

Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

Rate and Service Changes to Implement )  
Functionally Equivalent Negotiated Service ) Docket No. MC2004-3  
Agreement with Bank One Corporation )

OFFICE OF THE CONSUMER ADVOCATE  
INTERROGATORIES TO UNITED STATES POSTAL SERVICE  
WITNESS MICHAEL K. PLUNKETT (OCA/USPS-T1-31-32)  
July 28 2004

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Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits an interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/BOC-T1-1-10, dated June 28, 2004, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T1-31. Please refer to PRC Op. MC2002-2, pages 152-156, and to Table 4 below. (An Excel file has been filed on-line to accompany this interrogatory.)

- (a) Please confirm that in Table 4, which presents stop-loss estimates based upon a sensitivity analysis of the ratio of solicitation letter mail to total letter mail (herein “Letter Ratio”), the calculated stop-loss estimates for the Bank One – JPMC merged entity at the indicated Letter Ratios is consistent with the Commission’s calculation of the stop-loss estimate with respect to Capital One. If you do not confirm, please explain and provide the correct stop loss estimates. Please show all calculations.
- (b) Please confirm that adjusting the “BOC - JPMC Return Rate - Solicitation Letters” in Table 1, line [2] by the percentages shown in Table 4, column [1] (holding the Letter Ratio constant at 5.4823%) will produce the same Total Stop Loss Estimate shown in Table 4, column [3]. If you do not confirm, please explain. Please show all calculations.
- (c) Please provide an estimate (or range) of the Letter Ratio for the Bank One – JPMC merged entity.

**TABLE 4**  
**SUMMARY TABLE**  
**Total Stop Loss Estimate**  
**Sensitivity Analysis**

% Chg Letter <u>Ratio</u> [1]	Adjusted Letter <u>Ratio</u> [2]	Total Stop Loss <u>Estimate</u> [3]
-20%	4.3858%	\$7,974,373
0%	5.4823%	\$8,492,021
20%	6.5787%	\$9,014,505
40%	7.6752%	\$9,541,893
60%	8.7716%	\$10,074,132
80%	9.8681%	\$10,610,286
100%	10.9645%	\$11,150,167
200%	16.4468%	\$13,917,498
400%	27.4114%	\$19,770,175
600%	38.3759%	\$26,103,848
800%	49.3404%	\$32,988,267
900%	54.8227%	\$36,659,987

OCA/USPS-T1-32. Table 1 of this interrogatory summarizes the mean, standard deviation, and coefficient of variation for monthly pieces mailed by Bank One based on data provided in OCA/BOC-T1-1(c) and in OCA/BOC-T1-1(b). Similar data are presented for Capital One, based on information presented in the Capital One NSA case, MC2002-2. The monthly data that provide the basis for the calculations of the statistics for Bank One are summarized in Table 2. The monthly data that provide the basis for the calculations of the statistics for Capital One are presented in Table 3. The data and calculations are also provided in the electronic file BOCCV.xls. Please confirm that for First-Class Solicitation Mail the coefficient of variation for Bank One is 0.42; that for Standard Mail the coefficient of variation for Bank One is 0.38; and that for First-

Class Solicitation Mail the coefficient of variation for Capital One is 0.35. If you do not confirm, please explain your answer in detail.

**Table 1**

	<b>Millions of Pieces per Month Mailed by Type of Mailing</b>			
	<b>FC Customer Mail</b>	<b>FC Solicitation Mail</b>	<b>Total FC Mail</b>	<b>Standard Mail</b>
<b>Bank One</b>				
<b>Mean</b>	37.3	7.4	44.7	89.3
<b>Standard Deviation</b>	3.0	3.1	4.7	34.0
<b>Coefficient of Variation</b>	0.079	0.42	0.10	0.38
<b>Capital One</b>				
<b>Mean</b>	34.2	70.5	104.5	54.0
<b>Standard Deviation</b>	10.9	24.7	30.7	34.3
<b>Coefficient of Variation</b>	0.32	0.35	0.29	0.64
<b>Notes</b>				
	Bank One: Standard Mail source data from Jan 02-May 04 by month.			
	Bank One: First-Class Customer and Solicitation mail source data from AP4 2000 to AP13 2003.			
	Capital One: All source data from October 98 through September 02 by month			

