

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON DC 20268-0001

Postal Rate and Fee Changes, 2006]

DOCKET NO. R2006-1

FOLLOW-UP INTERROGATORIES OF DAVID B. POPKIN TO THE UNITED STATES
POSTAL SERVICE [DBP/USPS-488-518]

David B. Popkin hereby requests the United States Postal Service to answer, fully and completely, the following interrogatories pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure. To reduce the volume of paper, I have combined related requests into a single numbered interrogatory; however, I am requesting that a specific response be made to each separate question asked. To the extent that a reference is made in the responses to a Library Reference, I would appreciate receiving a copy of the reference since I am located at a distance from Washington, DC. Any reference to testimony should indicate the page and line numbers. The instructions contained in the interrogatories DFC/USPS-1-18 in Docket C2001-1, dated May 19, 2001, are incorporated herein by reference. In accordance with the provisions of Rule 25[b], I am available for informal discussion to respond to your request to "clarify questions and to identify portions of discovery requests considered overbroad or burdensome."

August 11, 2006

Respectfully submitted,

R20061WW488

DAVID B. POPKIN, POST OFFICE BOX 528, ENGLEWOOD, NJ 07631-0528

DBP/USPS-488 Please refer to your response to Interrogatory DBP/USPS-295. The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

DBP/USPS-489 Please refer to your response to Interrogatory DBP/USPS-296. The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

DBP/USPS-490 Please refer to your response to Interrogatory DBP/USPS-297. The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

DBP/USPS-491 Please refer to your response to Interrogatory DBP/USPS-300.

[a] Please define and explain the meaning of the phrase "On a weighted basis" and show any calculations that were made to arrive at the number 199 respondents.

[b] How many of the 2059 respondents that were contacted actually indicated that they were the owner or manager of a small business?

DBP/USPS-492 Please refer to your response to Interrogatory DBP/USPS-301.

[a] Please explain why the study chose the only contact residential homeowners as the basis for their study and then utilize those residential homeowners who just happened to be the owner or manager of a small business for data for a separate study of small businesses as opposed to contacting small businesses directly.

[b] Please explain why that method will produce equally valid results.

[c] In the Library Reference USPS-LR-L-152 there appear to be two versions of the questionnaire, namely, the Small Business Version and the Consumer Version. Both of these appear to start off at question number 1 assuming that the respondent was already determined to be either a small business owner or not. Please advise how the Opinion Research Corporation employee/contractor was able to make that determination and provide copies of the appropriate script.

DBP/USPS-493 Please refer to your response to Interrogatory DBP/USPS-310.

[a] Please look at the question that was asked to the consumer in the survey and explain what word or words in the question would indicate that the survey question was referring to purchasing the forever stamp "today" as opposed to sometime in the future when it became necessary to purchase stamps.

[b] What do you believe is the intent of the question?

[c] Is the real intent of the question as follows, "The next time that you make a purchase of stamps to mail one ounce letters and you are given the choice of purchasing either a 39¢ denominated stamp that will always be worth 39¢ and should the postal rates for one ounce letters increase in the future you will be required to add additional postage to your letter or to purchase a Forever Stamp for the same 39¢ that should the postal rates for one ounce letters

increase in the future you will not be required to add additional postage to your letter, which would you choose?"

[d] If not, why not?

[e] What proportion of the 20 to 26 percent of the respondents who would not want to purchase the Forever Stamp misunderstood the question and would purchase it at a later time vs. those that preferred denominated stamps for philatelic purposes?

[f] Do you believe that the 20 to 26 percent of the respondents who would not want to purchase the Forever Stamp is a valid indication of the real intent of the question?

[g] If so, please explain why?

DBP/USPS-494

Please refer to your response to Interrogatory DBP/USPS-311.

[a] Do you believe that the 27 to 29 percent of the respondents who indicated that they would purchase the Forever Stamp at a 45¢ price misunderstood the question and did not realize that in order to achieve the hedge against future rate increases it would take probably two rate increases and six years on average to receive that benefit and in any case they could always purchase the Forever Stamp at a 39¢ price up until the new rate actually went into effect and could, in all likelihood, purchase it at an intermediate price between 39¢ and 45¢ if they missed out on the first opportunity.

[b] If not, please explain.

