



January 31, 2008

Hon. Steven W. Williams, Secretary
Postal Regulatory Commission
901 New York Avenue, NW
Suite 200
Washington, DC 20268-0001

RE: Docket Nos. MC2002-2 and MC2006-6

Dear Mr. Williams:

In accordance with the Commission's Opinion and Recommended Decisions in Docket No. MC2002-2, Experimental Rate and Service Changes to Implement Negotiated Service Agreement with Capital One Services, Inc. ("Capital One NSA"), and Docket No. MC2006-6, Extension of Capital One NSA, attached is the Postal Service's fourth Data Collection Report for the time period October 1, 2006 to August 31, 2007. In accord with the letter addressed to you on February 8, 2007, this is the final Data Collection Report associated with these Dockets.

Please note that this report does not include data from September 2006 as those data were reported in the Capital One NSA Data Collection Report for the period of October 2005 - September 2006 (filed under Docket Nos. MC2002-2 and MC2006-6 on February 8, 2007). I have also attached the Excel spreadsheet showing the contribution analysis.

The report was due January 28, 2008, and we apologize for the delay.

Sincerely,

Matthew J. Connolly
Attorney

Attachments

Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007

Data Collection Plan Requirements:¹

1. Volume of First-Class Mail solicitations by rate category in eligible Capital One permit accounts.
2. Volume of First-Class Mail customer mail by rate category in eligible Capital One permit accounts.
3. Amount of discounts paid to Capital One for First-Class Mail by incremental volume block.
4. Volumes of First-Class Mail solicitations bearing the ACS endorsement that are physically returned to Capital One.
5. Number of electronic address correction notices provided to Capital One for forwarded solicitation mailpieces, including the number of notices processed by CFS units and separately for PARS (when fully operational).
6. Number of electronic address correction notices provided to Capital One for solicitation mailpieces that would otherwise be physically returned, including the number of notices processed by CFS units and separately for PARS (when fully operational).
7. Monthly estimate of the amount of time spent on compliance activity and a description of the activities performed.
8. For each First-Class Mail solicitation mailing list run against NCOA, Capital One will provide NCOA contractor reports that separately identify the number of address records checked and the number of corrections made.
9. For each Change of Address record that is used to forward a piece of Capital One solicitation mail through ACS under the Agreement, the Postal Service will provide the date the record was created, its move effective date, whether it was for a family or individual move, and each date that the record was used to forward a mail piece. No other information from the record would be provided.
10. As part of each data collection plan report, the Postal Service will provide an evaluation of the impact on contribution. It will also provide an assessment of trends of Capital One's First-Class Mail volume as compared to overall First-Class Mail volume.
11. As part of each data collection report, the Postal Service will provide the number of requests made for comparable NSAs, the industry of each requestor, the volume of First-Class Mail mailed annually by the requestor within the following ranges – less than 100 million pieces, 100 to 250 million pieces, and more than 250 million pieces – and the status of negotiations, or if negotiations were terminated, the reason(s) therefore.

¹ This report does not include data from September 2006 as those data were reported in the Capital One NSA Data Collection Report for the period of October 2005 - September 2006 (filed under Docket Nos. MC2002-2 and MC2006-6 on February 8, 2007).

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

12. Volume of Standard Mail solicitations by rate category in eligible Capital One permit accounts.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

1. Volume of First-Class Mail solicitations by rate category in eligible Capital One permit accounts.

Nonautomated Presorted Letters	
First Ounce	24,477,874
Additional Ounces	0
Nonmachineable Pieces	0
Heavy Piece Deduction	0
TOTAL Nonautomated Presorted Letters	24,477,874
Automation Presort Letters	
LETTERS	
Mixed AADC letters	6,290,441
AADC Letters	14,845,425
3-Digit Letters	249,205,750
5-Digit Letters	310,370,423
Additional Ounces	0
Heavy Piece Deduction	0
TOTAL Automation Presort Letters	580,712,039
Automation Carrier Route Letters	
First Ounce	21,550,878
Additional Ounces	0
Heavy Piece Deduction	0
TOTAL Automation Carrier Route Letters	21,550,878
TOTAL CAPITAL ONE FIRST-CLASS MAIL SOLICITATIONS	626,740,791

Source: PostalOne! See Appendix A, at 2.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

2. Volume of First-Class Mail customer mail by rate category in eligible Capital One permit accounts.

Nonautomated Presorted Letters	
First Ounce	6,695,174
Additional Ounces	0
Nonmachineable Pieces	0
Heavy Piece Deduction	0
TOTAL Nonautomated Presorted Letters	6,695,174
Automation Presort Letters	
LETTERS	
Mixed AADC letters	294,563
AADC Letters	1,328,128
3-Digit Letters	202,000,983
5-Digit Letters	223,025,818
Additional Ounces	0
Heavy Piece Deduction	0
TOTAL Automation Presort Letters	426,649,492
Automation Carrier Route Letters	
First Ounce	575,515
Additional Ounces	0
Heavy Piece Deduction	0
TOTAL Automation Carrier Route Letters	575,515
TOTAL CAPITAL ONE FIRST-CLASS CUSTOMER MAIL	433,920,181

