

**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 TO USPS WITNESS MEEHAN
(PB/USPS-T-11-14-32)**

Pursuant to Sections 25 and 26 of the rules of practice, the Association for Postal Commerce submits the attached interrogatories to USPS witness Meehan: PB/USPS-T-11-14-32. 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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PB/USPS-T11-14. To how many retail outlets does the Postal Service distribute stamps through its stamp distribution network?

PB/USPS-T11-15. Please refer to your response to OCA/USPS-48. What was the estimated value of all postage stamps in the hands of the public (in aggregate) in Base Year 1998?

PB/USPS-T11-16. Please refer to your response to PB/USPS-T11-12(a).

- a. Does the \$54,245,804 for vending personnel costs In FY 1998 include all personnel who service the machines? (Note: for this purpose, a service is defined as: replenish/refill items vended by the machine and/or collect revenue generated by the machine).
- b. Is the \$54,245,804 for direct personnel costs only, or does it include any applicable piggybacks?
- c. If piggybacks are not included, what is the applicable piggyback factor, and what does it cover?

PB/USPS-T11-17. During Base Year 1998, how much did the Postal Service spend to operate its stamps-by-phone program?

- b. In what cost segment(s) were these costs recorded?
- c. Are these costs classified as volume variable?
- d. What was the amount of revenues generated by the stamps-by-phone program?

PB/USPS-T11-18. For Base Year 1998, please provide for (i) First-Class letters, flats and IPPs, and (ii) cards the percentage that was stamped, metered and permit, and indicate the source of the data. If the percentages provided in response to

this question do not add up to 100 percent, please provide an explanation for the balance.

PB/USPS-T11-19. Please refer to your response to PB/USPS-T11-12(a).

- a. In what cost segment(s) does the Postal Service record the \$36,000,000 expense for stamps by mail?
- b. Please explain whether the Postal Service classifies the \$36,000,000 as a volume variable or institutional cost.

PB/USPS-T11-20 Is the mailing cost to fulfill orders for stamps by mail (and any orders received via the internet) included in the \$36,000,000 expense for stamps by mail, or are any costs of registry and penalty mail in addition to the \$36,000,000?

- a. If such costs are not included in the \$36,000,000, what is your best estimate of mailing cost to fulfill stamp orders?
- b. In what cost segment(s) are such costs recorded?
- c. Are such costs classified as volume variable or institutional?

PB/USPS-T11-21. When distributing supplies of stamps and accountable paper to its retail outlets, does the Postal Service use Registered Mail?

- a. If so, what portion of the costs of registry should be charged for this internal use?
- b. Are such costs classified as volume variable or institutional?

PB/USPS-T11-22. When distributing supplies of stamps and accountable paper to its retail outlets, does the Postal Service use surface or air transportation?

- a. What is the cost for such transportation?
- b. In what cost segment is the cost for such transportation recorded?
- c. Is this transportation expense classified as volume variable or institutional?

PB/USPS-T11-23. Please refer to your response to PB/USPS-T11-5.

- a. Are any of the costs provided in that response treated as volume variable?
- b. Has the Postal service computed a piggyback factor for stamp distribution network personnel?

PB/USPS-T11-24. Please provide the productive hourly wage rate for clerks and mailhandlers in FY 1998, FY 1999, and the rate that was used in the roll-forward model for Test Year 2001.

PB/USPS-T11-25. The *Financial and Operating Statements for Accounting Period (A/P) 13, FY 1998*, page 5, indicates that Year-to-Date metered postage amounted to \$24,696.4 million.

- a. Was the above-cited value for metered postage derived from money that was transferred from the Trust Fund for metered postage, or was it derived from ODIS mail samples? What was the equivalent value for FY 1999?
- b. If ODIS samples were the basis for deriving the above-cited value for metered postage, does the amount for metered postage include "meter strips" printed by USPS retail terminals and recorded by ODIS as "metered"? (As opposed to "stamped"?)
- c. If your response to the preceding question is affirmative, how much of the revenue shown under "metered postage" was generated through application of USPS-applied metered postage during Base Year 1998? What was the equivalent amount for FY 1999?
- d. How much of the revenue shown under "metered postage" was generated through application of mailer-applied metered postage during Base Year 1998? What was the equivalent amount for FY 1999?

