Postal Rate Commission
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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268–0001

REPOSITIONABLE NOTES PROVISIONAL SERVICE

Docket No. MC2004–5

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS HOLLAND
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-9-12)

The United States Postal Service hereby provides the responses of witness Holland to the following interrogatories of the Office of Consumer Advocate: OCA/USPS-T1-9-12, filed on July 30, 2004.

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 10, 2004

RESPONSE OF POSTAL SERVICE WITNESS HOLLAND
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OCA/USPS-T1-9. Please refer to page 1 of USPS-LR-1. The Report of Opinion Research Corporation includes a statement that small and medium-sized flats mailers are less likely to purchase RPNs at any price due to the costs of printing, materials, and affixing RPNs, as well as the incremental postage fee. Please provide a comparison of RPNs attached to letters, as opposed RPNs attached to flats, with respect to the following factors:

a. cost of printing
b. cost of materials
c. cost of affixing the RPNs
d. Are the factors listed in parts a. – c. of the instant interrogatory also an important concern for large mailers? If not, why not?
e. Please describe the differing production processes for printing and attaching RPNs to letters versus flats.

RESPONSE:

a.-c. I do not have information that would allow me to make a comparison between the cost of producing and affixing RPNs for flats versus letters.

d. The cost of producing and affixing the RPN is of concern for mailers of all sizes.

e. It is my understanding that, although the same equipment is used to attach RPNs to letters and to flats, the attachment process is likely to be done at different stages of or integrated in different ways into the production processes of flats versus letters, depending on the characteristics of the pieces being produced and the operations of the service provider that is producing them.

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OCA/USPS-T1-10. Please refer to page 5 of USPS-LR-1. In the second paragraph, 3M is referred to as the "Postal Service[‘s] RPN Program partner."

a. Please describe the nature of the partnership relationship.

b. Is the Postal Service-3M relationship an exclusive partnership? If not, identify the other partners. If so, then why was 3M selected on an exclusive basis?

RESPONSE:

a-b. The nature of the "partnership" was that 3M was the only vendor approved to supply Repositionable Notes during the earlier phases of the test. Vendors have to demonstrate the ability to supply a product that meets Postal Service requirements. Since the pilot test, three other vendors have been approved. The cited passage refers to the screening performed by the market research firm to exclude participants that might have a vested interest in the program, such as employees of providers of Repositionable Notes.

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OCA/USPS-T1-11. Please refer to page 5 of USPS-LR-1. The list of industries targeted for business focus groups include: financial services, telecommunications, travel/hospitality, pharmaceutical industry, retail, manufacturing, business services, and non-profit organizations. Why were these businesses targeted? What other types of businesses were thought to be unsuited to the use of RPNs, and why?

RESPONSE:

Recruitment for focus groups is often industry-based. The business segments listed were thought to have potential to use RPNs and were therefore chosen to participate in the focus groups. No segment was specifically excluded or deemed “unsuited.“

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OCA/USPS-T1-12. Please refer to page 6 of USPS-LR-1. A reference is made to the "USPS RPN Pilot Program."

a. What were the starting and ending dates for the USPS RPN Pilot Program?
b. How did a company qualify for participation in the USPS RPN Pilot Program?
c. Was there a limit on the number of companies that could participate in the USPS RPN Pilot Program? Please explain.

RESPONSE:

a. The starting and ending dates for the RPN Pilot Program for letters were March 2002 and February 2003, respectively.

b. To be a part of the RPN Pilot Program, the company was required to fill out an RPN Pilot Test Application and to agree to meet the mailpiece criteria listed in the RPN Pilot Test Terms and Conditions. These documents are included in Library Reference USPS-LR-2.

c. No. There was no need for a predetermined limit since the intent was to maximize test volume but at the same time limit the program to companies that could meet the terms and conditions and whose mailpieces could meet the criteria listed.

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.

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