

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

RATE AND SERVICE CHANGES TO IMPLEMENT )  
BASELINE NEGOTIATED SERVICE AGREEMENT ) Docket No. MC2007-1  
WITH BANK OF AMERICA CORPORATION )

**ANSWER OF  
BANK OF AMERICA CORP. WITNESS RICHARD D. JONES  
TO GRAYHAIR SOFTWARE INTERROGATORY GHS/BAC-T1-1**

Bank of America Corporation respectfully submits the answer of its witness, Richard D. Jones (BAC-T-1) to GrayHair Software, Inc. ("GHS") interrogatory GHS/BAC-T1-1.

Respectfully submitted,

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*Counsel for Bank of America Corporation*

April 25, 2007

**DOCKET NO. MC2007-1**  
**RESPONSE OF BAC WITNESS JONES**  
**APRIL 25, 2007**

**GHS/BAC-T1-1.** Do you believe that the Postal Service will realize cost savings from the placement of Four State bar codes on Courtesy Reply Mail and Business Reply Mail envelopes by Bank of America, as required by the proposed NSA? If so, please estimate the amount of the savings.

**RESPONSE:**

I am confident that our commitment to place Four-State Barcodes on our 450 million pieces of Courtesy Reply Mail ("CRM") and Business Reply Mail ("BRM") has the potential to provide significant cost savings to the Postal Service.

My analysts tell me that CRM and BRM mail will provide savings equivalent to those generated by the placement of Four-State Barcodes on MAADC letter mail. I have also been informed that an improved read rate of only half a percent will save the Postal Service over \$1.8 million in the first year of this agreement; that a 1.0 percent improvement will save it almost \$3.8 million in the first year; and that a 1.5 percent improvement will save it almost \$5.7 million in the first year alone. See Exhibit 2 of BAC response to NOI 1.

Because this is a performance-based agreement and no one is certain by how much our read/accept rates will improve, I do not know precisely how much the Service will save. However, I can say that there is no downside financial risk to the Service. Furthermore, we believe that the technology for increasing the readability of Intelligent Mail Barcodes ("IMBs") on BAC's outgoing mail should also produce comparably readable IMBs on CRM, BRM and QBRM envelopes. Therefore, the steps that BAC takes to improve the read/accept rates on the mail for which BAC receives discounts will also improve the read/accept rates on the mail for which BAC does not receive discounts. Thus, the Service's return on this agreement exceeds the level it would be expected to report.