
- c. During 2003, for how long a period, on average, did Bank One retain returned solicitation mail before it was disposed of?
- d. Assuming that the proposed Negotiated Service Agreement (“NSA”) is approved and implemented, please explain all ways in which Bank One plans to utilize the electronic return information that it will receive under the NSA.
- e. After the electronic information is utilized in whatever manner you described in your response to preceding part d, please explain (i) how long Bank One anticipates retaining such electronic data, and (ii) what other plans, if any, Bank One has for utilizing such electronic data (*e.g.*, sharing the information with list providers).

VP/BOC-T1-15.

The Bank One NSA provides that a material change in the Domestic Mail Classification Schedule (“DMCS”) or the Domestic Mail Manual (“DMM”) “that affects the basic structure

of this agreement or changes the benefits of the arrangement” occurs, each party may terminate the agreement, without penalty. (Section V.F.5.)

- a. Do you believe that if the Postal Service were to propose successfully to the Commission that the price of electronic address correction would be reduced by any amount, or that any charge is imposed for physical return of commercial First-Class Mail, that the Postal Service could terminate the agreement without penalty under this clause? Please explain your answer.

- b. Do you believe that if the Postal Service were to propose successfully to the Commission the creation of a First-Class bulk subclass, that the Postal Service could terminate the agreement without penalty under this clause? Please explain your answer.