

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

COMPLAINT OF CAPITAL ONE SERVICES, INC.

Docket No. C2008-3

**PARTIAL OBJECTION OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF VALPAK DIRECT MARKETING SYSTEMS, INC.
AND VALPAK DEALERS' ASSOCIATION, INC.
(VP/USPS-5-11)
(October 20, 2008)**

The United States Postal Service hereby partially objects to the following interrogatories of Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. ("Valpak"), filed on October 10, 2008: VP/USPS-5-11. These interrogatories are attached herein. The Postal Service partially objects to the above-referenced interrogatories to the extent they seek irrelevant or commercially sensitive information.

The Postal Service plans to file timely responses to certain portions of these interrogatories. However, some subparts delve into details regarding operational commitments that go beyond the issues in this case and are not reasonably calculated to lead to the discovery of admissible evidence. The minute details of the Postal Service's pilot tests of various operational commitments would not aid the Commission in resolving this case, and would merely serve to obfuscate the key issues.

Additionally, the Postal Service objects to these interrogatories to the extent they seek highly confidential and commercially sensitive information. Certain aspects of the Postal Service's pilot tests are highly confidential and would not normally be disclosed

as part of good business practice. Moreover, the level of detail requested by these interrogatories likely implicates existing Non-Disclosure Agreements between the Postal Service and mailers.

Again, the Postal Service plans to file timely responses to portions of the above-referenced interrogatories on Friday, October 24. However, the Postal Service hereby partially objects to these interrogatories to the extent they seek irrelevant or commercially sensitive information.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and Product Support

Elizabeth A. Reed

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1135
(202) 268-3179; Fax -6187
October 20, 2008

VP/USPS-5.

Please refer to the response to PR/USPS-5 in this docket. Also refer to Docket No. MC2007-1, response to VP/USPS-T1-22, filed 4/24/07.

- a. Please define the term “first adopter” as used in the response to PR/USPS-5.
- b. The response to part (a) of VP/USPS-T1-22 states that “[a]t this time there are currently fewer than 5 mailers pilot testing Seamless Acceptance,” and the response to part (b) states that Bank of America was not included among those “fewer than 5 mailers.” Please explain whether any, some, or all, of these “fewer than 5 mailers” should be regarded as a “first adopter” of Seamless Acceptance?
- c. If some mailers, in addition to the “fewer than 5 mailers,” agreed to participate in the pilot test of Seamless Acceptance, would the Postal Service regard any or all of them as “first adopters”?
- d. Please explain, and indicate the number of mailers that the Postal Service now considers to be a “first adopter” of Seamless Acceptance.
- e. If the response to preceding part (b) is to the effect that none of the “fewer than 5 mailers” in that early pilot test should be regarded as a “first adopter” of Seamless Acceptance, please explain the event (e.g., field test following completion of pilot test) and timing that would cause some mailer (or mailers) to qualify for the distinction of being regarded as a “first adopter” of Seamless Acceptance.

VP/USPS-6.

Please refer to COS/USPS-11 in this docket, filed 8/22/08. Also refer to Docket No. MC2007-1, response to VP/USPS-T1-3, filed 3/30/07.

- a. The response to part (d) of COS/USPS-11 states that “Seamless Acceptance is currently undergoing pilot testing.” The earlier response to part (a) of VP/USPS-T1-3 states that “the Postal Service is currently pilot testing Seamless Acceptance with mailers,” and the response to part (b) states that “the Postal Service has not scheduled a specific date to begin the field test of Seamless Acceptance.” (Emphasis added.) In order to avoid any ambiguity, please state whether the current pilot testing of Seamless Acceptance referred to in COS/USPS-11 is identical to (i) the pilot test or (ii) the field test referred to in VP/USPS-T1-3, or (iii) some test other than the pilot test and field test discussed in the response to VP/USPS-T1-3? Please clarify and explain as necessary.
- b. When did the Postal Service begin the pilot test of Seamless Acceptance referred to in part (a) of the response to VP/USPS-T1-3?
- c. Has the Postal Service completed the pilot test of Seamless Acceptance referred to in part (a) of the response to VP/USPS-T1-3?
 - (i) If so, when was that pilot test completed?
 - (ii) If your response is to the effect that the current pilot test referred to in COS/USPS-11 is the same as the pilot test of Seamless Acceptance referred to previously in VP/USPS-T1-3, please indicate when the Postal Service expects the pilot test to be completed.
- d. Once the current pilot test of Seamless Acceptance referred to in COS/USPS-11 is completed, does the Postal Service still plan on conducting a subsequent field test of Seamless Acceptance as referred to in part (b) of the response to