Source: PostalOne! See Appendix A, at 4.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

3. Amount of discounts paid to Capital One for First-Class Mail by incremental volume block.

The thresholds and discounts for the NSA are calculated and reconciled for the contract period for the fourth year of the Agreement (October 2006 – August 2007). The schedule shows the declining block discounts available to Capital One.

STARTING BLOCK (pieces)	ENDING BLOCK (pieces)	INCENTIVE	INCENTIVES PAID
0	1,225,000,000	\$0.000	\$0.000
1,225,000,000	1,275,000,000	\$0.030	\$0.000
1,275,000,000	1,325,000,000	\$0.035	\$0.000
1,325,000,000	1,375,000,000	\$0.040	\$0.000
1,375,000,000	1,450,000,000	\$0.045	\$0.000
1,450,000,000	1,525,000,000	\$0.050	\$0.000
1,525,000,000	1,600,000,000	\$0.055	\$0.000
1,600,000,000	>	\$0.060	\$0.000
		TOTAL	\$0.000

Source: PostalOne! See Appendix A, at 1, indicating that volumes did not exceed thresholds.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

4. Volumes of First-Class Mail solicitations bearing the ACS endorsement that are physically returned to Capital One.

Time Period	Number of Mailpieces Physically Returned
October 2006	826,518
November 2006	1,152,454
December 2006	1,010,411
January 2007	826,679
February 2007	812,304
March 2007	1,045,732
April 2007	421,247
May 2007	828,487
June 2007	830,070
July 2007	669,813
August 2007	828,068

Source: Capital One, see Appendix A at 6.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

5. **Number of electronic address correction notices provided to Capital One for forwarded solicitation mailpieces, including the number of notices processed by CFS units and separately for PARS (when fully operational).**

Time Period	Number of ACS Forwarding Notices
October 2006	910,111
November 2006	758,859
December 2006	836,416
January 2007	699,025
February 2007	791,242
March 2007	806,221
April 2007	1,216,735
May 2007	1,307,225
June 2007	976,170
July 2007	872,315
August 2007	954,614

Source: National Customer Support Center (Memphis, TN); see Appendix A, at 7.

PARS was not fully operational during the fourth year of the Agreement.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

6. **Number of electronic address correction notices provided to Capital One for solicitation mailpieces that would otherwise be physically returned, including the number of notices processed by CFS units and separately for PARS (when fully operational).**

Time Period	Number of ACS UAA Notices
October 2006	1,875,799
November 2006	1,598,281
December 2006	1,795,904
January 2007	1,586,843
February 2007	1,690,934
March 2007	2,070,957
April 2007	1,537,380
May 2007	929,000
June 2007	1,026,197
July 2007	990,556
August 2007	1,086,277

Source: National Customer Support Center (Memphis, TN); see Appendix A, at 7.

PARS was not fully operational during the fourth year of the Agreement.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

7. Monthly estimate of the amount of time spent on compliance activity and a description of the activities performed.

Department	Activity and Description	Work-hours	Time-Frame
Pricing Strategy	<u>Volume Reconciliation</u> : Process of reconciling USPS permit volume counts with Capital One internal volume counts	2	Per month
Pricing Strategy	<u>NSA Data Collection Plan</u> : Ensuring compliance with the Data Collection Plan	80	Per Year
Address Management	<u>ACS Support</u> : Providing ACS counts and support for ACS related issues	4	Per month
Finance	<u>RPW Reporting</u> : Ensuring that discounts are allocated properly in RPW reporting (one-time event)	1*	Per year
Finance	<u>Accounting Procedures</u> : Monitoring and developing accounting controls and procedures for the refund process	2*	Per quarter
Legal	<u>Legal Advice</u> : Advising on compliance and preparation of the data collection plan	18	Per Year
Pricing, Finance	<u>NSA and rate-cases</u> : Ensuring that NSA volumes and affects are accurately reported and accounted for in rate-case filings	30*	Per Year

* These work-hours represent the total time spent on all implemented NSAs.

Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
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8. For each First-Class Mail solicitation mailing list run against NCOA, Capital One will provide NCOA contractor reports that separately identify the number of address records checked and the number of corrections made.