[c] Do you believe that the 27 to 57 percent of the respondents who indicated that they would purchase the Forever Stamp at a premium price misunderstood the question and did not realize that in order to achieve the hedge against future rate increases they could still purchase the Forever Stamp once the proposed rate increase and its magnitude were announced.

[d] If not, please explain.

DBP/USPS-495

Please refer to your response to Interrogatory DBP/USPS-312.

The original Interrogatory was not answered. The question was why were the responses to each of the various Insights tabulated against the premium prices that were likely to be paid as opposed to just tabulating them individually or tabulating them against some other parameter as the number of stamps the participant had on hand or for that matter the first letter of the respondent's last name.

DBP/USPS-496 Please refer to your response to Interrogatory DBP/USPS-314. While the data may have been obtained that way and may be available in the Library Reference, please explain why it is not included that way in the Report.

DBP/USPS-497 Please refer to your response to Interrogatory DBP/USPS-315. Please provide any data that the Postal Service has to indicate in the period following the rate increase to 39¢ the percentage of one ounce letters that only had a 37¢ stamp affixed.

DBP/USPS-498 Please refer to your response to Interrogatory DBP/USPS-316 subpart d. A specific numerical best estimate response is desired to this Interrogatory subpart.

DBP/USPS-499 Please refer to your response to Interrogatory DBP/USPS-323. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp and other proposed rates be approved and implemented as a result of the action in Docket R2006-1 that while the Forever Stamp will be sold prior to the effective date of the 42¢ one ounce letter rate it will be sold for 42¢ and not the 39¢ rate that would normally apply if the Forever Stamp concept was fully implemented.

DBP/USPS-500 Please refer to your response to Interrogatory DBP/USPS-324. Based on the response to Interrogatories DBP/USPS-319 through DBP/USPS-323, please explain why the plans do not call for implementation in the rates and classifications adopted as a result of Docket R2006-1 including the implementation of the Forever Stamp policy in a manner [such as making the appropriate DMCS changes effective prior to the rest of the rates and changes and selling the Forever Stamp for 39¢ prior to the change to the 42¢ rate] that would allow mailers to take full advantage of this concept at this time as opposed to having to wait for the next rate case to take full advantage of the concept.

DBP/USPS-501 Please refer to your response to Interrogatory DBP/USPS-336 subpart a.

[a] Did the Breast Cancer stamp ever have a postage value of 33 or 34 cents?

[b] If so, please provide full details.

DBP/USPS-502 Please refer to your response to Interrogatory DBP/USPS-336 subpart b.

[a] Does the last sentence of the Postal Bulletin excerpt mean that at the present time the Postal Service must assume that the Breast Value stamp will have a postage value of 39¢ regardless of its purchase date and corresponding postage value on that date?

[b] If not, please explain.

DBP/USPS-503 Please refer to your response to Interrogatory DBP/USPS-336 subpart b. The next to the last sentence of the Postal Bulletin excerpt states that there is no easy way to determine the purchase date and therefore the corresponding postage value of a semi-postal stamp. Please provide any way [i.e. a non-easy way] that the Postal Service may make this determination.

DBP/USPS-504 Please refer to your response to Interrogatory DBP/USPS-336 subpart c. Please explain how the DMM Quick Service Guide, Section 604a will allow the Postal Service to determine whether the postage value of a Breast Cancer stamp is 32, 33, 34, 37, or 39 cents and therefore whether a one ounce letter with a Breast Cancer stamp is fully paid or requires an additional 2, 5, 6, or 7 cents postage.

DBP/USPS-505 Please refer to your response to Interrogatory DBP/USPS-336 subpart e. If a purchaser of semi-postal stamps does not keep "records" of their purchases and also assuming that they purchase the stamp at various times when the postage value was not the same, please explain how they would know the purchase date and corresponding postage value of a specific stamp that was placed on a mailpiece.

DBP/USPS-506 Please refer to your response to Interrogatory DBP/USPS-336 subpart f.

If the Breast Cancer stamps were purchased at a time when the postage value was only 37¢ and a 3-ounce letter with two of these [37¢ postage value] Breast Cancer stamps already affixed was presented [at a time when the postage rate is 39¢] to a Postal Service retail window clerk to weigh and affix any necessary postage, please confirm, or explain if you are unable to confirm, that the clerk would affix only 9¢ in additional postage when the correct value of additional postage would be 13¢ and that would only occur if the mailer was aware of the postage value of the stamps and made the retail clerk aware of that information.