- e. To date, what is the total number of mailers that have participated in the pilot test of Seamless Acceptance referred to in part (a) of the response to VP/USPST1-3?
- f. Did Bank of America participate at any time in the early pilot testing of Seamless Acceptance referred to in part (a) of the response to VP/USPS-T1-3?
If so, when did such participation commence, and for how many months did (has) the Bank of America participate(d)?
- g. Does the Postal Service consider itself to have benefitted from the early pilot testing of Seamless Acceptance referred to in the response to VP/USPS-T1-3? Unless the response is an unqualified negative, please describe briefly and in qualitative terms the benefits derived by the Postal Service from that early pilot testing of Seamless Acceptance.
- h. Did the Postal Service provide any incentives, whether financial or nonfinancial, to any mailer, other than Bank of America, that were connected in any way to their participation in the pilot testing of Seamless acceptance referred to in the responses to VP/USPS-T1-3 and COS/USPS-11? If your response does not identify any incentives provided by the Postal Service, please explain how those early participating mailers were recruited and induced to incur the cost of their participation.

VP/USPS-7.

Please refer to Docket No. MC2007-1, response to VP/USPS-T1-7, filed 3/30/07. The response to part (b) of that interrogatory states that “the Postal Service is currently pilot testing eDropShip with mailers. Field testing of the production system will only occur once the production system is developed.” (Emphasis added.)

- a. When did the Postal Service begin the pilot test of eDropShip referred to in part (b) of the above-referenced interrogatory response?
- b. Has the Postal Service completed the pilot test of eDropShip referred to in part (b) of the above-referenced interrogatory response?
 - (i) If so, when was the pilot test completed?
 - (ii) If not, when is the pilot test expected to be completed? and
 - (iii) when is the field test expected to commence?
- c. For the pilot test of eDropShip referred to in part (b) of the above-referenced interrogatory response, please indicate the number of mailers that have participated:
 - (i) as of the date the response was filed;
 - (ii) as of 12/17/07, the date the Governors approved the NSA with the Bank of America;
 - (iii) as of 4/1/08, the effective date of the NSA commenced; and
 - (iv) up until the present time.
- d. Has the Bank of America participated in that pilot test of eDropShip at any time? If so, when did such participation commence, and for how many months has the Bank of America participated?
- e. In order for one or more of the mailers using eDropShip to be considered a “first adopter” (as defined in the response to preceding interrogatory 5(a)), when (or during what time frame) would they have had to commence using eDropShip?

- f. is the Bank of America considered to be a “first adopter” of eDropShip? If so, please explain, and indicate the number of mailers that the Postal Service now considers to be a “first adopter” of eDropShip.
- g. Did the Postal Service provide any incentives, whether financial or nonfinancial, to any mailer, other than Bank of America, that were connected in any way to their participation in the pilot testing of eDropShip? If your response does not identify any incentives provided by the Postal Service, please explain how participating mailers were recruited and induced to incur their cost of participation.

VP/USPS-8.

Please refer to your responses to preceding VP/USPS-5 and VP/USPS-7.

- a. Of the mailers that participated in the pilot test for Seamless Acceptance prior to December 17, 2007, how many also participated in the pilot test for eDropShip?
- b. Of those mailers that have participated in the pilot test for both Seamless Acceptance and eDropShip, how many (or what portion) could be considered “first adopters” of both Seamless Acceptance and eDropShip?
- c. Is Bank of America included among the mailers counted in the response to preceding parts a or b?

VP/USPS-9.

Please refer to Docket No. MC2007-1, response to VP/USPS-T1-6, which discusses use of electronic manifest for all pallets, trays and pieces in either a Mail.dat or web services file.