SOL ID	DATE OF RUN	TOTAL INPUT QUANTITY ¹	TOTAL MATCH QUANTITY ²
RECOVERIES SOL 9766	10/13/2006	21,865	3,055
RECOVERIES SOL 9767	10/26/2006	1,313,449	230,227
RECOVERIES SOL 9849	11/9/2006	11,277	1,708
RECOVERIES SOL 9769	12/6/2006	369,686	57,851
RECOVERIES SOL 9850	12/6/2006	589,822	69,383
RECOVERIES SOL 9892	12/27/2006	568,781	11,068
RECOVERIES SOL 9770	1/25/2007	364,757	57,387
RECOVERIES SOL 9933	1/30/2007	476,895	50,609
RECOVERIES SOL 9934	2/26/2007	462,867	46,480
RECOVERIES SOL 9994	3/29/2007	989,342	141,949
RECOVERIES SOL 10023	5/1/2007	1,064,633	127,656
RECOVERIES SOL 10070	6/6/2007	781,620	77,874
RECOVERIES SOL 10082	7/2/2007	715,193	71,143
RECOVERIES SOL 10118	8/7/2007	760,441	80,118

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
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Notes:

1. The figures in the Total Input Quantity column reflect the number of address records checked on the date listed in the corresponding "Date of Run" column.
2. The figures in the Total Match Quantity column reflect the number of corrections made to Capital One's First-Class Mail solicitation mailing list on the date listed in the corresponding "Date of Run" column.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

9. For each Change of Address record that is used to forward a piece of Capital One solicitation mail through ACS under the Agreement, the Postal Service will provide the date the record was created, its move effective date, whether it was for a family or individual move, and each date that the record was used to forward a mailpiece. No other information from the record would be provided.

In the Postal Service’s first Data Collection Report for Docket No. MC2002-2, covering the time period of September 1, 2003 to September 30, 2004, the Postal Service noted that a “literal application” of this data collection requirement “would require presenting discrete information from each of over 22 million forwarding events.” (See MC2002-2 Data Collection Report, at 13.) The Postal Service concluded that, “in light of the technical effort required to retrieve this information, and the cost of providing it . . . the most effective and efficient way to comply would be to summarize the data.” Since the underlying rationale for summarizing the data responsive to this requirement has not changed, the following summary is provided:

For the period of October 1, 2006 to August 31, 2007, the summary results are:

- a. Total Number of unique Change of Address Records used to forward Capital One Mail: 10,128,933.
- b. Family vs. Individual Moves: Of the 10 million COA records used, 4,813,816 (47.5 percent) were designated “Family” moves and 5,234,670 or (51.7 percent) were designated “Individual” moves. The remaining forwards were designated “Business” moves.

The chart below illustrates that a substantial majority of forwarding notices for a given COA record are provided only once. Moreover, only a tiny percentage of records are used more than three times to forward mail.

Number of ACS Notices	Number of Records	Percent of Total Records
1	8,215,503	81.11%
2	1,468,992	14.5%
3	415,848	4.11%
4	25,144	0.25%
5 or more	3,446	0.03%
Total	10,128,933	100.00%

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

Source: National Customer Support Center (Memphis, TN); see Appendix A, at 7.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

- 10. As part of each data collection plan report, the Postal Service will provide an evaluation of the impact on contribution. It will also provide an assessment of trends of Capital One's First-Class Mail volume as compared to overall First-Class Mail volume.**

For the period of October 1, 2006 to August 31, 2007, Capital One First-Class Mail volume had no impact on contribution as its projected volumes were below threshold levels and no discounts were earned. In terms of trends, Capital One First-Class Mail volume declined 6.4% and is therefore not comparable to overall workshare volume which increased 0.2% compared to SPLY for the time October 1, 2006 to August 31, 2007.

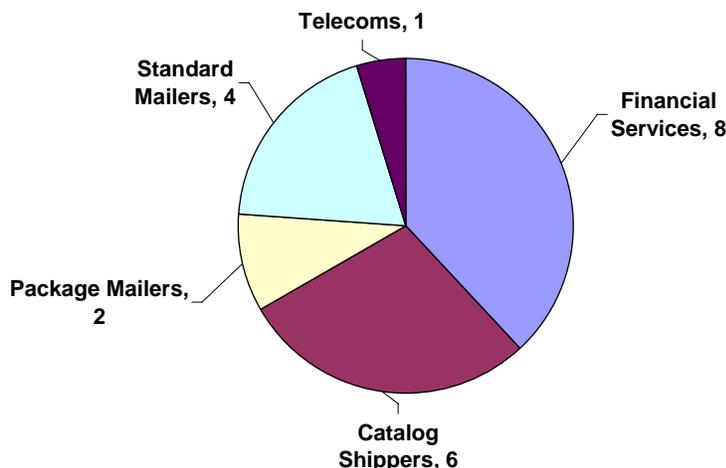
For the period of October 1, 2006 to August 31, 2007, the Capital One First-Class Mail volume accounted for 2.2% of the total USPS workshare First-Class Mail Volume.