DBP/USPS-507 Please refer to your response to Interrogatory DBP/USPS-336 subpart g.

[a] Please confirm that all three semi-postal stamps that have been issued have the words "First-Class" incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the Breast Cancer stamp may be utilized to pay the postage on Media Mail, that the First-Class indicia on the Breast Cancer stamp will not preclude its use on mail classes [all classes of mail to which regular denominated postage stamps may be utilized] including other than First-Class Mail.

DBP/USPS-508 Please refer to your response to Interrogatory DBP/USPS-339 subpart b.

[a] Please confirm that many of the non-denominated stamps that have been issued have the words "First-Class" incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the non-denominated stamp may be utilized to pay the postage on Media Mail, that the First-Class indicia on the non-denominated stamp will not preclude its use on mail classes [all classes of mail to which regular denominated postage stamps may be utilized] including other than First-Class Mail.

DBP/USPS-509 Please refer to your response to Interrogatory DBP/USPS-336 subpart c.

[a] Please confirm that some of the non-denominated stamps that have been issued have the words "Domestic Use", or words of similar import, incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the non-denominated stamp may be utilized to pay the postage on International Mail, that the words "Domestic Use", or words of similar import, on the non-denominated stamp will not preclude its use on International Mail.

DBP/USPS-510 Please refer to your response to Interrogatory DBP/USPS-340.
The following are the proposed changes that are being proposed for the DMCS:

241 FOREVER STAMP

Postage for the first ounce of a First-Class Mail Single Piece letter may be paid through the application of a Forever Stamp. The Forever Stamp is sold at the prevailing rate for Single

Piece Letters, First Ounce, in Rate Schedule 221. Once purchased, the Stamp may be used for first ounce letter postage at any time in the future, regardless of the prevailing rate at the time of use.

3030 Payment of Postage and Fees

Postage must be fully prepaid on all mail at the time of mailing, except as authorized by law or this Schedule. The use of the Forever Stamp, as described in section 241, is considered full prepayment of postage for the first ounce of First-Class Mail, Single Piece Letters. Except as authorized by law or this Schedule, mail deposited without prepayment.....

SCHEDULE 221 NOTES

The price for Single Piece, First ounce, Letters also applies to sales of the Forever Stamp at the time of purchase.

[a] Please confirm, or explain if you are unable to confirm, that there are at least two possible ways that one could interpret the meaning of these proposed changes. The first interpretation that one could obtain from these proposed changes is that a Forever Stamp has one use, and one use only, and that would be to affix to a First-Class Mail letter, and not to a First-Class Mail flat or parcel, to cover the postage that was required for that letter and any other postage that was required, either for additional weight or other ancillary services, could not be paid for, in full or in part, with a Forever Stamp. The second interpretation would be that the Forever Stamp has a certain postage value [whether it is the postage value that existed at the time of purchase of the stamp or at the time of the use of the stamp need not be considered for response to this subpart] and that it may be used at its postage value on all classes of mail for which regular denominated postage stamps may be used.

[b] If there are any other possible interpretations of these proposed DMCS changes, please explain.

[c] Please confirm, or explain if you are unable to confirm, that a literal reading of the words in the proposed DMCS changes would lead one to adopt the first interpretation noted in subpart a above.

[d] Which interpretation provided in subparts a and b does the Postal Service intend to apply to the use of the Forever Stamp?

[e] If the response to subpart d above is other than the first interpretation provide in subpart a above, please explain how a literal reading of the proposed DMCS changes will provide for that interpretation.

[f] Please confirm, or explain if you are unable to confirm, that the response to Interrogatory DBP/USPS-340 could not be met by either the first or the second interpretation shown in subpart a above.

DBP/USPS-511 Please refer to your response to Interrogatory DBP/USPS-340. Please advise the significance of the use of the word "considering" on the seventh line of your response.

DBP/USPS-512 Please refer to your response to Interrogatory DBP/USPS-340. Assume for purposes of this Interrogatory that the R2006-1 Docket was implemented in 2007 as proposed and a new Docket R2009-1 was introduced in 2009 and implemented in 2010. Further, assume that a mailer purchases a number of Forever Stamps in 2008 at 42¢ each and that the R2009-1 First-Class Mail letter rate is 45¢ for the first ounce and 25¢ each additional ounce.

