

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

COMPLAINT OF CAPITAL ONE SERVICES, INC.

Docket No. C2008-3

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF PUBLIC REPRESENTATIVE  
(PR/USPS-11-14)  
(September 9, 2008)**

The United States Postal Service hereby provides its responses to the following interrogatories of the Public Representative, filed on August 26, 2008:

PR/USPS-11-14.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 9, 2008

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF PUBLIC REPRESENTATIVE

**PR/USPS-11.** Please refer to the Postal Service's response to PR/USPS-1.

- a. For Fiscal Years 2006 and 2007, please provide for First Class Mail a single read and accept rate that represents the systemwide average of all the separate read and accept rates provided in your response.
- b. For Fiscal Years 2006 and 2007, please provide for Standard Mail a single read and accept rate that represents the systemwide average of all the separate read and accept rates provided in your response.

**RESPONSE:**

- a. For First-Class Mail Automation Letters, the systemwide average for FY 2006 was 98.47 percent, and for FY 2007, it was 98.65 percent.
- b. For Standard Mail Regular Automation Letters, the systemwide average for FY 2006 was 98.50 percent, and for FY 2007, it was 98.68 percent.

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**PR/USPS-12.** Please refer to the Postal Service's response to PR/USPS-3.

- a. Pursuant to Rate Schedule 630A (First-Class Mail), please provide the value of the discounts earned by, but not paid to, Bank of America. Please provide an electronic spreadsheet showing the Postal Service's calculation of the discounts earned by Bank of America. If Bank of America has prepared a separate calculation of the discounts earned, please provide that calculation. Finally, please explain the differences between the Postal Service's and Bank of America's calculations.
- b. Pursuant to Rate Schedule 630D (Standard Mail), please provide the value of the discounts earned by, but not paid to, Bank of America. Please provide an electronic spreadsheet showing the Postal Service's calculation of the discounts earned by Bank of America. If Bank of America has prepared a separate calculation of the discounts earned, please provide that calculation. Finally, please explain the differences between the Postal Service's and Bank of America's calculations.

**RESPONSE:**

Objection filed.

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**PR/USPS-13.** Please refer to the Postal Service's response to PR/USPS-6, where it states that "The Bank of America NSA is a pay-for-performance agreement because it rewards BAC for improving mail processing, returns, and forwards above an established negotiated baseline." With respect to the read and accept rates i.e., negotiated baselines, and discounted rates applicable to First-Class Mail (Rate Schedule 630A) and Standard Mail (Rate Schedule 630D), please confirm that under the NSA where Bank of America has read and accept rates exceeding the respective baselines, Bank of America can and will pay discounted rates even if Bank of America does not make any improvements in its actual read and accept rates.

**RESPONSE:**

Confirmed, except that the discount functions as a rebate, and a rebate is paid if Bank of America exceeds the baselines.

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**PR/USPS-14.** Please refer to the Postal Service's response to PR/USPS-7(a), where it states that "The proposed Capital One NSA, identical in language and terms to the Bank of America NSA, would not 'improve the net financial position of the Postal Service.'" Please provide any financial analysis (in electronic form) that supports your claim that a Capital One NSA, as described, would not improve the net financial position of the Postal Service.

**RESPONSE:**

See the Postal Service's response to PR/USPS-10.