

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

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POSTAL RATE COMMISSION
OFFICE OF THE CLERK

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSES OF UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO INTERROGATORIES OF
STAMPS.COM

The United States Postal Service hereby provides the response of witness Campbell to the following interrogatories of Stamps.com: STAMPS.COM/USPS-T29-1 through T29-6, filed on February 28, 2000.

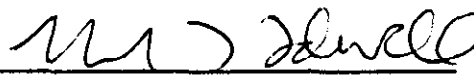
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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March 13, 2000

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS CAMPBELL TO
INTERROGATORY OF STAMPS.COM**

STAMPS.COM/USPS-T29-1.

Reference your testimony, at page 38, that states that a QBRM mail piece is defined as BRM letters and cards "which are automation compatible, have both a FIM C and a unique ZIP+4 barcode, and have qualified for BRMAS processing." Reference also USPS's Information Based Indicia (IBI) program, which sets out the address verification, correction, and printing requirements for IBI mail.

- (a) Please confirm that all Information Based Indicia (IBI) First Class Mail, like QBRM mail, is automation compatible, has a FIM Code, has a verified address, has a current USPS approved nine-digit ZIP Code, and has a Delivery Point Barcode. If you disagree, please explain why.
- (b) Please identify all features of any USPS-approved IBI postage for First Class letters or cards which have any characteristics that differ from QBRM in such a way that it could cause the Postal Service to incur either greater costs or lesser costs than QBRM.
- (c) Please state and explain your opinion as to whether the amount of QBRM cost avoidance for mail processing (which you, on page 39, define as the difference in mail processing costs between a prebarcoded First-Class Mail piece and a handwritten First-Class Mail piece) would be any greater or lesser than that for USPS-approved IBI First-Class mail letters or cards.
- (d) Table 7 on page 39 of your testimony presents what you say are "simple assumptions" that adapt witness Miller's model so that you can model QBRM and handwritten mail flows. Would these assumptions be equally applicable to all USPS-approved IBI postage for First Class Mail? Please explain any negative answer.

RESPONSE:

- (a) Not confirmed. While I am not an Information Based Indicia (IBI) expert, it is my understanding that not all Information Based Indicia First Class Mail complies with the standards in the Domestic Mail Manual for automation compatible mail. Specifically, a customer may use this form of postage for mail that exceeds size, shape, and weight

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Response to STAMPS.COM/USPS-T29-1 (continued)

limitations for automation compatible mail. Unlike QBRM where the type and weight of the mail has been predetermined (*i.e.*, 1 oz., 2 oz., or card), mail bearing an IBI can contain anything the customer decides to mail that is acceptable for the class of mail being presented (*e.g.*, several photographs in an envelope mailed at First Class rates). Consequently, we have no assurance that use of an IBI as postage on a mail piece will guarantee automation compatibility.

In addition, it is my understanding that some mail pieces with IBI postage may not have a FIM code. For example, the Stamps.com user may elect to turn off the FIM so that the marking does not appear on an envelope. Without a FIM code on the envelope, the mail piece is not held out in the canceling operation along with other FIM pieces, and, consequently encounters more mail processing operations (*i.e.*, added costs) than a mail piece with a FIM code.

Another issue to consider is that since IBI mail pieces and labels are produced with personal computers and home or office printers, at times mailers may push their printer cartridges a bit too far, producing barcodes and indicia that Postal automation equipment may have difficulty processing. Or mailers may use an envelope that is the

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Response to STAMPS.COM/USPS-T29-1 (continued)

wrong size, which could result in a barcode or FIM being printed outside the acceptable read zones for automation processing.

As discussed in witness Fronk's response to E-STAMP/USPS-T33-1, it is also important to recognize that all IBI vendor products are not the same. While the Simply Postage product prints the same kind of indicia (two-dimensional barcode) as the Stamps.com product, it does not incorporate the ability to check address hygiene and it does not print a delivery point barcode on the mail piece.