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

11. As part of each data collection report, the Postal Service will provide the number of requests made for comparable NSAs, the industry of each requestor, the volume of First-Class Mail mailed annually by the requestor within the following ranges – less than 100 million pieces, 100 to 250 million pieces, and more than 250 million pieces – and the status of negotiations, or if negotiations were terminated, the reason(s) therefore.

To initiate NSA discussions, the Postal Service sends a Non-Disclosure Agreement (NDA) to the customer. NSA discussions formally begin when the Postal Service receives the signed NDA from the customer. From that date forward, the Postal Service and the customer engage in active NSA discussions via phone, e-mail, and, on occasion, face-to-face contact. These discussions include exchanges of information, proposal development, and negotiations. The discussions remain active until an NSA is signed and the case is filed or the negotiations are terminated.

Active Discussions - FY2007



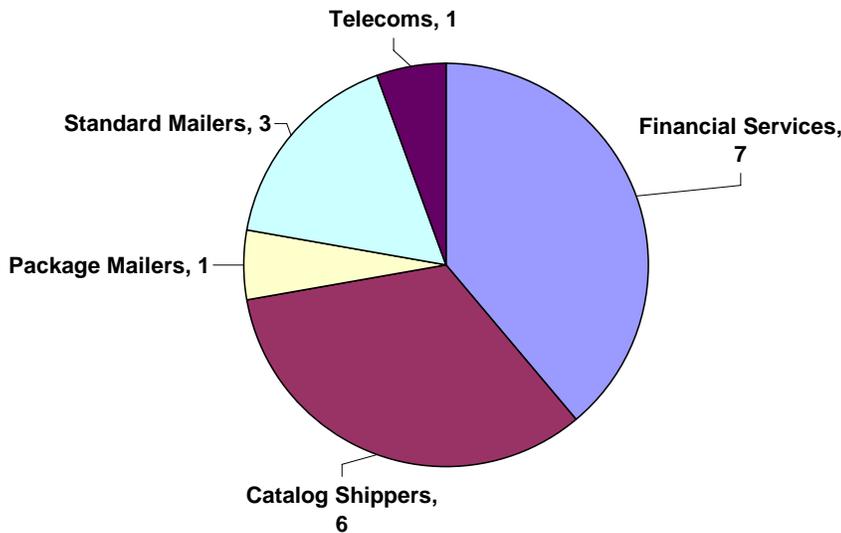
Active NSA Discussions	
Number of Customers	Number of First-Class Mail letters
0	< 100 million
0	100 – 250 million
3	> 250 million
Number of Customers	Number of Standard Mail pieces
6	< 100 million
4	100 – 250 million
2	> 250 million
Number of Customers	Number of First-Class Mail letters and Standard Mail Pieces
0	< 100 million
0	100 – 250 million
4	> 250 million
Number of Customers	Neither First-Class Mail letters nor Standard Mail Pieces
2	

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

NSA discussions terminate when customers fail to return the signed NDA or decide not to pursue an agreement due to not having the adequate resources or funding. NSA discussions may also terminate for one or more of the following reasons:

- (1) the requester’s mailing profile indicates that an NSA would not be economically feasible for the requester;
- (2) the requester is uninterested in being a co-proponent to a baseline NSA;
- (3) the requester’s mailing profile is not substantially similar to the mailing profile of a customer who has entered into a baseline NSA with the Postal Service; and
- (4) the requester and the Postal Service could not negotiate an NSA that would meet the respective needs of either party.