**Table 2**

<b>Bank One: Mailings by Postal Service AP</b>					
	<b>Customer Mail</b>	<b>Solicitation</b>	<b>Total First Class</b>		
	<b>Millions of Pieces</b>				
2000AP4	33.5	4.3	37.8		
2000AP5	32.7	5.6	38.3		
2000AP6	32.4	5.3	37.7		
2000AP7	33.5	4.9	38.4		
2000AP8	32	6.4	38.4		
2000AP9	34.6	4.7	39.3		
2000AP10	36.5	6	42.5		
2000AP11	35.2	14.9	50.1		
2000AP12	35.5	4.7	40.2		
2000AP13	39.3	15.1	54.4		
2001AP1	37	6	43		
2001AP2	37.1	7.3	44.4		
2001AP3	32.6	9.3	41.9		
2001Ap4	40	8.2	48.2		
2001AP5	35.2	13.2	48.4		
2001AP6	36.5	8.2	44.7		
2001AP7	35.5	7.4	42.9		
2001AP8	34.8	8.1	42.9		
2001AP9	37	13.3	50.3		
2001AP10	39.3	8	47.3		
2001AP11	36.7	5.1	41.8		
2001AP12	38.6	4.5	43.1	<b>Standard</b>	<b>Mail</b>
2001AP13	42.3	5	47.3	<b>Date</b>	<b>Millions</b>
2002AP1	34.1	8.9	43	<b>Jan</b>	75.2
2002AP2	37.3	8.5	45.8	<b>Feb</b>	93.9
2002AP3	31.9	5.4	37.3	<b>Mar</b>	77.1
2002Ap4	43.7	8.8	52.5	<b>April</b>	93.9
2002AP5	39.2	7.3	46.5	<b>May</b>	91.7
2002AP6	40.5	5.1	45.6	<b>June</b>	151.2
2002AP7	40.9	4.7	45.6	<b>July</b>	119.4
2002AP8	39.8	8.9	48.7	<b>Aug</b>	152.9
2002AP9	38.9	8.3	47.2	<b>Sept</b>	86.6
2002AP10	38.8	5.8	44.6	<b>Oct</b>	117.3
2002AP11	38.9	14.5	53.4	<b>Nov</b>	81.9
2002AP12	38.4	5.5	43.9	<b>Dec</b>	119.7
2002AP13	41.4	14.7	56.1	<b>Jan</b>	59.5
2003AP1	34.8	2.2	37	<b>Feb</b>	76.1
2003AP2	36.4	2.5	38.9	<b>Mar</b>	65.7
2003AP3	36.6	3.5	40.1	<b>April</b>	66.5
2003AP4	43.3	8.2	51.5	<b>May</b>	32.8
2003AP5	36.8	5.5	42.3	<b>June</b>	72.8
2003AP6	36.4	8.7	45.1	<b>July</b>	31
2003AP7	41.8	8.8	50.6	<b>Aug</b>	86
2003AP8	39.6	7.5	47.1	<b>Sept</b>	71.1
2003AP9	39.2	10.3	49.5	<b>Oct</b>	124.9
2003AP10	39.3	4.9	44.2	<b>Nov</b>	68.9
2003AP11	36.8	4.5	41.3	<b>Dec</b>	68.8
2003AP12	38.1	8.9	47	<b>Jan</b>	46
2003AP13	41.5	6.7	48.2	<b>Feb</b>	129.4
2004AP1	37.6	6.9	44.5	<b>Mar</b>	59.6
2004AP2	36.5	5.9	42.4	<b>April</b>	162.8
2004AP3	33.6	8.7	42.3	<b>May</b>	106.8
<b>Std Dev</b>	2.959	3.104	4.680		34.054
<b>Mean</b>	37.306	7.415	44.721		89.293
<b>Coefficient of Variation</b>	0.079	0.419	0.105		0.381
Source: MC2004-3, OCA/BOC-T1-1(a) for First-Class Mail.					
MC2004-3, OCA/BOC-T1-1(b) for Standard Mail					