- e. Please provide a breakdown of the amounts of metered postage applied by the USPS as a part of window service activities within Service Categories such as shown on the Revenue Pieces and Weight (RPW) report by Class of Mail and Special Services (*i.e.* Single Piece Letters, Flats, and IPPs, etc).

PB/USPS-T11-26. Please refer to your response to PB/USPS-T11-12, your statement that "W/S 3.2.1 column 9 shows the cost of selling stamp[s] at the window of \$759,673,000, of which 350,361,000 is volume variable . . ."

- a. Please explain how the Postal Service classifies the non-volume variable portion of the \$759,673,000 cost of selling stamps at windows? That is, how is the \$409,312,000 classified by the Postal Service?
- b. Please explain how the Commission classifies the non-volume variable portion of the \$759,673,000 cost of selling stamps at windows? That is, how is the \$409,312,000 classified by the PRC?

PB/USPS-T11-27. We note that your work paper W/S 3.2.1 - Window Service VVC, on Page 3, under line 56, Stamps, Cards and Metered, contains:

Two lines (57 and 58) for Stamps, leading to Total stamps on line 59;

Two lines (60 and 61) for Cards, leading to Total cards on line 62 ; and

Three lines (63, 64, and 65) for Metered, leading to Total metered on line 66.

The first of these sets of lines, summed in column 9, produces the total cost of selling stamps at windows, which you cited in your response to PB/USPS-T11-12 (\$759,673,000). Please explain what constitutes and differentiates the data for stamps on lines 57 and 58, cards on lines 60 and 61 and metered on lines 63, 64, and 65.

PB/USPS-T11-28. How much did the Postal Service spend to print stamped envelopes in FY 1998?

- a. To what extent is the cost of printing stamped envelopes treated as (i) volume variable, (ii) attributable, and (iii) institutional?
- b. How much did the Postal Service spend to print stamped envelopes in FY 1999?
- c. Are any other costs associated with stamped envelopes? If so what are they (description/references) and how much was incurred in FY 1998?

PB/USPS-T11-29. How much did the Postal Service spend to print stamped cards in FY 1998?

- a. To what extent is the cost of printing stamped cards treated as (i) volume variable, (ii) attributable, and (iii) institutional?
- b. How much did the Postal Service spend to print stamped cards in FY 1999?
- c. Are any other attributable costs associated with stamped cards? If so what are they (description/references) and how much was incurred in FY 1998?

PB/USPS-T11-30. During FY 1998 how much did the Postal Service spend on institutional costs associated with meters? In your response please address separately such costs as (i) on-site meter resetting and examinations, (ii) the meter approval process (iii) (RSE) personnel costs, (iv) any support contracting costs, such as Carnegie Mellon for security testing, or Planning Research Corp (PRC) for database consulting, or the Booz Allen contract with Merrifield. Should these contracts be no longer exist, please describe all such contracts which incurred expenses during the base FY 1998, and indicate the total amount of such expense.

PB/USPS-T11-31. Please identify all other institutional costs associated with meters and meter activity such as licensing, check in/check out and tracking. Examples of such programs include but are not necessarily limited to:

(1) CMLS

(2) MATS

(3) any costs for IBIP

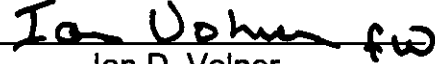
(4) Also indicate the amount of fees paid by meter users

PB/USPS-T11-32. Please refer to your response to PB/USPS-T11-4.

- a. During Base Year 1998, what was the cost (including depreciation) for the 168 mobile self-powered post offices and 30 mobile post office trailers.
- b. In what cost segment(s) were these costs recorded?
- c. Are these costs classified as volume variable?

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