

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INSTITUTIONAL RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE
(PB/USPS-T32-10 AND 12)

The United States Postal Service hereby files institutional responses to the above-listed June 19, 2006, interrogatorais of Pitney Bowes Inc., redirected from witness Taufique. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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August 15, 2006

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-10. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that the second and third sentences of text following the heading "Move Simple Transactions Away from the Retail Counter" state "Last year the Postal Service completed an advertising campaign that promoted alternative access to postal products and services, such as those mentioned above. This campaign included television and print ads, in addition to new logos and postal product signs displayed at the 60,000 locations selling stamps." If you do not confirm, then please provide the correct text.
- b. Who conducted the campaign?
- c. How much did it cost?
- d. Did the Postal Service evaluate the campaign's effectiveness and if so, how?
- e. If the Postal Service did not evaluate the effectiveness, why not?
- f. Did the Postal Service attempt to study or to quantify how many transactions switched from the retail counter to more convenient alternatives as a result of the campaign? If so, please provide the study or the quantification.
- g. Did the Postal Service attempt to study or quantify how the campaign affected the awareness of its customers with respect to convenient alternatives for buying stamps?
- h. If so, please provide the studies or quantifications. If not, why not?
- i. Please provide copies of the cited print ads.

RESPONSE

- a. Confirmed.
- b. Campbell-Ewald and Draft Worldwide (Draft is used for Point of Sale advertising in Post Offices only) currently produce all advertising for "Access" messaging.
- c. To put a precise number against what was reported in the Transformation Plan Progress Report is not possible. However, it is accurate to say that the campaign began in September 2004 and that approximately 30 percent of the annual budget was placed against messages related to "Access" between September and November.

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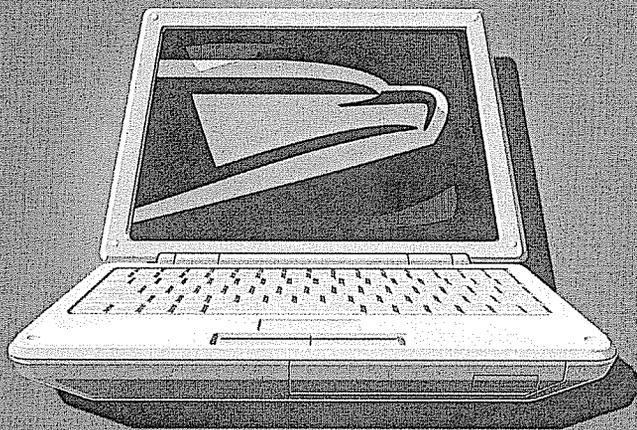
RESPONSE to PB/USPS-T32-10 (continued):

- d. There are many subjects that make up the overall "Access" strategy. They include: use of USPS.com (specific sites receiving messaging are, but not limited to Click-N-Ship, Free Carrier Pickup, Delivery Confirmation, Forwarding Services, Stamp Locator and Stamps On-line), APCs, Extended Hours, Contract Postal Units and Stamps By Mail. Growth in awareness and usage of each of these services is measured independently.
- e. N/A.
- f. No.
- g. Yes. The Postal Service Advertising Office tracks awareness and attitude changes on a number of the messages being communicated through its advertising. Because the degree of ease with which customers can access its services (most notably its package services) is an important competitive issue, the Postal Service considers the results of its tracking studies to be proprietary.
- h. Attached are samples of the print ads that ran in this time period.

WHY DO WE CALL IT CLICK-N-SHIP? BECAUSE

i never have to leave my office to ship a package again.com

TOOK TOO LONG TO TYPE.



Click-N-Ship® Online Shipping. It's everything you need to ship your packages online. Calculate rates, print labels, pay postage, even get free Delivery Confirmation™ service. Then just hand the package to your letter carrier. To get started, visit usps.com/clicknship. It's another simple way to ship from the U.S. Postal Service®



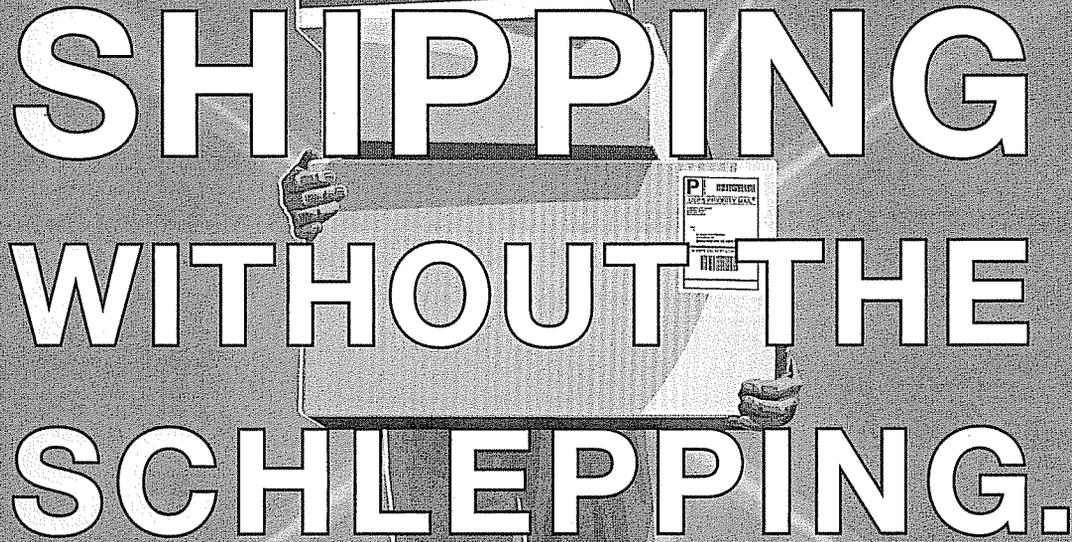
IF YOU CLICK IT, WE WILL COME.



