

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF DAVID B. POPKIN  
(DBP/USPS-217-237)

The United States Postal Service hereby provides its responses to the following interrogatories of David B. Popkin, filed on July 7, 2006: DBPUSPS-217-237.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-217                      Please refer to the response to Interrogatory DBP/USPS-T38-2 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, please advise the changes that will be necessary to the DMM for this proposed curtailment of service.

RESPONSE:

As witness Yeh stated in the response that you cite, revising the DMM is an ongoing process and will be finalized by the Postal Service based on the outcome of the case.

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DBP/USPS-218                      Please refer to the response to Interrogatory DBP/USPS-T38-3 with respect to the testimony of Witness T38 at page 6, fn2.

[a]        Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to either pay part of its postage by means of a postage meter stamp or stamps and the rest, if any, by any other means, including, but not limited to regular postage stamps.

[b]        If not, please explain the rationale behind the response.

RESPONSE:

(a)        No. The postage would be required to be paid entirely by customer-generated postage meter or by permit imprint.

(b)        Witness Yeh's footnote stated: "the Postal Service intends to amend its regulations to require that Bound Printed Matter be paid either by customer-generated postage meter or by permit imprint." In reply to your interrogatory, she stated: "The postage for the piece would be required to be paid using customer-generated postage meter, including PC postage, or by permit imprint." Neither statement says "partially." The suggestion introduced by your interrogatory of partial payment by these means and partial payment by postage stamps would not accomplish the purpose of the planned regulation change. See also the responses to your interrogatories 220, 221, 223, 227, and 234 for further discussion of the purposes of this change.

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DBP/USPS-219                      Please refer to the response to Interrogatory DBP/USPS-T38-3 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response explaining the following:

[a]      May the postage on a single Bound Printed Matter mailpiece have the postage paid by means of a permit imprint?

[b]      If so, please describe the permit that is required, the forms that must be completed to make the mailing, the method of mailing, and the fee for obtaining that permit.

[c]      If not, why not?

[d]      What is the minimum number of mailpieces that may be mailed at one time using a permit imprint? If it is different for different classes or types of mail, please fully explain.

RESPONSE:

(a)      No.

(b)      N/A

(c)      The standards in DMM 604.5.1.2 are not changing. These require a minimum volume of 200 pieces or 50 pounds.

(d)      As stated in part (c), a minimum volume of 200 pieces or 50 pounds is required for all non-presorted/discount mail. Separate volume requirements based on class are required for presorted/discount mailing (e.g. presorted First-Class Mail requires 500 pieces, presorted Standard Mail requires 200 pieces or 50 pounds).

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DBP/USPS-220                      Please refer to the response to Interrogatory DBP/USPS-T38-3 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response explaining the following:

[a]     Please explain why Bound Printed Matter is essentially a commercial product.

[b]     What other services, classes, or types of mail are considered to be essentially a commercial product?

[c]     For those services provided in response to subpart b above, please identify those that may be mailed as a single piece.

[d]     Please identify any services, classes, or types of mail that are not available to any mailer, from the largest company to a single individual, on the same terms and conditions so long as the mail meets the appropriate conditions.

[e]     Does the Postal Service believe that any mailer, from the largest company to a single individual, should have the ability to utilize any available service that they feel will best meet their mailing needs?

[f]     If not, why not?

RESPONSE:

(a)     Approximately 97 percent of Bound Printed Matter pieces are sent by commercial mailers, with about 3 percent entered at retail. This is consistent with the history of the product. Bound Printed Matter was previously called fourth-class catalog rate mail. Before Postal Reorganization, only matter consisting entirely of advertising could be mailed at this rate. After Postal Reorganization, this restriction was amended to allow any bound printed matter that contained advertising to be mailed at the rate, which as part of the subclass, which was renamed "Bound Printed Matter." See PRC Op., MC73-1, at 59-62. The change was intended to address the anomaly that "Yellow Pages" could be mailed at the catalog rate, while phone directories containing both "White Pages" and "Yellow Pages" could not, and had to be mailed as Parcel Post. Regardless of this change, the subclass was, and had always been, a commercial product, since mailers of advertising are, by definition, commercial mailers. Both single-piece and bulk rates existed for the subclass, because not all commercial mailers could meet the bulk

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requirements, especially in the earlier days of presortation, and the single-piece rates are also available for smaller mailings that do not meet the presort minimums.

