

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 POPKIN
(DBP/USPS-562-565, 567, 569-570)
(August 31, 2006)

The United States Postal Service hereby provides its institutional responses to the DBP/USPS-562 through 565, filed on August 22, 2006; and DBP/USPS-567, 569, and 570, filed on August 28, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-562 Please refer to your response to Interrogatory DBP/USPS-454.

[a] Please define the words "logically feasible" as used in your response.

[b] Please advise the specific conditions that would make the scenario described in subpart a of Interrogatory DBP/USPS-454 not logically feasible.

[c] The three dates that were provided in the example in subpart a of Interrogatory DBP/USPS-454 were selected arbitrarily. Assume that one is free to choose any three dates so long as they remain in the same order that was utilized in the original Interrogatory and that the time between the second and third dates was a minimum of two weeks, please confirm, or explain if you are unable to confirm, that there is nothing that would preclude the Board of Governors from establishing an effective date for the modifications to the DMCS that were related to the Forever Stamp at an earlier time than the effective date for the remainder of the Opinion and Recommended Decision changes. This also assumes that there will be sufficient reasons for the Commission to recommend such as scenario.

RESPONSE

- (a) Re-read the answer to DBP/USPS-454. The Postal Service did not use that term.
- (b) See the response to subpart (a).
- (c) The Postal Service does not presume to know whether, upon determining when to implement any Docket No. R2006-1 rate changes approved by the Governors, the Board of Governors might consider itself precluded by some policy or other consideration from electing one option as opposed to another.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-563 Please refer to your response to Interrogatory DBP/USPS-456. Please confirm, or explain if you are unable to confirm, that by use of the word "will" as the second word on the second line of the response, that the Postal Service has yet to evaluate potential changes to the regulations and procedures.

RESPONSE

Not confirmed. Please see the response to DBP/USPS-570.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-564 Please refer to your response to Interrogatory DBP/USPS-457 subpart d. Please confirm, or explain if you are unable to confirm, that your response will still be the same if the purchase price of the Forever Stamp will be less than the then current post card rate.

RESPONSE

As you are no doubt aware, the response was focused on the foreseeable future during which the postcard rate will be lower. Accordingly, not confirmed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-565 Please refer to your response to Interrogatory DBP/USPS-455. Assume for purposes of this Interrogatory that there are two possible implementation plans for the Forever Stamp. Plan A would have the implementation of the financial effects first available at the next rate case affecting the First-Class Mail letter rate [the plan that has been proposed by the Postal Service]. Plan B would require that the Forever Stamp be sold at 39¢ for a period of at least several weeks prior to the implementation of the First-Class Mail letter rate approved in Docket R2006-1.

Please confirm, or explain if you are unable to confirm, that the Postal Service has not evaluated the financial impact this would occur from the implementation of the Forever Stamp program either under Plan A or Plan B. If you are unable to confirm, please indicate the financial impact separately for both Plans A and B. If you are not able to provide the financial impact for both Plans A and B, please provide the reasons why the financial impact for the missing Plan or Plans has not been evaluated and determined. Please advise how any financial impacts were determined.

RESPONSE

There are no financial implications of the Forever Stamp to the Postal Service during the time the rates proposed in Docket No. R2006-1 are in effect. During that time period, the postage value of the Forever Stamp will be the same as the purchase price of the stamp and the contemporaneous price for First-Class Mail one-ounce postage. Thus, any financial implications of the Forever Stamp will manifest themselves in a future rate cycle, when there is difference between the purchase price of Forever Stamps (42 cents, assuming that the Commission recommends the proposed rate) that are purchased during the time period in which Docket No. R2006-1 rates are in effect, but are then used in a rate cycle when the contemporaneous price for First-Class Mail one-ounce postage is higher than 42 cents. That Plan A financial impact is discussed in witness Taufique's testimony (USPS-T-48 at 19 through 23).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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RESPONSE to DBP/USPS-565 (continued):

The financial impact for your Plan B proposal -- to sell 39-cent Forever Stamps -- has not been analyzed. It is not a proposal that the Board of Governors directed the Postal Service to pursue. Accordingly, no financial analysis of Plan B has been prepared by the Postal Service.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-567 Please refer to your response to Interrogatory DBP/USPS-459. Your reply to my Interrogatory was not response to the questions asked. The questions asked related to conceptual ideas of the values that postage stamps sold retain. Since the Forever Stamp proposal will be changing the postage value assigned to stamps and the use that may be made of the stamps, I am trying to show that the Forever Stamp will be a change in the Postal Service's longstanding policies. As such it is material to the issues raised by the Forever Stamp proposal and a response is desired to the original Interrogatory.

RESPONSE

The reply to DBP/USPS-459 was more than responsive enough to your question for the resolution of the material issues in this proceeding. In the spirit of cooperation, that response was offered as an alternative to the equally reasonable course of filing a partial objection based on relevance. Please also see the response to DBP/USPS-569.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-569 Please refer to your response to Interrogatory DBP/USPS-480. Your reply to my Interrogatory was not responsive to the questions asked. The questions asked related to conceptual ideas that all of the stamps that have been issued in the last 51-plus years have been valid for all postage use except for the examples provided in items 1 through 4. Since the Forever Stamp proposal could be considered to fall into the same as the categories 1 through 4 in the original Interrogatory and the use that may be made of the stamps, I am trying to show that the Forever Stamp will be a change in the Postal Service's longstanding policies. As such it is material to the issues raised by the Forever Stamp proposal and a response is desired to the original Interrogatory.

RESPONSE

The Postal Service's response to DBP/USPS-480 confirms, without dispute, that the assertions in your interrogatory may well be the case. Accordingly, the Postal Service considers that it responded fully to the question.

You say that you are trying to show that the Forever Stamp is a *change* from long-standing general postal policy. That fact is already self-evident; it is not in controversy; it is plainly obvious, it is undisputed; it is ripe for stipulation; it is as clear as day; etc.

Whether or not the four examples cited in DBP/USPS-480 are the *only* such examples in last 51 years or the entire historical arc of the nation's postal system may be material to the mission of the National Postal Museum. However, whether there is or is not another example is utterly immaterial to the question before the Postal Rate Commission, which is whether it would be consistent with the policies of the Postal Reorganization Act to recommend the Forever Stamp classification proposal to the Governors for approval.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN**

DBP/USPS-570 Please refer to your response to Interrogatory DBP/USPS-482. Please provide copies of the draft DMM regulations that exist at this time or indicate that there are none at this time.

RESPONSE

The Postal Service will not accede to your first request. As stated earlier, when proposed rules are published in the Federal Register, they will be available for public examination. Until such time, the Postal Service will not be sharing drafts of those proposed rules that are being circulated internally.

Alternatively, if the Postal Service were to accede to your second request and indicate that there are no proposed rules presently being drafted, the Postal Service would be misleading the Commission and the other intervenors. The Postal Service is obliged to reject such a request out of hand.