

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

RATE AND SERVICE CHANGES TO IMPLEMENT )  
BASELINE NEGOTIATED SERVICE AGREEMENT ) Docket No. MC2007-1  
WITH BANK OF AMERICA CORPORATION )

VALPAK DIRECT MARKETING SYSTEMS, INC. AND  
VALPAK DEALERS' ASSOCIATION, INC.  
FOLLOW-UP INTERROGATORIES AND REQUESTS FOR  
PRODUCTION OF DOCUMENTS TO UNITED STATES POSTAL SERVICE  
WITNESS ALI AYUB (VP/USPS-T1-28-33)  
(April 27, 2007)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice,  
Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. hereby  
submit follow-up interrogatories and document production requests. If necessary, please  
redirect any interrogatory and/or request to a more appropriate witness.

Respectfully submitted,

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Valpak Dealers' Association, Inc.

**VP/USPS-T1-28.**

Please refer to your response to VP/USPS-T1-22.

- a. Your response to part a states that fewer than 5 mailers are pilot testing Seamless Acceptance. For those mailers that have agreed to cooperate with pilot testing of Seamless Acceptance, has the Postal Service given any (or all) of them any kind of financial incentive for their participation in the pilot test?
  - (i) If your answer is anything other than an unqualified negative, please describe fully every financial incentive that the Postal Service has given those cooperating mailers, and compare any such incentive(s) with the financial incentive offered to BAC in the proposed NSA.
  - (ii) Aside from any financial incentive that may have been given to those mailers who have agreed to cooperate in the pilot test of Seamless Acceptance, please provide a detailed description of all non-financial inducements that the Postal Service has offered to those mailers in return for their participation.
- b. Your response to VP/USPS-T1-22(d) states that BAC will be required to implement Seamless Acceptance once the Postal Service has completed beta-testing of the service. Please explain whether “pilot testing,” as you use that term, is synonymous with “beta-testing.”

- c. If pilot testing differs from beta-testing, please explain:
- (i) How they differ.
  - (ii) When the Postal Service expects to complete pilot testing and commence beta-testing of Seamless Acceptance.
  - (iii) Whether the Postal Service expects BAC to participate in the beta-testing.
  - (iv) What financial and non-financial incentives the Postal Service plans to offer those mailers who agree to participate in beta-testing.
- d. In your response to VP/USPS-T1-3(e) you stated that “[t]he Postal Service does not expect to offer any inducement to bulk mailers to adopt and use Seamless Acceptance,” and in your response to VP/USPS-T1-22(c) you state that “[i]f the implementation [of Seamless Acceptance] were not a factor in the NSA, there would be no guarantee that BAC would adopt Seamless Acceptance at this point in time.”
- (i) Please explain why the Postal Service considers it desirable — or necessary — to offer BAC a financial inducement for adopting Seamless Acceptance when it does not expect to offer any inducement to other bulk mailers for adopting and using Seamless Acceptance.
  - (ii) Assuming that this NSA is approved as submitted, please discuss the likelihood that it may lead other mailers to seek a financial

inducement for adopting and using Seamless Acceptance after all testing is complete and it has been released for mailer use.

**VP/USPS-T1-29.**

Your response to VP/USPS-T1-22(c)(i) states that “[i]f the implementation [of Seamless Acceptance] were not a factor [*i.e.*, a requirement] in the NSA, there would be no guarantee that BAC would adopt Seamless Acceptance at this point in time.”

- a. Please explain why the Postal Service regards the guarantee that BAC will adopt Seamless Acceptance as an important ancillary benefit of the NSA.
- b. As a hypothetical, suppose that BAC were one of the mailers who agreed to participate in the beta-testing and, consequently, was already using Seamless Acceptance. Under this assumed circumstance, please explain whether the Postal Service would consider a guarantee that BAC would continue using Seamless Acceptance to be a benefit of equal importance to the Postal Service.
- c. Once the beta-testing of Seamless Acceptance is completed and it is released for use by mailers, if some other bulk letter mailer (X, say) is not using Seamless Acceptance, would that be a consideration in deciding whether mailer X is similarly situated to BAC?
- d. Similarly, once the beta-testing of Seamless Acceptance is completed and it is released for use by mailers, if some other bulk letter mailer (Y, say) is using Seamless Acceptance, would that be a consideration in perhaps

deciding that mailer Y is not similarly situated to BAC? That is, would adoption of Seamless Acceptance by mailer Y, without any financial incentive, result in mailer Y not being similarly situated to BAC, and perhaps disqualify mailer Y for a functionally equivalent pay-for-performance NSA, such as the one proposed here? Please explain fully.

