

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

RESPONSES OF PITNEY BOWES WITNESS HALDI TO INTERROGATORIES
OF DOUGLAS F. CARLSON
(DFC/PB-T2-1, 2 (IN PART), 3-4)

Pitney Bowes hereby provides responses to the above listed interrogatories of Douglas F. Carlson filed May 30, 2000. Each question is stated verbatim and is followed by the response. A portion of DFC/PB-T2-2 has been referred to Pitney Bowes Witness Martin (PB-T-1).

Respectfully submitted,



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Counsel for Pitney Bowes Inc.

Dated: June 13, 2000

**PITNEY BOWES WITNESS HALDI RESPONSE TO INTERROGATORY OF
DOUGLAS F. CARLSON**

DFC/PB-T2-1. Please discuss the extent to which you agree with the following argument: "Prior to the mandatory phase-out of mechanical postage meters, customers had the option of resetting their postage meter at the post office. The Postal Service did not charge a fee for resetting postage meters at the post office. By Test Year 2001, however, customers will be required to reset their meters by telephone or through on-site meter resetting. Customers using telephone resetting must pay their meter provider a fee for telephone resetting. The Postal Service charges a fee for on-site meter resetting. Thus, the Postal Service has effectively shifted costs of meter resetting from the Postal Service to meter customers. Since metered mail saves the Postal Service transaction costs associated with postage stamps, a one-cent discount is appropriate in part to offset the cost that meter customers will bear by Test Year 2001 for meter resetting."

Response:

I do not know the source of the quotation and I am unable to confirm much of the specifics of the "argument" advanced in the statement. I have not investigated the extent to which customers will be required to reset their meters by telephone or through on-site meter resetting by the Test Year. I have not investigated the structure or the costs associated with on-site meter resetting. The use of metering technology avoids transaction costs, as demonstrated by my testimony. However, the discount I have proposed is based solely on the Postal Service's avoided costs and I have not investigated the cost that a mail user incurs in connection with the use of metering technology or any other form of postage evidencing. See DFC/PB-T2-4.

**PITNEY BOWES WITNESS HALDI RESPONSE TO INTERROGATORY OF
DOUGLAS F. CARLSON**

DFC/PB-T2-2. Please confirm that, even though some postage meters may still be reset at post offices, the vast majority of meters are no longer eligible for resetting at post offices. Please provide any available statistics as well.

Response:

Confirmed; my understanding is that the vast majority of meters now in use are no longer eligible for resetting at post offices.

Your request for available statistics has been referred to Witness Martin.

**PITNEY BOWES WITNESS HALDI RESPONSE TO INTERROGATORY OF
DOUGLAS F. CARLSON**

DFC/PB-T2-3. Please discuss any cost savings associated with processing properly dated and bundled metered mail compared to loose stamped or loose metered mail. To the extent that the Commission should consider the cost savings associated with processing properly dated and bundled metered mail in evaluating Pitney Bowes' proposal for a one-cent discount for metered mail, please discuss the reasons.

Response:

My testimony relies totally on the savings that arise from avoiding the use of stamps, and the transactions cost that the Postal Service incurs when stamps are used as the medium for collecting revenues and evidencing payment of postage. It is my position that the Commission, when determining its recommendation with respect to a discount for metered mail, should focus on the savings and avoidance of transactions cost that this form of worksharing enables. Consequently, I did not study any savings in processing cost that may be associated with metered mail.

**PITNEY BOWES WITNESS HALDI RESPONSE TO INTERROGATORY OF
DOUGLAS F. CARLSON**

DFC/PB-T2-4. Do you agree that your proposed discount for metered mail is fair and equitable because it would help to offset the generally higher rental fees that some customers who formerly had mechanical meters must now pay for their electronic meters -- electronic meters that the Postal Service required them to obtain? Please explain.

Response:

I believe that my proposed discount is fair and equitable to all meter users because the worksharing which they do help the Postal Service avoid transaction costs and the fees which they incur to help avoid those costs, regardless of the monthly lease fee which they now pay (or may have previously paid) for use of any particular meter.

ATTESTATION

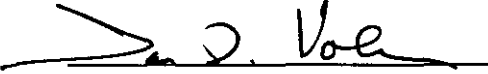
I, John Haldi, declare under penalty of perjury that the foregoing answers to interrogatories were prepared by me or under my supervision and control and that such answers are true and correct, to the best of my knowledge, information and belief.

John Haldi

Dated: June 12, 2000

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