

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

REVISED RESPONSE OF UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF PITNEY BOWES, INC.
(PB/USPS-T11-3) – ERRATA
(March 13, 2000)

The United States Postal Service hereby provides a revised response to the following interrogatory of Pitney Bowes, Inc. (PB/USPS-T11-3), filed on February 16, 2000 and redirected from witness Meehan. The original response was filed on March 1, 2000.

The only change in the attached interrogatory response is to subpart (d). The Postal Service had filed an objection to that subpart on February 28, 2000 based on commercial sensitivity. Counsel for Pitney Bowes, Inc. and counsel for the Postal Service were able to arrive at an agreement. It was agreed that, in full response to the subpart, the Postal Service would provide a figure representing the total amount of fees paid to credit card companies in FY 1998. In order to address the Postal Service's commercial sensitivity concerns, it was agreed that the Postal Service would not provide the actual amount paid, but rather would provide a figure either 5 percent above or 5 percent below the actual amount, without specifying which of the two it was choosing.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

A handwritten signature in black ink, appearing to read "Susan M. Duchek", is written over a solid horizontal line.

Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
March 13, 2000

Response of United States Postal Service
to
Interrogatories of Pitney Bowes, Inc.

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?

Response:

Confirmed.

a. Confirmed. The USPS does not charge customers a fee for using a credit card.

**Response of United States Postal Service
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- b. The Postal Service does not submit records directly to credit card companies, nor does the Postal Service pay a commission to credit card companies. However, the Postal Service does pay a number of fees to the credit card companies. The Postal Service records the payment as gross revenues. The Postal Service then pays fees later. The fees are recorded as an expense.
- c. The Postal Service records the credit card payments as revenue. The fees we pay to credit card companies are recorded as an expense.
- d. See response to subpart (b) above. The total amount of fees paid to credit card companies in FY 1998 was approximately \$22,660,913.

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.



Susan M. Duchek

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