The change recommended by the Commission in Docket No. MC73-1 also resulted in book publishers' being able to qualify for Bound Printed Matter by including "non-incidentaI" advertising in their books. They increasingly did so over the years, to the extent they found it advantageous to pay BPM rates, rather than "book" rates (now Media Mail). The Commission recommended removal of the advertising requirement in Docket No. R90-1. Its rationale for doing so was that "[i]t does not make economic sense to require publishers to include advertising in heir books in order to qualify for these [BPM] rates." PRC Op., R90-1, vol. 1, at V-375-76. The Commission also noted that this would provide an incentive for mailers to prepare their mail in a manner consistent with low-cost characteristics and to encourage dropshipping. *Id.* at V-376. Again, the entire analysis was premised on the commercial nature of Bound Printed Matter. No part of the Commission's rationale was based on adding BPM, a classification explicitly geared toward cataloguers and binders and printers, to the retail customer's mailing options. See the response to DBP/USPS-227(c)-(e) for a discussion of BPM's relation to retail and the Postal Service's decisions regarding the management of its retail environment.

(b) In addition to Standard Mail, Periodicals, and Parcel Select, there are numerous rate categories that have bulk mailing requirements and are therefore not eligible to be entered through retail channels.

(c) Periodicals has no minimum quantity requirement per mailing.

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(d) All services, classes, or types of mail that are available to any mailer on the same terms and conditions so long as the mail meets the appropriate conditions. This is true with respect to the planned change for BPM. It is not based on who the mailer is, but on time and manner of entry, and it applies equally to all mailers.

(e)-(f) Yes, with one qualification. Any mailer, from the largest company to a single individual, may utilize any available service that they feel will best meet their mailing needs, if their mail is eligible for that service and if it can be prepared and entered as specified by the Postal Service.

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DBP/USPS-221                      Please refer to the response to Interrogatory DBP/USPS-T38-4 with respect to the testimony of Witness T38 at page 6, fn2.

[a]        Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to either pay part, all, or an excess amount of postage by means of an Automated Postal Center [APC] stamp or stamps and the rest, if any, by any other means, including, but not limited to regular postage stamps.

[b]        If not, please explain the rationale behind the response.

[c]        Please confirm, or explain if you are unable to confirm, that postage "stamps" generated by an Automated Postal Center [APC] are generated by the action of the customer and not by the action of the Postal Service.

[d]        Please describe the distinction, if any, that exists between postage "stamps" that are generated by a postage meter [such as those provided by Pitney Bowes] and those that are generated by an APC as far as the involvement of the Postal Service in issuing the "stamp" or processing the mail with that method of postage prepayment.

RESPONSE:

(a)        No.

(b)        The planned regulation change is intended to implement management's determination that BPM transactions, both payment and mail entry, be conducted through channels other than the retail environment. For clarity, all stamps are excluded, since most are purchased at retail.

(c)        Not confirmed. The relevant distinction is the owner of the source of the postage payment method. All forms of postage payment require joint "action" by the Postal Service, the customer, and sometimes third parties.

(d)        The Postal Service procures, installs, programs, and maintains APCs.

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DBP/USPS-222                      Please refer to the response to Interrogatory DBP/USPS-T38-5 with respect to the testimony of Witness T38 at page 6, fn2.

[a]        Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to either pay part, all, or an excess amount of postage by means of a computer generated stamp or stamps such as those provided by stamps.com and the rest, if any, by any other means, including, but not limited to regular postage stamps.

[b]        If not, please explain the rationale behind the response.