Terminated Discussions - FY 2007

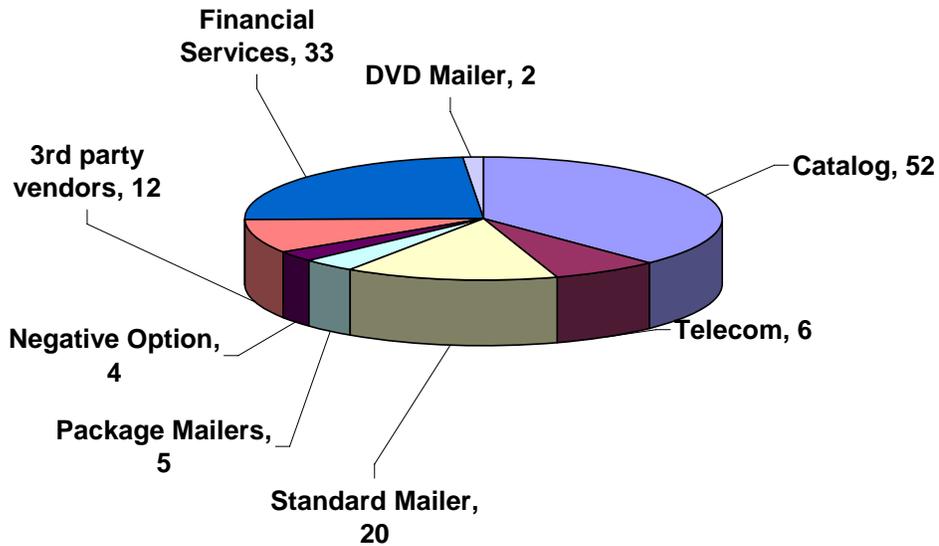


Terminated NSA Discussions	
Number of Customers	Number of First-Class Mail letters
1	< 100 million
2	100 – 250 million
3	> 250 million
Number of Customers	Number of Standard Mail pieces
1	< 100 million
5	100 – 250 million
5	> 250 million
Number of Customers	Neither First-Class Mail letters nor Standard Mail Pieces
1	

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

Cumulative Results include FY 2004, FY 2005, FY 2006, and FY 2007 reports on NSAs, including active NSA discussions and discussions that have terminated.

Cumulative Active NSA Discussions (since FY 04)



**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 – August 2007**

12. Volume of Standard Mail solicitations by rate category in eligible Capital One permit accounts.

<u>Standard Mail Regular Letter-size</u>	
Mail Category	Volume
Automation	
Mixed AADC	8,258,074
AADC	29,587,981
3-Digit	524,138,637
5-Digit	608,971,053
Nonauto	
Mixed AADC	3,903,700
AADC	15,998,149
3-Digit	3,071,821
5-Digit	5,256,754
Total Volume	<u><u>1,199,186,169</u></u>

<u>Standard Mail ECR Letter-size</u>	
Mail Category	
ECR	
Basic	1,777,541
Total Volume	<u><u>1,777,541</u></u>

<u>Standard Mail Regular Flat-size</u>	
Mail Category	Volume
Automation	
Mixed ADC	11,586
ADC	34,682
3-Digit	1,851,466
5-Digit	5,422,207
Nonautomation	
Mixed ADC	7,471
ADC	22,862
3-Digit	41,771
5-Digit	122,610
Total Volume	<u><u>7,514,655</u></u>

<u>Standard Mail ECR Flat-size</u>	
Mail Category	Volume
ECR	
Basic	735,640
Total Volume	<u><u>735,640</u></u>

Grand Total **1,209,214,005**

Source: PostalOne! See Appendix A, at 1.

Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
 Capital One NSA
 October 2006 - August 2007

USPS Capital One NSA October 06-August 07

Appendix A: page 1

USPS Value Calculation

Year 4 Results (Oct 2006 - Aug 2007)		
	Docket No. MC2006-6 Filing	Actuals
(1) Total Actual Volume		1,060,660,972
(2) Threshold	1,122,916,667	1,122,916,667
(3) Volume Above Threshold	0	0
(4) Projected Volume	1,109,166,667	854,181,732
(5) Leakage Volume	0	0
(6) Incremental Pieces	0	0
(7) Standard Mail Volume October 06 - August 07		1,209,214,005
(8) Standard Mail Volume SPLY		1,357,471,719
	Docket No. MC2006-6 Filing	Actuals
New Marketing Mail Contribution		
(9) Increased Volume Oct. 2006 - Aug. 2007	0	0
(10) Capital One Revenue per Piece	\$0.315	\$0.315
(11) Capital One Cost per Piece	\$0.101	\$0.117
(12) Capital One Contribution per Piece	\$0.214	\$0.198
(13) Capital One Contribution	\$0	\$0
(14) Discount on Incremental Volume	\$0	\$0
(15) New Mail Contribution (net discounts)	\$0	\$0
Discount Leakage		
Leakage Volume	0	0
(16) Total Discount Leakage	\$0	\$0
Return Cost Savings		
(17) Manual Return Cost	\$0.323	\$0.335
(18) Electronic Return Cost	\$0.123	\$0.138
(19) Return Cost Savings	\$0.200	\$0.197
(20) # of ACS Returns	27,507,906	16,188,128
(20a) ACS Savings	\$5,501,581	\$3,189,061
Forwarded Costs		
(21) Cost of Providing ACS notices for forwards	\$0.032	\$0.0934
(22) Number of ACS notices provided	13,000,052	10,128,933
(23) Total Forwarding Costs	\$416,002	\$946,402
(24) Total USPS Value	\$5,085,580	\$2,242,660