Atlanta
Falls Church, Virginia

When you can't come to the Post Office™, let the Post Office come to you. Just go to usps.com where you can print labels, pay for postage, and your carrier will pick up your packages for you. To learn more, visit usps.com/clicknship. It's just one more way the U.S. Postal Service® is working for you.

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SHIPPING WITHOUT THE SCHLEPPING.

When you can't come to the Post Office,SM let the Post Office come to you. Just go to usps.com, where you can print labels, pay for postage, and your carrier will pick up your packages for you. To learn more, visit usps.com/clicknship. It's just one more way the U.S. Postal Service[®] is working for you.

 **UNITED STATES
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usps.com

IF YOU CLICK IT, WE WILL COME.

Stephen Scully
Erie, Pennsylvania

When you can't come to the Post Office, let the Post Office come to you. Just go to usps.com where you can print labels, pay for postage, and your carrier will pick up your packages for you. To learn more, visit usps.com/clickship. It's just one more way the U.S. Postal Service® is working for you.

 UNITED STATES
POSTAL SERVICE.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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REDIRECTED FROM WITNESS TAUFIQUE**

PB/USPS-T32-12. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that there is a heading "Create New, Low-Cost Retail Alternatives." If you do not confirm, then please provide the correct caption.
- b. Please confirm that the text following this caption reads "As part of an ongoing effort to provide Quick, Easy and Convenient service to customers, the Postal Service will complete deployment of 2,500 APC units to high-traffic Post Office locations by late November 2004. APC units are customer-friendly self-service kiosks that allow individuals to conduct 80 percent of postal transactions available at window service. In many locations units will be accessible 24 hours a day, 7 days a week." If you do not confirm, then please provide the correct text.
- c. At the beginning of the Base Year, how many Automated Postal Centers ("APCs") had been deployed? At the end of the Base Year, how many APCs had been deployed?
- d. At the beginning of the Test Year, how many APCs are expected to be deployed? At the end of the Test Year, how many APCs are expected to be deployed?
- e. Please provide the deployment schedule for the APCs.
- f. Please provide all decision analysis reports ("DARs") for APCs.
- g. What return-on-investment ("ROI") did the decision analysis report ("DAR") estimate for the APCs?
- h. Please confirm that calculating an ROI requires an estimate, among other inputs, of stamp sales through APCs. If you do not confirm, then please explain. If you do confirm, how many first-ounce single-piece First-Class Mail letter stamps did the DAR assume would be sold through APCs?
- i. Are the APCs selling as many single-piece First-Class Mail letter stamps as they were estimated to sell in the ROI calculation in the DAR?
- j. How many single-piece First-Class Mail letter stamps were sold through APCs in the Base Year?
- k. How many single-piece First-Class Mail letter stamps are expected to be sold through APCs in the fiscal year following the Base Year?
- l. How many single-piece First-Class Mail letter stamps were sold through APCs in each of the five years before the Base Year?
- m. How many single-piece First-Class Mail letter stamps are expected to be sold through APCs in the Test Year?

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RESPONSE to PB/USPS-12:

- a. There is such a heading there.
- b. That is what it says.
- c. All 2,500 APCs were deployed by November 19, 2004.
- d. Unknown at this time. The budget for FY'07 has not been approved.
- e. Not applicable; no deployment schedule has been developed at this time for additional APCs.
- f. See USPS LR-L-170.
- g. 30 percent.
- h. Confirmed. Calculating ROI requires an estimate, among other inputs, of stamps sales through APCs. The DAR made no specific assumptions with regard to how many first-ounce single-piece First-Class Mail letter stamps would be sold.
- i. The ROI calculation did not include an estimate of single-piece First-Class Mail letter stamps specifically.
- j. 2,253,495 sheetlets of APC stamps were sold in FY 04 (base year). Each sheetlet contains 18 basic rate First-Class Mail stamps.
- k. The ROI calculation did not include an estimate of single-piece First-Class Mail letter stamps specifically.
- l. No First-Class Mail letter stamps were sold through the APC prior to the base year as the APCs were not deployed.
- m. An estimate has not been made.

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