

RECEIVED

MAR 3 5 03 PM '00

POSTAL RATE COMMISSION
OFFICE OF THE CLERK

**Before the
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

**FIRST INTERROGATORIES OF STAMPS.COM
TO WITNESS FRONK (STAMPS.COM/USPS T-33-1-5)**

Pursuant to sections 25 and 26 of the Rules of Practice, Stamps.com directs this interrogatory and document production request to USPS witness David Fronk. If the witness is unable to respond to any portion of these request, please provide an appropriate USPS witness capable of providing an answer.

Respectfully submitted,



David P. Hendel
Wickwire Gavin, PC
8100 Boone Blvd., Suite 700
Vienna, VA 22182-2642
Tel.: (703) 790-8750
Fax.: (703) 448-1767 or 448-1801
E-mail: Dhendel@wickwire.com

Counsel for Stamps.com

Dated: March 3, 2000

**FIRST INTERROGATORIES OF STAMPS.COM TO
USPS WITNESS FRONK**

STAMPS.COM/USPS T-33-1

Reference page 305 of the PRC's Opinion and Recommended Decision, R97-1, May 11, 1998, wherein it was noted that the Postal Service was concerned that differently-rated postage stamps for single-ounce First Class mail was operationally infeasible. USPS was also concerned there could be "administrative and enforcement problems associated with what would happen if the general public were expected to use differently-rated stamps for its First-Class Mail correspondence and transactions."

Please confirm that a discounted First-Class Mail rate for IBI (Information Based Indicia) mail that has been checked under USPS's AMS database and modified to meet USPS automation addressing requirements: (a) is not operationally infeasible, and (b) would not present any of the administrative and enforcement problems associated with what would happen if the general public were expected to use differently-rated stamps for its First-Class Mail correspondence and transactions. If you disagree, please explain why.

STAMPS.COM/USPS T-33-2

In preparing its rate request proposal for this proceeding, did the Postal Service consider offering a discount for IBI users for any class or type of mail? If so, please explain what discounts USPS was considering and why they were not included as part of the final rate request proposal.

STAMPS.COM/USPS T-33-3

Reference your testimony on pages 16 - 17, wherein you state that a key issue affecting First-Class Mail rate design is establishing an appropriate point of comparison for determining automation-related cost savings. This point of comparison is frequently called a "benchmark" because it is the mail type used as the standard for computing costs savings.

(a) Do you agree with USPS witness Campbell that the appropriate benchmark for determining automation-related costs savings of QBRM mail is handwritten mail? If not, explain why.

(b) The IBI mail provided by Stamps.com and E-Stamp is checked and modified for address quality before printing. Do you agree that handwritten mail is the appropriate benchmark for determining the automation-related cost savings of this type of IBI mail? If not, explain why.

(c) If you agreed with (a) above, but not (b) above, explain why the same benchmark is not equally applicable to QBRM and IBI First-Class mail pieces that have been checked and modified for address quality.

STAMPS.COM/USPS T-33-4

Reference your testimony at page 19, where you note that the Postal Service has been relying on automation to control mail processing costs, that USPS's goal has been to continue to work toward a mailstream that is as barcoded as possible, and that you have taken account of the importance of the automation program in proposing various First-Class mail discounts.

(a) Do you agree that the IBI postage service offered by Stamps.com and E-Stamp (which contains an address that has been verified and modified to comply with the AMS database, contains a FIM C code or fluorescent label, and is prebarcoded) fully meets all USPS automation compatibility requirements? If not, explain which requirements are not met.

(b) Do you agree that IBI mail described in paragraph (a) above meets the same automation compatibility requirements as QBRM mail? If not, explain which requirements are not met.

(c) Do you agree that providing a discount for First-Class IBI mail would be consistent with USPS's policy in setting rates that take into account the importance of USPS's automation program?

STAMPS.COM/USPS T-33-5

Reference your testimony at page 40 where you state that by recognizing some cost savings associated with QBRM mail, the Postal Service is able to “permit a broader base of customers to more directly share in the benefits of automation.”

(a) Do you agree that providing a discount for IBI First-Class mail that has been checked and modified for address quality would also permit a broader base of customers to more directly share in the benefits of automation? If not, explain why.

STAMPS.COM/USPS T-33-5

- (a) Are the primary users of QBRM accounts business entities?
- (b) Are there a substantial number of non-business users of QBRM accounts?
- (b) Are there any studies on what types of entities (e.g., businesses, consumers) use QBRM accounts? If so, please produce them.

CERTIFICATE OF SERVICE

I hereby certify that I have this 3 day of March 2000, served the foregoing document in accordance with the Commission’s Rules of Practice.


David P. Hendel