[a] If this mailer has a 3-ounce letter to mail in 2011 and affixes two of the 2008-purchased Forever Stamps to the mail piece, please confirm, or explain if you are unable to confirm, that the required postage would be 95¢ and that one of the Forever Stamps would be considered to have a postage value of 45¢ to cover the first ounce of this mailpiece and the other Forever Stamp would have a postage value of only 42¢ since it is covering the rate for the additional ounces and not the first ounce rate of the letter. Therefore, this 3-ounce letter would require 8¢ in additional postage.

[b] Please confirm, or explain if you are unable to confirm, that the mailpiece noted in subpart a above will have two identical Forever Stamps affixed to the letter and that they will have two separate postage values.

[c] Please discuss the level of confusion that you expect to occur when the Postal Service has two separate and different values depending on the use that is made of the stamp for the same identical stamp [particularly when they appear on the same mailpiece].

DBP/USPS-513 Please refer to your response to Interrogatory DBP/USPS-340. Assume for purposes of this Interrogatory that the R2006-1 Docket was implemented in 2007 as proposed and a new Docket R2009-1 was introduced in 2009 and implemented in 2010. Further, assume that a mailer purchases a number of Forever Stamps in 2008 at 42¢ each and that the R2009-1 First-Class Mail letter rate is 45¢ for the first ounce; the flat rate is 70¢ for the first ounce; the parcel rate is \$1.10 for the first ounce; and additional ounces are 25¢ for all classes.

[a] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail flat to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 28¢ based on the 70¢ rate less the 42¢ postage value of the Forever Stamp [since it is not being utilized to pay the first ounce of a letter].

[b] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail article that has one or more of the non-machinable characteristics that would require it to pay the rate for a flat to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 25¢ based on the 70¢ rate less the 45¢ postage value of the Forever Stamp [since it is being utilized to pay the first ounce of a letter - albeit not a machinable letter].

[c] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail parcel to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 68¢ based on the \$1.10 rate less the 42¢ postage value of the Forever Stamp [since it is not being utilized to pay the first ounce of a letter].

[d] Please discuss the level of confusion that might result from the existence of the above and similar scenarios.

DBP/USPS-514 Please refer to your response to Interrogatory DBP/USPS-340.

[a] Please confirm, or explain if you are unable to confirm, that the main reason for choosing not to utilize the concept of "forever value" but rather utilizing the original purchase price of the stamp is to reduce the added loss of revenue.

[b] Please provide an estimate of the additional loss of revenue that would be expected to occur if that policy were changed.

[c] Please provide an estimate of the additional cost that would be expected to occur [due to the added confusion factor or other reasons] if that policy were not changed.

[d] Please provide the calculations and reasoning behind the estimates provided in response to subparts b and c above.

DBP/USPS-515 Please refer to your response to Interrogatory DBP/USPS-350. In the response to Interrogatories DBP/USPS-345[a] and DBP/USPS-347, it was indicated that for the implementation of this current Docket, the Forever Stamp will take the place of the usual non-denominated stamp that has been traditional for the past many rate changes.

[a] Please advise all of the formats that a 39¢ non-denominated stamp was issued in the past rate change.

[b] Since a standard non-denominated stamp will not be issued in a number of formats, including a coil of 100, please advise why mailers will not have the ability to obtain Forever Stamps in a coil format.

DBP/USPS-516 Please refer to your response to Interrogatory DBP/USPS-358 subpart a,

Please confirm, or explain if you are unable to confirm, that placing a single letter on a stamp in place of a numerical value will not affect the ability to produce more attractive transition stamps.

DBP/USPS-517 Please refer to your response to Interrogatory DBP/USPS-358 subpart c,

Please reanswer this Interrogatory after eliminating the word "much" from the original Interrogatory.

DBP/USPS-518 Please refer to your response to Interrogatory DBP/USPS-361 subpart a. Please resolve the conflict between the response to subpart a which states that no concerns have been developed and lines 7 to 13 on page 23 of T-48 which states that there are concerns.

7 Accordingly, the Postal Service is concerned that its philatelic
8 programs may be subjected to some risk, as a result of the Forever Stamp. We
9 have similar concerns about unanticipated effects on our stamp programs
10 generally. Time and experience will tell whether these programs will be affected
11 as a result of general availability of the Forever Stamp. In light of the excellence
12 and high public appeal of our stamp programs, careful monitoring of Forever
13 Stamp usage merits close attention.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

David B. Popkin August 11, 2006