- e. Suppose that a bulk letter mailer (Z, say) has adopted and is using both Seamless Acceptance and eDropShip for all of its mail. In considering whether mailer Z should be eligible for a pay-for-performance NSA, such as the one proposed here, please explain whether the fact that mailer Z is already using Seamless Acceptance and eDropShip would mean that mailer Z is not similarly situated to BAC and should be disqualified from receiving a functionally equivalent pay-for-performance NSA.
- f. Suppose that a bulk letter mailer (N, say) has adopted and is using both Seamless Acceptance and eDropShip for all of its mail, and also is using the Centralized Automated Payment System (“CAPS”) to pay for 100 percent of the postage due for its bulk mail. In considering whether mailer N should be able to get a pay-for-performance NSA, such as the one proposed here, please explain whether the fact that mailer N is already using Seamless Acceptance, eDropShip and CAPS would mean that mailer N is not similarly situated to BAC and should be disqualified from receiving a functionally equivalent pay-for-performance NSA.

**VP/USPS-T1-30.**

Please refer to your response to VP/USPS-T1-24(b)(ii). Assume that a mailer (P, say) is using postage meters to pay for a substantial portion of its bulk letter mail.

Assume further that mailer P enters into a NSA in which it agrees to incorporate a requirement that it use CAPS to pay for 100 percent of the postage for its bulk letter mail. Please explain why the requirement to use CAPS for all postage payments “is unlikely” to result in the discontinuance of meters for mailer P’s bulk mail.

**VP/USPS-T1-31.**

Please refer to your response to VP/USPS-T1-25. Your response to part a states that the number of mailers participating in the eDropShip pilot test has varied over the course of the test, and currently fewer than 10 mailers are pilot testing eDropShip.

- a. For those mailers that have agreed to cooperate with the Postal Service and participate in pilot testing of eDropShip, has the Postal Service given any (or all) of them any kind of financial incentive?
- b. If your response to part a is affirmative, please describe fully every financial incentive that the Postal Service has given those cooperating mailers, and compare any such incentive(s) with the financial incentive offered to BAC in the proposed NSA.
- c. Aside from any financial incentive that may have been given to those mailers that have agreed to cooperate in the pilot test of eDropShip, please provide a detailed description of all non-financial inducements that the

Postal Service has offered to those mailers in return for their participation in the pilot test.

- d. To the extent that BAC's agreement to adopt eDropShip after all testing is complete is part of the reason for the financial inducement to participate in the proposed NSA, please discuss whether the existence of this inducement may adversely affect the future willingness of other mailers to cooperate with and participate in testing of future Postal Service innovations without any such incentive.

**VP/USPS-T1-32.**

Please refer to your response to VP/USPS-T1-27. Your response to part a states that “[t]he Four-State Barcode alone will not enable the Postal Service to develop mailer-specific accept rates for other mailers.” Following a similar statement in part b, you say that “BAC will still have to make substantial investments to implement the Four-State Barcode and the other requirements specified in the NSA.”

- a. Please identify and explain all reasons why a Four-State Barcode on bulk mail is not sufficient to enable the Postal Service to develop mailer-specific accept rates. In your explanation, please include all additional information (or input) that BAC must provide the Postal Service in order to enable it to develop the accept rate for BAC's bulk letter mail.
- b. Aside from the investment that BAC must make in order to implement the Four-State Barcode itself, please (i) list and explain all additional

investments that BAC must make in order for the Postal Service to be able to develop mailer-specific accept rates for BAC's bulk letter mail; and

(ii) explain whether the investment that BAC must make in order for the Postal Service to be able to develop mailer-specific accept rates differs in any material way from the investment that other bulk mailers will have to make when they implement the Four-State Barcode for their bulk letter mail. In your response, please omit any "other requirements specified in the NSA" that are not essential to development of mailer-specific accept rates for BAC's First-Class and Standard bulk letter mail.

**VP/USPS-T1-33.**

Please refer to your response to VP/USPS-T1-23.

- a. Your response to part a states that "the Postal Service anticipates that Seamless Acceptance will lead to overall improvements in mail processing performance over the status quo." Please elaborate on what you intend by "overall improvements in mail processing performance." In particular, please explain whether and how Seamless Acceptance is expected to improve:
- (i) The read/accept rate of letter mail; and
  - (ii) Handling of letter mail when it is in trays, pallets or other containers.

- b. In part b you indicate that “using Seamless Acceptance and PostalOne! Transportation Management ... will improve delivery processes for BAC mailpieces.” Please explain whether this statement is applicable to First-Class Mail only, or is equally applicable to Standard Mail entered at destination facilities and, if it applies to Standard Mail entered at destination facilities, provide a more specific explanation of how it “will improve delivery processes for BAC mailpieces.”
- c. In part b you indicate that higher quality mailpieces “will require fewer exceptions in delivery.” Please elaborate on what you mean by “exceptions in delivery.” In particular, do you mean that Seamless Acceptance will result in (i) fewer letters being rejected when being delivery point sequenced, or (ii) fewer pieces that are Undeliverable as Addressed (“UAA”), or (iii) fewer pieces for which personal knowledge is required, or (iv) something else? Please explain fully.