- a. Has the presentment of an electronic manifest in either a Mail.dat or web services file been put into general use by the Postal Service? If, when did that occur?
- b. If the answer to preceding part a is negative, then what is the current status of the presentment of an electronic manifest in either a Mail.dat or web services file as regards being in either a pilot test stage or a field test stage?
- c. If the answer to preceding part a is affirmative, then prior to the time when presentment of an electronic manifest in either a Mail.dat or web services file was first put into general use by the Postal Service,
 - (i) were these electronic formats subjected to a pilot test by the Postal Service? and
 - (ii) over what time period were such pilot test conducted?
- d. If the answer to preceding part (c)(i) is affirmative, how many mailers participated in the pilot test that preceded the time when presentment of an electronic manifest in either a Mail.dat or web services file was first put into general use by the Postal Service?
- e. Was Bank of America included among the mailers in the pilot test of presentment of an electronic manifest in either a Mail.dat or web services file? If so, when did Bank of America’s participation commence?
- f. In order for one or more mailers using presentment of an electronic manifest in either a Mail.dat or web services file to be considered a “first adopter” (as defined in the response to preceding interrogatory 5(a)), when (or during what time

- frame) would they have had to commence using presentment of an electronic manifest in either a Mail.dat or web services file?
- g. is the Bank of America considered to be a “first adopter” of eDropShip? If so, please explain, and indicate the number of mailers that the Postal Service now considers to be a “first adopter” of presentment of an electronic manifest in either a Mail.dat or web services file.
 - h. Did the Postal Service provide any incentives, whether financial or nonfinancial, to any mailer, other than Bank of America, that were connected in any way to their participation in the pilot testing of presentment of an electronic manifest in either a Mail.dat or web services file? If your response does not identify any incentives provided by the Postal Service, please explain how participating mailers were recruited and induced to incur their cost of participation.

VP/USPS-10.

Please refer to the responses to preceding VP/USPS-5, VP/USPS-7 and VP/USPS-9.

- a. How many mailers have participated in the pilot testing of (i) Seamless Acceptance, and (ii) eDropShip, and (iii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, all three)?
- b. How many mailers would the Postal Service consider to be a “first adopter” (as defined in the response to preceding interrogatory 5(a)) of (i) Seamless Acceptance, and (ii) eDropShip, and (iii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, all three)? Is the Bank of America included among the number of mailers cited in the response to this question?
- c. Excluding any mailers that were included in the response to preceding part (a), how many mailers have participated in the pilot testing of (i) Seamless Acceptance, and (ii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, these activities two only)?
- d. How many mailers would the Postal Service consider to be a “first adopter” (as defined in the response to preceding interrogatory 5(a)) of (i) Seamless Acceptance, and (ii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, these two only)? Is the Bank of America included among the number of mailers cited in the response to this question?
- e. Excluding any mailers that were included in the response to preceding part (a), how many mailers have participated in the pilot testing of (i) eDropShip, and (ii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, these activities two only)?
- f. How many mailers would the Postal Service consider to be a “first adopter” (as defined in the response to preceding interrogatory 5(a)) of (i) eDropShip, and (ii) presentment of an electronic manifest in either a Mail.dat or web services file (that is, these two only)? Is the Bank of America included among the number of mailers cited in the response to this question?

VP/USPS-11.

Please refer to Docket No. MC2007-1, response to VP/USPS-T1-5, which discusses the Centralized Automated Payment System (“CAPS”).

- a. Was CAPS subjected to an initial pilot test? If so,

- (i) over what time period did the pilot test last, i.e., when did the test begin and end?
 - (ii) how many mailers participated in the pilot test? and
 - (iii) was Bank of America included among the mailers in the initial pilot test?
- b. Was CAPS subject to a field test before becoming generally available? If so,
 - (i) over what time period did the field test last;
 - (ii) how many mailers participated in the field test; and
 - (iii) was Bank of America included among the mailers in the field test?
- c. When was CAPS first made generally available (i.e., after any pilot test and field test were completed)?
- d. As of December 17, 2007 approximately what percentage of First-Class Mail and Standard Mail was not entered and paid for through CAPS?
- e. If any mailer (or agent acting on behalf of a mailer) were to adopt CAPS after December 17, 2007 (the date of the Governors' decision in Docket No. MC2007-1), would the Postal Service consider that mailer to be a "first adopter" of CAPS? Please explain, and indicate the time frame when a mailer that started to use CAPS could have been considered a "first adopter" of CAPS.