[c]        Please advise any differences in the acceptance of computer generated stamps compared to postage meter stamps in their use for this purpose.

RESPONSE:

(a)        No.

(b)        So that retail transactions are not potentially needed to support BPM mailing.

(c)        None. Both customer-generated computer postage and customer-generated postage meter strips would be acceptable forms of BPM payment.

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DBP/USPS-223                      Please refer to the response to Interrogatory DBP/USPS-T38-5 with respect to the testimony of Witness T38 at page 6, fn2.

[a]     Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to either pay part, all, or an excess amount of postage by means of Click N Ship on the computer and the rest, if any, by any other means, including, but not limited to regular postage stamps.

[b]     If not, please explain the rationale behind the response.

RESPONSE:

(a)     No. Click-N-Ship is available only for Priority Mail and Express Mail and international expedited products.

(b)     The rationale is that not all products are available through all channels.

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DBP/USPS-224                      Please refer to the response to Interrogatory DBP/USPS-T38-6 with respect to the testimony of Witness T38 at page 6, fn2.

[a]        Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article with a rural delivery letter carrier?

[b]        If not, please explain the rationale behind your response.

RESPONSE:

(a)        Yes

(b)        N/A.

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DBP/USPS-225                      Please refer to the response to Interrogatory DBP/USPS-T38-7 with respect to the testimony of Witness T38 at page 6, fn2.

[a]        Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article with a city delivery letter carrier?

[b]        If not, please explain the rationale behind your response.

RESPONSE:

(a)        Yes, if it is properly prepaid.

(b)        N/A.

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DBP/USPS-226                      Please refer to the response to Interrogatory DBP/USPS-T38-8 with respect to the testimony of Witness T38 at page 6, fn2.

[a]        Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article with a highway contract delivery letter carrier?

[b]        If not, please explain the rationale behind your response.

RESPONSE:

(a)        Yes, if it is properly prepaid.

(b)        N/A.

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DBP/USPS-227 Please refer to the response to Interrogatory DFC/USPS-T38-6 with respect to the testimony of Witness T38 at page 6, fn2.

[a] Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article at a retail service window?

[b] If not, please explain the rationale behind your response.

[c] Please confirm, or explain if you are unable to confirm, that at retail service windows the window clerk will have a number of separations to make with mail that is received over the window, such as, letters vs. flats vs. Priority Mail vs. Package Services.

[d] Please confirm, or explain if you are unable to confirm, that when a customer hands a mailpiece over a retail service window, the window clerk must evaluate the mailpiece so as to determine the proper separation as noted in subpart c above to place that mailpiece in.

[e] Please confirm, or explain if you are unable to confirm, that when a customer hands a mailpiece over a retail service window, the window clerk will usually evaluate the mailpiece to determine its mailability, postage, addressing, etc.

RESPONSE:

(a) Yes, if it is properly prepaid.

(b) N/A.

(c)-(e) Confirmed, although to the extent the clerk performs those separation activities, they can be done after the customer leaves the window. It is the actual transaction with the customer that is the focus of the regulation change and other management decisions that are intended to streamline that transaction. The regulation change is not intended to affect window clerks' other normal activities.

While computerization has in some ways made retail transactions easier (and provided channels other than the window itself, such as APCs), it also introduces complications. For instance, when retail transactions were less automated or completely manual, the "availability" of Bound Printed Matter at retail essentially depended on the knowledge of the customer or the clerk. In other words, the option

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probably came up rarely and only when applicable. The option thus did not have the potential to add time or complexity to each and every parcel transaction at the window. By contrast, with the advent of POS, APCs and the like, BPM would have been shown as an option for every parcel transaction. With respect to APCs, management determined that inclusion of this option that is rarely applicable at retail, and for which alternatives exist, would add needlessly to programming requirements (and costs) and lengthen and obfuscate automated transactions. Accordingly, BPM is not made available at APCs. Similarly, at the window, automatically showing BPM on a screen visible to customers who mail parcels, the vast majority of which do not qualify for BPM, can generate questions about why that rate is not available. This can add unnecessary time and complexity to the retail transaction. Removing BPM from the retail environment has the potential to streamline every parcel transaction at the window.