It is my understanding that the vision of the IBI program has been to enhance the convenience of the mail by bringing the Post Office to the people. A goal of the IBI program is to work with vendors to make a range of products available to mailers, thereby meeting different mailer needs. While producing mail pieces that meet the requirements of automation-compatibility is also a program consideration, initial program efforts have not been geared toward creating an IBI pool of mail homogeneous enough to qualify for a new discount.

(b) Again, please recognize that I am not an IBI expert. As discussed in my response to part (a) above, it is my understanding that mail pieces bearing USPS-approved IBI postage could differ from QBRM mail pieces in a number of ways. First, a mail piece bearing USPS-

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Response to STAMPS.COM/USPS-T29-1 (continued)

approved IBI postage may exceed size, shape, and weight limitations that a QBRM mail piece must meet. Second, the label containing the IBI indicia may not contain a FIM. Third, an address label containing a Postnet barcode could be affixed to the mail piece so that the barcode was outside the read zone of our automation equipment.

Another consideration is that some personal computer and home office/small office users could print indicia and barcodes that are too faint to process successfully, either due to a depleted printer cartridge or to a printer malfunction. Or, mailers could use the wrong-sized envelope so that FIM D or postnet barcode was out of position for our automation equipment.

- (c) It is premature to formulate an opinion regarding the cost avoidance of a mail piece bearing USPS-approved IBI postage. As discussed in parts (a) and (b) above, there are many issues to be considered before making any kind of cost avoidance determination. The Postal Service will continue to look at the issues presented above as well as new ones that may surface in the future.
- (d) At this point, it is premature to make the comparison that you are requesting. Again, as discussed in parts (a) and (b) above, there are several issues to be considered before comparing mail pieces bearing USPS-approved IBI postage with any other mail piece.

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STAMPS.COM/USPS-T29-2.

Reference your testimony on page 38. Please confirm that the proposed discount for QBRM is based solely on the cost avoidance that results from the difference in mail processing costs between a preapproved prebarcoded First-Class Mail piece and a handwritten First-Class Mail piece. If the discount is based on any additional cost avoidance factors, please explain and quantify the cost avoidance for each additional factor.

RESPONSE:

Confirmed.

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STAMPS.COM/USPS-T29-3.

Please explain why the Postal Service, in both this rate case and in R97-1, considers the appropriate benchmark for measuring QBRM cost avoidance to be the cost associated with processing a handwritten First Class mail piece.

RESPONSE:

See Docket No. R97-1, USPS-T-23, page 2.

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STAMPS.COM/USPS-T29-4.

Please confirm that the proposed QBRM per-piece service fees (\$0.03 per piece with quarterly fee, \$0.06 per piece without quarterly fee) are intended to cover only the costs associated with counting, rating, and billing QBRM for customers and are not intended to cover any part of the mail processing costs of QBRM mail. If the QBRM per-piece service fees are intended to cover any portion of mail processing costs, please explain and quantify.

RESPONSE:

Confirmed.

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STAMPS.COM/USPS-T29-5.

Please confirm that the proposed QBRM Permit and Accounting Fees are intended to cover only the costs associated with issuing the permit, and accounting and administering advance deposit accounts, and are not intended to cover any part of the mail processing costs of QBRM mail. If these proposed fees are intended to cover any portion of mail processing costs, please explain and quantify.

RESPONSE:

Confirmed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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STAMPS.COM/USPS-T29-6.

Please confirm that the proposed 3 cent discount for QBRM does not take into account any cost savings that result from QBRM mail not needing the application of a postage stamp, thus avoiding the costs associated with printing, distributing, and selling stamps. If the proposed 3-cent QBRM discount does take into account such cost savings, please explain and quantify.

RESPONSE:

Confirmed.

DECLARATION

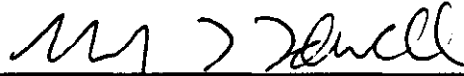
I, Chris F. Campbell, declare under penalty of perjury that the foregoing answers are true to the best of my knowledge, information and belief.


Chris F. Campbell

Dated: 3-13-00

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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March 13, 2000