1	PostalOne!
2	Docket Nos. MC2002-2 and MC2006-6. Threshold (2) is pro-rated to account for the 11 month reporting period between October 2006 and August 2007.
3	(1) - (2) if the Total Actual Volume (1) is greater than the Threshold (2); 0 if the Threshold is greater than (1).
4	Docket No. MC2002-2 Filing. For Actuals, Docket No. MC2006-6 Filing, USPS-T-1, Appendix A, "USPS Value Calculation"
5	(4) - (2) if the Projected Volume (4) is greater than the Threshold (2); 0 if the Threshold is greater than (4).
6	(1) - (4) if the Total Actual Volume (1) is greater than the Projected Volume (4); 0 if the Projected Volume is greater than (1).
7	PostalOne!
8	PostalOne!
9	(6)
10	For Filing, MC2006-6 witness Lowrance Testimony CapOneAttach2.xls. For Actuals, COS Statement Unit Rev tab, this spreadsheet.
11	For Filing, MC2006-6 witness Lowrance Testimony CapOneAttach2.xls. For Actuals, COS Marketing Unit Cost tab, this spreadsheet.
12	(10) - (11)
13	(12) * (9)
14	USPS Data Collection Report, USPS response to Requirement #3.
15	(13) - (14)
16	USPS Data Collection Report, USPS response to Requirement #3.
17	For Filing, MC2006-6 witness Lowrance Testimony CapOneAttach2.xls. For actuals, FY 2007 UAA Model, Table 5.9.
18	MC2002-2 Data Collection Report. For actuals, FY 2007 UAA Model, Table 5.5.
19	(17) - (18)
20	For Filing, Docket No. MC2006-6 witness Lowrance Testimony, CapOneAttach2.xls. For Actuals, National Customer Support Center (Memphis, TN), Appendix A, at 7.
20a	(19) * (20)
21	For Filing, MC2006-6 witness Lowrance Testimony CapOneAttach2.xls. For actuals, update to USPS-LR-L-117 FY 2007, 25% CIOSS Rejs is assumed.
22	For Filing, Docket No. MC2006-6 witness Lowrance Testimony, CapOneAttach2.xls. For Actuals, National Customer Support Center (Memphis, TN), Appendix A, at 7.
23	(21) * (22)
24	(15) + (20a) - (23) - (16)

Docket Nos. MC2002-2 and MC2006-6 Data Collection Report

Capital One NSA

October 2006 - August 2007

USPS Capital One NSA October 06-August 07

Appendix A: page 2

Marketing Mail Revenue per Piece

Capital One Marketing Mail
First-Class Mail By Rate Category
October 2006 - August 2007 Presorted Letter Volumes

	(1) FY 2007 <u>Volume</u>		(2) Average Revenue <u>per piece</u>		(3) <u>Revenue</u>
Nonautomated Presorted Letters					
First Ounce	24,477,874		\$0.373	\$	9,141,041
Additional Ounces	-	\$	-	\$	-
Nonmachinable Pieces	-	\$	-	\$	-
Heavy Piece Deduction	-	\$	-	\$	-
Total Nonautomated Presorted Letters	24,477,874			\$	9,141,041
Total Nonautomated Presorted Letters Revenue				\$	9,141,041
Automation Presort Letters and Flats					
Letters					
Mixed AADC Letters	580,712,039				
AADC Letters	6,290,441		\$0.359	\$	2,259,085
3-Digit Letters	14,845,425		\$0.332	\$	4,921,267
5-Digit Letters	249,205,750		\$0.322	\$	80,246,743
Additional Ounces	310,370,423		\$0.302	\$	93,678,869
Heavy Piece Deduction	-	\$	-	\$	-
Total Automation Presort Letters and Flats	580,712,039			\$	181,105,963
Total Automation Presort Letters and Flats Revenue				\$	181,105,963
Automation Carrier Route Letters					
First Ounce	21,550,878		\$0.290	\$	6,254,164
Additional Ounces	-	\$	-	\$	-
Heavy Piece Deduction	-	\$	-	\$	-
Total Automation Carrier Route Letters	21,550,878			\$	6,254,164
Total Automation Carrier Route Letters Revenue				\$	6,254,164
Total Capital One First-Class Presort Letters	626,740,791			\$	196,501,168
	Revenue per Piece			\$	0.3135

(1) and (2) PostalOne!