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DBP/USPS-228                      Please refer to the response to Interrogatory DBP/USPS-T38-9 with respect to the testimony of Witness T38 at page 6, fn2.

[a]     Please provide an Institutional response explaining If the Postal Service proceeds with its plan to issue the regulation described in the testimony, will a customer seeking to send a single piece of Bound Printed Matter be able to mail the article with any of the ancillary services such as, but not limited to, Certificate of Mailing, Delivery Confirmation, Signature Confirmation, Insurance, COD?

[b]     Under the present regulations, may a single piece of Bound Printed Matter be mailed with these ancillary services?

[c]     If not, please explain.

[d]     Please advise why these services will no longer be available and why that is believed to be appropriate.

[e]     Please advise what sections of the DMCS will be modified to reflect this change.

RESPONSE:

(a)     No explicit restriction on the availability of those services was contemplated.

However, to the extent that there is no viable alternative to retail for obtaining particular services, appropriate revisions in the DMCS might be necessary. See the forthcoming response of the Postal Service to Presiding Officer's Information Request No. 9, question 3.

(b)     Yes.

(c)     N/A.

(d)- (e) See the forthcoming response of the Postal Service to Presiding Officer's Information Request No. 9, question 3.

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DBP/USPS-229                      Please refer to the response to Interrogatory DBP/USPS-T38-10 with respect to the testimony of Witness T38 at page 6, fn2.

[a]     Please provide an Institutional response explaining why the Postal Service believes that it is necessary to simplify window service operations.

[b]     Please describe how you believe this proposed regulation will achieve that objective.

[c]     Please confirm, or explain if you are unable to confirm, that retail window clerks will only offer those services most likely to be used by retail customers.

[d]     Please provide a definition of a retail customer.

[e]     Please provide a listing of other categories of Postal Service customers besides a retail customer.

[f]     Please provide a definition of each of the categories of Postal Service customers provided in response to subpart e above.

[g]     Please provide the services that are utilized by each of the categories of customers provided in response to subpart e above.

[h]     Please advise which of these services may be obtained from a window clerk.

[i]     Please advise where the other services may be obtained.

RESPONSE:

(a) & (b) Please see the responses to DBP/USPS-220(a), 227(c)-(e), and 234.

(c)     Confirmed that the window clerk will offer those services that for which the article is eligible and which are available at retail.

(d)     A retail customer is a customer who comes to the retail window for a transaction.

(e)-(g) The Postal Service does not have a list of defined categories of customers. In the context, non-retail customers would be those, such as bulk/discount mailers, who enter their mail in a different manner and place.

(h)-(i) N/A. Please note that the following types of mail are may be entered at retail : Express Mail, First-Class Mail (Single-Piece Letters, Single-Piece Cards, and Priority Mail), Parcel Post Inter-BMC and Intra-BMC, Media Mail Single-Piece, and Library Mail Single-Piece, plus associated extra services. Entry points for these and other types of mail not available at retail, such as Periodicals, Standard Mail, and Parcel Select, and

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various other discount/bulk categories, include business mail entry units and detached mail units. As noted previously, consumers have various other options for entering single pieces of BPM. The regulation address only postage payment methods.

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DBP/USPS-230                      Please refer to the response to Interrogatory DBP/USPS-T38-11 with respect to the testimony of Witness T38 at page 6, fn2.

[a]        Please provide an Institutional response explaining why the Postal Service believes that it is necessary to reduce the complexity of retail transactions for customers.

[b]        Please describe how you believe this proposed regulation will achieve that objective.

RESPONSE:

Please see the response to DBPUSPS-220(a), 227(c)-(e) and 234.

