

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

**POSTAL RATE AND FEE CHANGES, 2000**

**Docket No. R2000-1**

**INTERROGATORIES OF  
PITNEY BOWES, INC.  
TO USPS WITNESS MEEHAN  
(PB/USPS-T-11-1-13)**

Pursuant to Sections 25 and 26 of the rules of practice, Pitney Bowes, Inc. submits the attached interrogatory to USPS witness Meehan PB/USPS-T-11-1-13. If the designated witness is unable to respond to any interrogatory, we request a response by some other qualified witness.

Respectfully submitted,



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Counsel for Pitney Bowes, Inc.

**PB/USPS-T11-1.** For FY 1998 and FY 1999, provide the percentage of single piece First-Class Mail that was (i) metered, (ii) stamped, and (iii) permit, and indicate the source of the data.

**PB/USPS-T11-2.** Provide all ODIS data for single piece First-Class Mail for FY 1998 and FY 1999.

**PB/USPS-T11-3.** Confirm that when retail customers buy stamps and other services at Post Office counters, the Postal Service will accept various specified credit cards for payment, including American Express, Master Card and VISA.

- a. Please confirm that the Postal Service does not charge its customers a fee for using a credit card as a form of payment when purchasing stamps. If you do not confirm, indicate the fee charged to stamp purchasers.
- b. When customers have used credit cards to pay for stamps, and the Postal Service submits the appropriate records to credit card companies for payment, does the Postal Service (i) receive the **gross** amount which customers charged and subsequently pay a separate commission to the credit card companies, or (ii) receive a **net** amount that reflects the gross amount charged **less** the commission due the credit card company?  
Please explain.
- c. If the Postal Service receives from credit card companies a net amount that reflects deduction of commissions owed to credit card companies, (i) does it record only the net amount as cash received, or (ii) does it record

the gross amount as income and record the commissions as an explicit expense?

- d. In terms of the amounts that customers charged to their credit cards, (i) what was the average percentage commission or service charge that the Postal Service paid to credit card companies in FY 1998, and (ii) what was the total amount of commissions paid to credit card companies in FY 1998?
- e. In what cost segment and account does the Postal Service record commissions paid to credit card companies?
- f. To what extent are fees for credit card usage treated as (i) volume-variable, (ii) attributable, and (iii) incremental?

**PB/USPS-T11-4.** How many Amobile post offices@ (i.e. trucks selling stamps in urban areas) did the Postal Service operate in FY 1998?

- a. Are the wages of clerks who operate mobile post offices charged to window service (cost segment 3.2)? If not, please explain the segment and component in which this expense is recorded.

**PB/USPS-T11-5.** During FY 1998, what were the total costs for (i) the Stamp Advisory Committee, (ii) artists who created stamp designs, and (iii) stamp distribution network personnel?

- a. In what cost segments are each of these respective costs recorded?

**PB/USPS-T11-6.** During FY 1998, what was the total cost for operation of contract stations?

- a. What portion of the cost of contract stations was treated as (i) volume-variable, (ii) attributable, and (iii) incremental?
- b. In what cost segment are the costs for contract stations recorded?

**PB/USPS-T11-7.** How much did the Postal Service spend to print stamps in FY 1998?

- a. To what extent is the cost of printing stamps treated as (i) volume-variable, (ii) attributable, and (iii) incremental?
- b. How much did the Postal Service spend to print stamps in FY 1999?

**PB/USPS-T11-8.** In FY 1998, did the Postal Service use any outside contractor(s) to administer (i) stamps placed on consignment and sold through grocery stores and other retail outlets, or (ii) stamps by mail, or (iii) stamps by phone? If you answer affirmatively for any of the preceding, indicate the amount paid to any contractor(s) in FY 1998, along with the cost segment and account where such costs appear, and whether any portion of these expenses are treated as volume-variable, attributable, and incremental.

**PB/USPS-T11-9.** In FY 1998, how many stamp vending machines were operated by the Postal Service?

- a. What was the cost of those vending machines when purchased?

- b. Are stamp vending machines expensed when acquired, or are they depreciated over time? If they are depreciated like other capital investments, (i) over how many years, and (ii) how much of the cost was charged to depreciation expense in FY 1998?
- c. What portion (if any) of the depreciation expense for stamp vending machines was treated as volume-variable?

**PB/USPS-T11-10.** For the stamps-by-mail program, how many advertising fliers and order forms did the Postal Service distribute to potential customers during FY 1998?

- a. What were the costs associated with printing and distributing those fliers?

**PB/USPS-T11-11.** Please provide copies of all studies relating to (i) consumer habits or practices pertaining to the purchase of stamps and other window activities, or (ii) the time and effort involved in selling stamps at USPS counters, or (iii) efforts to reduce the Postal Service's cost of collecting revenues through the sale of stamps.

**PB/USPS-T11-12.** For FY 1998, and for each of the different marketing channels which the USPS uses to sell stamps (e.g., counters, contract stations, vending machines, stamps-by-mail, consignment sales, etc.) please provide data showing the revenues collected from the sale of stamps for each channel which the Postal Service is able to identify separately.

- a. To the extent that costs are available for the different channels identified

in response to preceding part a, please provide and indicate whether they are (i) volume variable, (ii) attributable, or institutional.

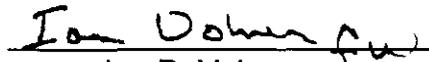
- b. For all costs provided, also indicate whether (i) they are direct costs only, or (ii) all appropriate indirect and piggyback costs are included. If they are direct costs only, please indicate what the appropriate piggyback factor should be, if applicable.

**PB/USPS-T11-13.** Please provide all data used to develop the distribution key for cost segment 3.2, Window Services, shown at pp. 19-20 of USPS-11A.

- a. Page 20.1 of USPS-11A references Workpaper A-2, pages 35-36. Please explain how the data shown on these pages of Workpaper A-2 differ from, elaborate on, or provide additional detail and insight to the data shown at pp. 19-20 of USPS-11A, and explain the purpose of Workpaper A-2.

## CERTIFICATION

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding having requested service of discovery documents in accordance with Section 12 of the rules of practice.

  
Ian D. Volner

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