(3) = (1) * (2)

**Docket Nos. MC2002-2 and MC2006-6 Data Collection Report
Capital One NSA
October 2006 - August 2007**

USPS Capital One NSA October 06-August 07

Appendix A: page 4

Statement Mail Revenue per Piece

Capital One Statement Mail
First-Class Mail By Rate Category
October 2006 - August 2007 Presorted Letter Volumes

	(1)		(2)		(3)
	FY 2007		Average Revenue		Revenue
	<u>Volume</u>		<u>per piece</u>		<u>Revenue</u>
Nonautomated Presorted Letters					
First Ounce	6,695,174	\$	0.372	\$	2,488,520
Additional Ounces	0	\$	-	\$	-
Nonmachinable Pieces	0	\$	-	\$	-
Heavy Piece Deduction	0	\$	-	\$	-
Total Nonautomated Presorted Letters	6,695,174			\$	2,488,520
Total Nonautomated Presorted Letters Revenue				\$	2,488,520
Automation Presort Letters and Flats					
Letters					
Mixed AADC Letters	294,563	\$	0.338	\$	99,535
AADC Letters	1,328,128	\$	0.325	\$	431,620
3-Digit Letters	202,000,983	\$	0.329	\$	66,440,488
5-Digit Letters	223,025,818	\$	0.300	\$	66,948,257
Additional Ounces	-	\$	-	\$	-
Heavy Piece Deduction	0	\$	-	\$	-
Flats					
Mixed ADC Flats	-	\$	-	\$	-
ADC Flats	-	\$	-	\$	-
3-Digit Flats	-	\$	-	\$	-
5-Digit Flats	-	\$	-	\$	-
Additional Ounces	-	\$	-	\$	-
Heavy Piece Deduction	-	\$	-	\$	-
Nonmachinable Pieces	-	\$	-	\$	-
Total Automation Presort Letters and Flats	426,649,492			\$	133,919,900
Total Automation Presort Letters and Flats Revenue				\$	133,919,900
Automation Carrier Route Letters					
First Ounce	575,515	\$	0.293	\$	168,626
Additional Ounces	0	\$	-	\$	-
Heavy Piece Deduction	0	\$	-	\$	-
Total Automation Carrier Route Letters	575,515			\$	168,626
Total Automation Carrier Route Letters Revenue				\$	168,626
Total Capital One First-Class Presort Letters	433,920,181			\$	136,577,046
	Revenue per Piece			\$	0.3148

(1) and (2) PostalOne!

(3) = (1) * (2)

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 Statement Mail Cost per Piece

CAPITAL ONE FIRST-CLASS MAIL STATEMENT PRESORT LETTERS/FLATS UNIT COST ESTIMATE:

Capital One Solicitation Return Percentage =	4.1%	(1) Adjusted for Actuals
Capital One Statement Return Percentage =	1.2%	(2)
Average Presort Letters Return Percentage =	1.71%	(3)
Before Rates Customer Mail Volume =	433,920,181	(4) Adjusted for Actuals
Before Rates Solicitation Mail Volume =	-	(5) Adjusted for Actuals
Manual Returns Unit Cost =	\$0.335	(6)
Electronic Returns Unit Cost =	\$0.138	(7)
Address Change Service (ACS) Success Rate =	63.6%	(8) Adjusted for Actuals
Contingency Factor =	1.000	(9)

	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)
	FY 2007 NATIONWIDE MAIL MIX							October 2006 - August 2007 CAPITAL ONE MAIL MIX						
Rate Category	FY 2007 Mail Proc Unit Cost (Dollars)	FY 2007 Delivery Unit Cost (Dollars)	FY 2007 Other Unit Cost (Dollars)	FY 2007 Total Unit Cost (Dollars)	FY 2007 Mail Volume (Pieces)	FY 2007 Mail Volume (Percent)		FY 2007 Total Unit Cost (Dollars)	FY 2007 Mail Volume (Pieces)	FY 2007 Mail Volume (Percent)	Current Returns Adjustment Unit Cost (Dollars)	Current w/Rets Adj Total Unit Cost (Dollars)	After Rates Returns Adjustment Unit Cost (Dollars)	After Rates w/Rets Adj Total Unit Cost (Dollars)
FIRST-CLASS MAIL LETTERS														
Nonautomation Presort Letters	\$0.127	\$0.044	\$0.018	\$0.189	1,653,029,525	3.31%		\$0.189	6,695,174	1.54%				
Automation Presort Letters														
Automation Mixed AADC	\$0.078	\$0.044	\$0.018	\$0.139	3,014,173,757	6.03%		\$0.139	294,563	0.07%				
Automation AADC	\$0.061	\$0.042	\$0.018	\$0.121	2,496,802,015	5.00%		\$0.121	1,328,128	0.31%				
Automation 3-Digit	\$0.057	\$0.041	\$0.018	\$0.116	21,997,777,272	44.01%		\$0.116	202,000,983	46.55%				
Automation 5-Digit	\$0.038	\$0.040	\$0.018	\$0.095	19,711,912,418	39.44%		\$0.095	223,025,818	51.40%				
Automation Carrier Route	\$0.023	\$0.087	\$0.018	\$0.127	341,920,881	0.68%		\$0.127	575,515	0.13%				
Automation Presort Flats														
Automation Mixed AADC	\$0.542	\$0.134	\$0.070	\$0.746	51,519,834	0.10%		\$0.746	0	0.00%				
Automation AADC	\$0.403	\$0.134	\$0.070	\$0.607	109,727,522	0.22%		\$0.607	0	0.00%				
Automation 3-Digit	\$0.308	\$0.134	\$0.070	\$0.511	275,537,270	0.55%		\$0.511	0	0.00%				
Automation 5-Digit	\$0.186	\$0.134	\$0.070	\$0.390	328,946,742	0.66%		\$0.390	0	0.00%				
WEIGHTED AVERAGE / TOTAL	\$0.057	\$0.043	\$0.018	\$0.118	49,981,347,236	100.00%		\$0.107	433,920,181	100.00%	-\$0.0016	\$0.1049	-\$0.0016	\$0.1049
								Total Unit Cost Estimates, Including Contingency =			\$0.1049 Current (24)		\$0.1049 After Rates (25)	

