

DOCKET SECTION

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

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
PITNEY BOWES, INC.
REDIRECTED FROM WITNESS MEEHAN
(PB/USPS-T11-14, 15, 17(d), 18, 25, AND 26(b))

The United States Postal Service hereby provides its responses to the following interrogatories of Pitney Bowes, Inc.: PB/USPS-T11-14, 15, 17(d), 18, 25, and 26(b), filed on March 7, 2000, and redirected from witness Meehan.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 21, 2000

Response of United States Postal Service
to
Interrogatories of Pitney Bowes, Inc.
(Redirected from witness Meehan, USPS-T-11)

PB/USPS-T11-14. To how many retail outlets does the Postal Service distribute stamps through its stamp distribution network?

Response:

The stamp distribution network distributes to 35,411 retail outlets.

Response of United States Postal Service
to
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(Redirected from witness Meehan, USPS-T-11)

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?

Response:

Page 59 of the Postal Service's annual report shows 1998 "Estimated Prepaid Postage" in the amount of \$1,673,000,000.

Response of United States Postal Service
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(Redirected from witness Meehan, USPS-T-11)

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?

Response:

d. In FY 1998, the Postal Service posted \$6.1 million in receipts under Stamps-By-Phone.

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(Redirected from witness Meehan, USPS-T-11)

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.

Response:

For Base Year 1998, (i) the percentage of First-Class letters, flats and IPPs that was stamped is 29.4%, metered 51.3%, and permit 19.1%, (ii) the percentage of First-Class cards that was stamped is 28.9%, metered 16.1%, and permit 55.0%.

The source of this data is GFY 1998 RPW data presented by witness Pafford (USPS-T4) and witness Hunter (USPS-T5).

The balance of the percentage is due to government agency and unknown indicia.

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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).

Response:

- a. Revenue from meters is derived from meter sales and meter settings and not from ODIS samplings. Approximately 49% of the meter postage amount was derived from money that was transferred from the trust fund for metered postage. The equivalent value for FY 1999 is approximately 54%.
- b. Not applicable.
- c. Not applicable.
- d. Revenue shown under metered postage that was generated through application of mailer-applied metered postage during Base Year 1998 was approximately 85%. The equivalent percentage for FY 1999 is 84%.
- e. The information is not available to provide this breakdown.

Response of United States Postal Service

to

Interrogatories of Pitney Bowes, Inc.

(Redirected from witness Meehan, USPS-T-11)

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?

Response:

- b. The PRC classifies the amount as institutional. However the amount is not \$409,312,000, but \$417,930,000. This difference is due to the PRC's different method for determining window service accrued costs: \$775,668,000 vs. the USPS's \$759,673,000, of which the same percentage (46.12%) or \$357,738,000 is attributable and the balance, \$417,930,000, is institutional.

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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