

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

COMPLAINT OF CAPITAL ONE
SERVICES, INC.

Docket No. C2008-3

**INTERROGATORIES OF CAPITAL ONE SERVICES, INC.
DIRECTED TO MICHAEL PLUNKETT
OF THE UNITED STATES POSTAL SERVICE
(COS/USPS-77-83)**

(April 20, 2009)

Pursuant to Rules 25 through 27 of the Rules of Practice of the Postal Regulatory Commission, Capital One Services, Inc. ("Capital One") submits the following interrogatories to the United States Postal Service. Instructions and Definitions applicable to these interrogatories are contained in the Interrogatories of Capital One Services, Inc. to the United States Postal Service (COS/USPS-1-11), filed August 8, 2008, and are hereby incorporated by reference.

Respectfully submitted,

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INTERROGATORY COS/USPS-77

With respect to your response to COS/USPS-16(a-b), what criteria did you use to determine that "negotiations would be worthwhile."

INTERROGATORY COS/USPS-78

With respect to your response to COS/USPS-16(d), please list the criteria you used to determine whether a customer "was or was not a suitable candidate for NSA negotiations."

INTERROGATORY COS/USPS-79

With respect to your response to COS/USPS-16(d), please define the term "relevant issues" as it applies to a BAC-type NSA.

INTERROGATORY COS/USPS-80

With respect to your response to COS/USPS-16(e), while you were negotiating the BAC NSA with Bank of America, did you ever offer to negotiate with another mailer an NSA with the same functional terms? If so, please provide details and dates of that second negotiation. If your answer is no, please explain why.

INTERROGATORY COS/USPS-81

With Respect to your Response to COS/USPS-17, you state:

" I am able to judge informally, that NSAs ought generally to have a minimal impact on the specific industries within which NSA customers operate."

A. 1. Please provide all support for the quoted statement that you are aware of.

2. Please indicate the basis for your ability to "judge informally" to reach the conclusion expressed in that statement.

3. Please clarify whether you are speaking as an expert on the banking industry in this making statement.

B. The quoted statement addresses the impact on "specific industries," rather than the effects of an NSA on "the NSA applicant's competitors [and] on competition in the relevant industry." See Interrogatory COS/USPS-17.

1. Please indicate whether you agree that: "NSAs ought generally to have a minimal effect on the *NSA applicant's competitors and on competition* in the relevant industry."

2. Please provide all support ~~for it~~ that you are aware of for your agreement or disagreement with the statement in subpart B.1, immediately above.

3. Please clarify whether you are speaking as an expert on the banking industry in agreeing or disagreeing with the statement in subpart B.1.

C In your response to COS/USPS-17, you state "I have not conducted any formal studies of the kind suggested here ... I believe it is unlikely that an NSA would have significant competitive impact in that industry."

1. Please provide any **informal** study or analysis, of any kind, as described in COS/USPS-17.

2. If you are not aware of any such study or analysis, of any kind, formal or informal, please explain the basis for your belief that "it is unlikely that an NSA would have significant competitive impact in that industry."

3. Please clarify whether in making the statement in subpart C.2, you are speaking as an expert on the banking industry.

4. In the current economic crisis would the availability of not-insignificant sums of cash (i.e., millions of dollars) to one bank confer a competitive advantage to that bank over its competitors? Why or why not?

INTERROGATORY COS/USPS-82

In your response to COS/USPS-21(e), you state that "One of the purposes behind the BAC NSA is to foster process improvements that would lower USPS costs -- as reflected in improvements in the indicators included in the BAC contract." You also state that there is a "tendency for improvements to diffuse rapidly."

- a. Is it your position in this response that "process improvements" relating to the BAC NSA have already "diffused rapidly through the system"?
- b. Please define and list the specific "process improvements" referred to in your response.
- c. As of (i) June 19, 2008; (ii) December 31, 2008; and (iii) the date of this Interrogatory, had the specific process improvements referred to in part b above in fact "already diffused rapidly through the system"? Please provide detailed support for your answer.

INTERROGATORY COS/USPS-83

With respect to your response to COS/USPS-22(g)(b): "Confirmed that the BOG concluded that the NSA was contribution positive."

Is it your belief that the BAC NSA, as implemented, has turned out to be contribution positive on the whole?