**Table 3**

<b>Capital One: Monthly Mailings</b>				
<b>Date</b>	<b>Customer Mail</b>	<b>Solicitation FC Mail</b>	<b>Total FC Mail</b>	<b>Standard Mail</b>
Oct-98	20,000,000	64,312,211	84,312,211	2,279,673
Nov-98	20,000,000	84,513,668	104,513,668	1,248,749
Dec-98	20,000,000	70,330,103	90,330,103	698,236
Jan-99	20,093,585	48,713,996	68,807,581	4,704,266
Feb-99	18,936,302	51,911,135	70,847,437	6,815,494
Mar-99	21,429,647	101,113,831	122,543,478	5,442,520
Apr-99	20,237,967	53,185,873	73,423,840	21,569,499
May-99	21,493,755	42,784,936	64,278,691	21,335,863
Jun-99	21,315,898	51,911,418	73,227,316	15,785,065
Jul-99	22,366,963	82,763,889	105,130,852	27,986,822
Aug-99	22,218,406	45,709,167	67,927,573	66,617,101
Sep-99	22,283,276	47,420,011	69,703,287	42,448,557
Oct-99	23,753,037	78,771,652	102,524,689	30,248,391
Nov-99	24,924,804	99,036,307	123,961,111	15,345,511
Dec-99	28,323,271	56,759,404	85,082,675	7,921,155
Jan-00	25,733,873	90,404,633	116,138,506	56,792,786
Feb-00	24,438,019	35,453,537	59,891,556	34,437,081
Mar-00	27,320,181	53,057,033	80,377,214	39,614,873
Apr-00	29,480,138	38,846,756	68,326,894	28,331,357
May-00	30,351,077	53,642,857	83,993,934	50,397,191
Jun-00	30,470,815	82,813,549	113,284,364	55,393,585
Jul-00	30,068,221	63,641,402	93,709,623	47,904,323
Aug-00	32,449,688	48,333,024	80,782,712	66,828,624
Sep-00	31,289,392	52,860,401	84,149,793	105,033,143
Oct-00	35,458,669	36,680,749	72,139,418	119,564,729
Nov-00	36,222,564	69,978,222	106,200,786	82,909,126
Dec-00	38,333,630	69,555,071	107,888,701	32,121,903
Jan-01	37,538,604	71,609,132	109,147,736	94,006,455
Feb-01	37,228,200	67,678,601	104,906,801	73,448,261
Mar-01	40,595,396	79,707,394	120,302,790	85,245,080
Apr-01	39,584,216	53,734,153	93,318,369	93,752,823
May-01	39,613,572	68,816,452	108,430,024	94,422,524
Jun-01	40,094,283	50,499,839	90,594,122	63,251,136
Jul-01	43,936,373	77,390,674	121,327,047	70,807,874
Aug-01	41,780,602	61,920,684	103,701,286	101,295,653
Sep-01	40,206,176	81,359,208	121,565,384	69,564,731
Oct-01	46,379,476	109,959,062	156,338,538	88,010,149
Nov-01	42,756,595	123,429,831	166,186,426	88,765,050
Dec-01	49,050,084	114,868,000	163,918,084	25,136,785
Jan-02	49,347,570	111,473,290	160,820,860	105,436,265
Feb-02	46,416,492	97,894,068	144,310,560	83,400,395
Mar-02	50,472,716	118,835,045	169,307,761	86,376,653
Apr-02	50,248,542	98,176,516	148,425,058	97,144,193
May-02	51,306,612	121,404,738	172,711,350	76,604,133
Jun-02	48,162,673	56,909,685	105,072,358	54,916,252
Jul-02	48,732,181	36,351,765	85,083,946	41,894,720
Aug-02	50,000,000	43,000,000	93,000,000	
Sep-02	50,000,000	64,000,000	114,000,000	
<b>Mean</b>	34217573.77	70490061.92	104707636.69	53983799.02
<b>Std Dev</b>	10894158.29	24733365.74	30672788.78	34327313.76
<b>Coefficient</b>	0.32	0.35	0.29	0.64
Source: COS-T-2, MC2002-2, Direct Testimony of Stuart Elliott, Exhibit 2				
MC2002-2, OCA/COS-T2-6.				