

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

RATE AND SERVICE CHANGES TO IMPLEMENT
FUNCTIONALLY EQUIVALENT NEGOTIATED
SERVICE AGREEMENT WITH BANK ONE
CORPORATION

Docket No. MC2004-3

RESPONSES OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-12-16)

The United States Postal Service hereby provides its responses to the following interrogatories the Office of Consumer Advocate: OCA/USPS-T1-12-16, filed on July 9, 2004.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3089 Fax -5402
July 20, 2004

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-12. Please refer to 612.31 of Attachment A to the Request containing proposed DMCS language implementing the Bank One NSA. Since the J.P. Morgan Chase - Bank One merger is complete, please provide the first-year Discount Threshold for the J.P. Morgan Chase - Bank One merged entity.

RESPONSE:

Please see the Response of Bank One witness Rappaport to OCA/BOC T1-14.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-13. Please refer to Attachment B to the Request, and Rate Schedule 612A and Rate Schedule 612B.

- (a) Since the J.P. Morgan Chase - Bank One merger is complete, please provide Rate Schedule 612A for the J.P. Morgan Chase - Bank One merged entity.
- (b) Since the J.P. Morgan Chase - Bank One merger is complete, please provide Rate Schedule 612B for the J.P. Morgan Chase - Bank One merged entity.

RESPONSE:

Please see the Response of Bank One witness Rappaport to OCA/BOC T1-14.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-14. Please refer to 612.34(a) and (b) of Attachment A to the Request containing proposed DMCS language implementing the Bank One NSA. Since the J.P. Morgan Chase - Bank One merger is complete, please confirm that under 612.34(a) and (b), the size of the incremental volume blocks in Rate Schedule 612B will be the same size as Rate Schedule 612A, i.e., 25 million (minus 1), 25 million (minus 1), 25 million (minus 1), 35 million (minus 1), and 35 million (minus 1). If you do not confirm, please explain.

RESPONSE:

Confirmed that the size of the blocks will be the same. See also Response of Bank One witness Rappaport to OCA/BOC T1-14.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-15. Please refer to your testimony at page 8, lines 13-15, and the Commission's opinion in Docket No. MC2002-2, at pages 71-73.

- (a) Please confirm that the Postal Service has developed an analysis of the type described in the Commission's opinion with respect to Bank One. If you do confirm, please provide the analysis. If you do not confirm, please explain.
- (b) Please explain how, in the absence of an analysis referred to in part (a) above, the Postal Service has avoided the "design defects" described in the Commission's opinion with respect to the declining block rates applicable to Bank One under the NSA.

RESPONSE:

a. Not confirmed. The analysis was not done in part because NSA rules do not require this type of analysis. More importantly, the analysis relates to an NSA that is comprised solely of declining block rates, as it does not account for the ACS savings. The rules appropriately focus of the financial analysis on the financial impact of the NSA, which would necessarily require an analysis of the total impact, not just the impact of two components (leakage and new contribution.)

b. The "design defects" described in the Commission's opinion appear to consider declining block rates absent other considerations. As the Bank One NSA also produces net contribution gains from ACS savings it has a different design, and therefore would not be subject to the same defects. Moreover, appendix A to my testimony estimates the financial impact of the agreement and takes into account leakage, new contribution, and ACS savings.

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PLUNKETT TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-16. Please refer to Appendix A of your testimony. Since the J.P. Morgan Chase - Bank One merger is complete, please provide your Appendix A for the J.P. Morgan Chase - Bank One merged entity.

RESPONSE:

Please see the Response of Bank One witness Rappaport to OCA/BOC T1-14.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Nan K. McKenzie

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
July 20, 2004