

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

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
STAMPS.COM WITNESS HESELTON
(USPS/STAMPS.COM-T-1-13-17)

Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to Stamps.com witness Heselton: USPS/STAMPS.COM-T-1-13-17.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

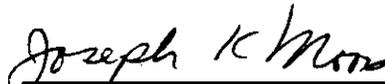
Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Joseph K. Moore

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.



Joseph K. Moore

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June 13, 2000

USPS/STAMPS.COM-T1-13 On page 9, lines 13-15, you state that with respect to a handwritten benchmark, "the key aspect is not so much whether the address is handwritten or printed, but whether it contains a correct POSTNET barcode and FIM code."

- a. Please explain why the "key aspect" is not whether the address is handwritten or printed.
- b. Please provide your understanding of how a mail piece without a barcode actually receives a barcode.
- c. Please confirm that a handwritten address may be more difficult to decipher than a machine printed address.
- d. Please confirm that barcoding a mail piece with a sloppy handwritten address may be more costly than barcoding a mail piece with a clean machine printed address.
- e. Please confirm that the mail processing cost difference between a prebarcoded mail piece and a handwritten mail piece, on average, would be greater than the cost difference between a prebarcoded mail piece and a machine printed mail piece.

USPS/STAMPS.COM-T1-14 On page 9, lines 10-12, you state "the appropriate benchmark to measure cost avoided by IBIP-prepared letters is handwritten single-piece letters," the same benchmark used by witness Campbell for measuring the worksharing related costs avoided by QBRM letters.

For purposes of the following questions, assume that the Commission determines that the appropriate benchmark for a letter prepared using IBIP technology would be a First-Class metered letter instead of a handwritten letter.

- a. Please confirm that the modeled mail processing cost of a metered mail piece is 6.307 cents using the Commission-accepted cost methodology (see USPS LR-I-147, pages I-16).
- b. Confirm that the modeled mail processing cost of a QBRM piece is 4.587 using the Commission-accepted cost methodology (see USPS LR-I-146, page 2).
- c. Confirm that the modeled mail processing cost difference between a First-Class metered letter and a QBRM piece is 1.72 cents.
- d. Confirm that the CRA-adjusted worksharing related cost difference between a First-Class metered letter and a QBRM piece is 1.712 cents based on witness Campbell's model methodology (see USPS LR-I-146, page 2).

USPS/STAMPS.COM-T1-15

- a. Please confirm that IBIP letters prepared using labels for indicia and addresses are processed along with metered mail (i.e., the same operations).
- b. Please confirm that the cost difference between a metered mail piece and a handwritten mail piece is 1.282 cents, based on the modeled mail processing cost of a First-Class metered mail piece (see USPS/STAMPS.COM-T1-X) and a handwritten mail piece.
- c. Based on part (b), please explain how you can justify a worksharing discount of 3 cents per piece for IBIP letters prepared using labels when a handwritten mail piece is the benchmark.
- d. Please confirm that when a metered mail piece is the benchmark, the modeled mail processing cost difference is zero cents between a metered letter and an IBIP letter prepared with labels. If you cannot confirm, please explain.

USPS/STAMPS.COM-T1-16 On page 18, lines 17-19, you state that you "believe AMS managers would know enough about the kinds of address deficiencies resolvable through carrier knowledge." What is the basis for this statement? Did you discuss this matter with any AMS managers? Please explain.

USPS/STAMPS.COM-T1-17 On page 35, line 4, you state that, unlike prior courtesy envelope mail (CEM) proposals, the discounts proposed for IBIP-prepared and addressed letters "do not de-average rates." Please explain the different rationale for a postage discount for IBIP users as oppose to the rationale for a CEM discount. Please provide specific cost figures to support your answer. In doing so, please fully explain your use of the term "de-average."