- (1) Actual Return Rate
- (2) Actual Return Rate
- (3) Update to USPS-LR-L-61 FY 2007
- (4) PostalOne!
- (5) This worksheet only addresses cost of statement mail (i.e., customer mail)
- (6) FY 2007 UAA Model, Table 5.9
- (7) FY 2007 UAA Model, Table 5.5
- (8) Actual ACS Success Rate
- (9) Docket No. MC2004-4
- (10) Intentionally left blank
- (11) USPS-FY07-10 and USPS-FY07-11
- (12) USPS-FY07-19
- (13) USPS-FY07-2 FY 2007 Cost Segments and Components Report
- (14) (11) + (12) + (13)

- (15) USPS FY 2007 RPW
- (16) (15) / [Sum (15)]
- (17) Line Item (14), Total - Allocated by (19)
- (18) Attachment A, Page 4, Column 1, FY 2007
- (19) (18) / [Sum (18)]
- (20) (6) * [(4) * [(2) - (3)] + (5) * [(1) - (3)]] / [(4) + (5)]
- (21) Sum (17) + (20)
- (22) [(8) * (7) + [1 - (8)] * (6)] * [(5) * [(1) - (3)]] + (6) * (4) * [(2) - (3)] / [(4) + (5)] - (3) * ((6) - (7)) * (8) * (5) / ((4) + (5))
- (23) Sum (17) + (22)
- (24) (21) * (9)
- (25) (23) * (9)

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Capital One UAA volumes

	(1) Marketing Volume	(2) Physical Returns	(3) Electronic Returns	(4) % of Electronic Returns	(5) Return Rate
October-06	32.36	0.83	1.88	69.41%	8.35%
November-06	46.95	1.15	1.60	58.10%	5.86%
December-06	44.01	1.01	1.80	64.00%	6.38%
January-07	57.13	0.83	1.59	65.75%	4.22%
February-07	48.20	0.81	1.69	67.55%	5.19%
March-07	47.47	1.05	2.07	66.45%	6.57%
April-07	56.22	0.42	1.54	78.49%	3.48%
May-07	59.89	0.83	0.93	52.86%	2.93%
June-07	65.02	0.83	1.03	55.28%	2.86%
July-07	58.85	0.67	0.99	59.66%	2.82%
August-07	110.67	0.83	1.09	56.74%	1.73%
Totals	626.74	9.25	16.19	63.63%	4.06%

Actual Monthly Volumes in millions

- (1) PostalOne
- (2) Capital One
- (3) Capital One and USPS reports
- (4) (3) / [(2) + (3)]
- (5) [(2) + (3)] / (1)

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ACS notices breakdown

	FORWARDING (1)	RETURN (2)	TOTAL (3)	% FORWARDING (4)	% RETURN (5)
October-06	910,111	1,875,799	2,785,910	32.67%	67.33%
November-06	758,859	1,598,281	2,357,140	32.19%	67.81%
December-06	836,416	1,795,904	2,632,320	31.77%	68.23%
January-07	699,025	1,586,843	2,285,868	30.58%	69.42%
February-07	791,242	1,690,934	2,482,176	31.88%	68.12%
March-07	806,221	2,070,957	2,877,178	28.02%	71.98%
April-07	1,216,735	1,537,380	2,754,115	44.18%	55.82%
May-07	1,307,225	929,000	2,236,225	58.46%	41.54%
June-07	976,170	1,026,197	2,002,367	48.75%	51.25%
July-07	872,315	990,556	1,862,871	46.83%	53.17%
August-07	954,614	1,086,277	2,040,891	46.77%	53.23%
TOTALS	10,128,933	16,188,128	26,317,061	38.49%	61.51%

(1) Capital One and USPS reports

(2) Capital One and USPS reports

(3) (1) + (2)

(4) (1) / (3)

(5) (2) / (3)