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DBP/USPS-231                      Please refer to the response to Interrogatory DBP/USPS-T38-13 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response describing the characteristics of a mailpiece that would be eligible for mailing as Media Mail but would not be eligible to mail as Bound Printed Matter. Please evaluate the twelve pages of the DMM Sections that were provided in the response and provide a narrative that responds to the question that was asked and provides specific conditions.

RESPONSE:

An example would be recorded media, which are, by definition, neither “bound” nor “printed.”

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DBP/USPS-232                      Please refer to the response to Interrogatory DBP/USPS-T38-14 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response describing the characteristics of a mailpiece that would be eligible for mailing as Bound Printed Matter but would not be eligible to mail as Media Mail. Please evaluate the twelve pages of the DMM Sections that were provided in the response and provide a narrative that responds to the question that was asked and provides specific conditions.

RESPONSE:

Any BPM that contains advertising (other than incidental announcements of books) may not be mailed as Media Mail. See DMCS § 523.1(a). Until 1991, this was all BPM. Since then, books without advertising may be mailed as either Media Mail or BPM.

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DBP/USPS-233                      Please refer to the response to Interrogatory DBP/USPS-T38-15 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response that confirms, or explains if it is unable to confirm, that there are no characteristics of a mailpiece that would be eligible for mailing as Bound Printed Matter but would not be eligible to mail as either Express Mail, Priority Mail, First-Class Mail, or Parcel Post.

RESPONSE:

Confirmed, since those classes/subclasses are defined as consisting of any mailable matter, with limited exceptions not relevant here.

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DBP/USPS-234                      Please refer to the response to Interrogatory DBP/USPS-T38-16 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response that confirms, or explains if it is unable to confirm, that a retail customer can make an easily distinguishable choice to use Bound Printed Matter [if the contents of the mailpiece are authorized] over Media Mail or Parcel Post.

RESPONSE:

Not confirmed. It is not likely that a retail clerk and a customer would regard the difference as “easily distinguishable.” As pointed out in DBP/USPS-232, twelve DMM pages set forth the details of the distinction. While questions or discussions concerning the distinction or lack thereof, the relative merits of zoned vs. unzoned pricing, or the effect of differences in subclass cost characteristics on the “easily distinguishable” prices which result may be of interest to postal experts, that sentiment might not be shared by the customers waiting in line while that explanation or discussion is ongoing. See the response to DBP/USPS-227(c)-(e).

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DBP/USPS-235                      Please refer to the response to Interrogatory DBP/USPS-T38-18 with respect to the testimony of Witness T38 at page 6, fn2. Please provide an Institutional response that discusses whether or not this reduction in service will be a change in the nature of postal services which will generally affect service on a nationwide or substantially nationwide basis.

RESPONSE:

No. As noted in response to DBP/USPS-220, BPM is rarely used by retail customers.

Moreover, the change is consistent with the actual character of BPM, as discussed in that response.

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DBP/USPS-236

[a] Please provide a listing of all types of single-piece mailings which under the present regulations, the postage may not be paid by means of postage stamps.

[b] Under the proposed regulations will there be any types of single-piece mailings, other than Bound Printed Matter, where the postage may not be paid by means of postage stamps?

[c] Please provide a listing of all types of single-piece mailings which under previous regulations, the postage could not be paid by means of postage stamps.

RESPONSE:

(a) Periodicals.

(b) Yes.

(c) Periodicals.

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DBP/USPS-237                      Please refer to the testimony of Witness T38 at page 6, fn2 with respect to proposed restrictions on the mailing of single-piece Bound Printed Matter.

[a] Please provide an Institutional response that confirms, or explains if it is unable to confirm, that regardless of the place or method that is utilized to enter the mailpiece into the system [such as with a carrier, over a retail window, etc.] the only difference between having the postage paid by means of a postage meter vs. being paid by postage stamps would be that the stamps would have to be cancelled.

[b] May the postage be paid by means of precancelled stamps?

[c] If not, please explain the rationale.

RESPONSE:

- (a) No. The purchase of the stamps is likely to have involved a retail transaction.
- (b) No.
- (c) Please see the response to part (a).