

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

COMPLAINT OF CAPITAL ONE SERVICES, INC.) Docket No. C2008-3

VALPAK DIRECT MARKETING SYSTEMS, INC. AND
VALPAK DEALERS' ASSOCIATION, INC.
FIRST INTERROGATORIES AND REQUESTS FOR
PRODUCTION OF DOCUMENTS TO
UNITED STATES POSTAL SERVICE (VP/USPS-1-4)
(September 16, 2008)

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 interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,

William J. Olson
John S. Miles
Jeremiah L. Morgan
WILLIAM J. OLSON, P.C.
8180 Greensboro Drive, Suite 1070
McLean, Virginia 22102-3860
(703) 356-5070

Counsel for:
Valpak Direct Marketing Systems, Inc. and
Valpak Dealers' Association, Inc.

VP/USPS-1.

Please refer to the response to COS/USPS-3, which states: “No discount has been paid to date because the [Postal Service and Bank of America] are discussing the calculation of the discount. The Postal Service has not accrued or accounted for any discounts [to Bank of America].” Also refer to the response to PR/USPS-5.

- a. Please advise when it is expected that the discussions will be completed and a response to COS/USPS-3 is expected to be filed.
- b. Please identify the date and amount of any payments made to Bank of America, or agreed to be made under this NSA.
- c. If, by the end of FY 2008, September 30, 2008, the discussions are still continuing and the Postal Service has neither “paid” any discount nor “accrued” any discounts to Bank of America, please advise how the Postal Service will treat in its financial reports any liability for an amount payable.
- d. Please indicate whether discounts (or rebates) paid (or determined to be payable) to Bank of America are based on

a measurable improvement in **actual** mail processing performance—i.e., the read and accept rate of mail processing, and the percentage of UAA mail that must be returned, forwarded, or destroyed... [USPS Response to PR/USPS-5 (emphasis added).]

as measured against (i) benchmarks based on or derived from Bank of America’s own specific mail processing performance, or (ii) systemwide benchmarks (with the result that any discounts need not reflect any improvement whatsoever by the Bank of America in its **actual** mail processing performance).

- e. If the answer to part d(ii) is that discounts are based on systemwide benchmarks, please define the word “actual” as used in the quoted response to PR/USPS-5.

VP/USPS-2.

Please refer to the response to APWU/USPS-1, which states that “[t]he types of mailers best suited for **this type of NSA** are those that can motivate key industry players, such as software **providers to large mailers....**” (Emphasis added.)

- a. Please define “this type of NSA” as it is used in this interrogatory response.
- b. Please respond to these questions about the phrase “this type of NSA.”
- (i) What are the critical parameters that define “this type of NSA”?
 - (ii) Are you referring to any baseline NSA (as that term was used in prior Commission rules)?
 - (iii) Would any contract considered to be functionally equivalent to the Bank of America NSA fall within the scope of “this type of NSA”? Please explain any negative answer.
 - (iv) For any contract not considered functionally equivalent to the Bank of America NSA, what are the most critical considerations that might cause such a contract to fall within the scope of “this type of NSA”?
- c. Is it correct to infer that the Postal Service is unlikely to consider it ever appropriate to enter into an NSA of “this type” with any mailer that is not sufficiently large so as to be able to “motivate key industry players, such as

software providers to large mailers”? Please explain any disagreement with this inference.

- d. Is the ability to motivate other “players” that are not party to the NSA itself considered to be any kind of prerequisite or threshold condition for obtaining “this type of NSA”?

VP/USPS-3.

Please refer to the response to COS/USPS-1.

- a. Define the term “maximizing” as used in the third bullet in Part A of that response.
- b. Define what is intended by the phrase “maximizing Seamless Acceptance pilot size” as that phrase is used in the third bullet in Part A of that response.
- c. With respect to pilot testing of Seamless Acceptance, has the Postal Service placed any limits, either formal or informal, on the number of mailers permitted to participate in any such pilot test? If so, please describe those limits.
- d. Please explain why allowing one more major mailer to participate in pilot testing of seamless acceptance would not help maximize the Seamless Acceptance pilot size.

VP/USPS-4.

Please refer to the response to COS/USPS-11, and in Docket No. MC2007-1, responses to VP/USPS-T1-3 and 22. The response to part (d) of VP/USPS-T1-22 in Docket No.

MC2007-1 states that “BAC will be required to implement Seamless Acceptance once the Postal Service has completed its beta-testing of the service.” Please define the term “beta-testing” as it is used in this interrogatory response, and indicate whether a beta test is synonymous with either (i) a “pilot test” or (ii) a “field test” as those terms are used in the responses to COS/USPS-11 and VP/USPS-T1-3 (Docket No. MC2007-1). If a beta test is not synonymous with either of these two terms, please explain how it differs from each.