

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-1-19-26)

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-1-19-26.

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 16, 2000

USPS/STAMPS.COM-T1-19 On page 8, lines 19-21, of your testimony you state “[l]etters prepared under IBIP and QBRM procedures enter the postal system as single pieces and meet *essentially* the same standards for automated processing, and therefore avoid the same processing cost [emphasis supplied].” Please explain your use of the word “essentially,” indicating the distinction(s) you draw between QBRM and IBIP.

USPS/STAMPS.COM-T1-20 On page 9, lines 13-15 you state “[w]hile the benchmark is referred to as ‘handwritten mail,’ 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.” On page 10, lines 13-14, you state “had IBIP not been available...[m]any more (letters) would not have had a POSTNET barcode or FIM code.”

- a. Please define and quantify “many more.” Additionally, provide the data used to make that assumption.
- b. In your opinion, would a small business not currently using a PC postage product be more likely to produce handwritten mail pieces or mail pieces with machine-printed addresses? Please explain.

USPS/STAMPS.COM-T1-21 On page 10, line 19, with regards to courtesy reply mail pieces, under your discount proposal, you state “I anticipate that these will not convert to IBIP letters.” One of the reasons you cite for this conclusion is that under IBIP preparation and addressing procedures, one cannot print an indicium without also printing an address matched to the AMS database. Would it be possible for a PC postage user to print both a valid address label and a corresponding indicium label, and then affix the indicium with discounted postage to the courtesy reply mail piece while discarding the address label?

USPS/STAMPS.COM-T1-22 Your analysis in Section III.B indicates an estimated avoided return-to-sender costs of 1.14 cents per piece. The analysis does not consider the possibility that return-to-sender costs could be mitigated by re-mailings at a positive contribution to the Postal Service. Please evaluate whether your analysis should appropriately make such a consideration.

USPS/STAMPS.COM-T1-23 On page 20, lines 17-18, you state “IBIP mail contains no address deficiencies in the delivery line or city/state/ZIP line.” On page 24, lines 12-14 you state “the software simply will not allow an envelope or label to be printed until all automation compatibility requirements are satisfied.”

- a. Assuming that the IBIP system cannot be *overridden*, please evaluate the possibility that the system could be *bypassed* by printing the indicium on the envelope with a correct, but token, address (i.e., not the intended address). A handwritten label containing the address identified by the IBIP system as incorrect is then applied over the token address. The mailer

assumes that despite the fact the address was deemed incorrect by the IBIP system, the mailpiece will "get there anyway."

- b. If the IBIP system could conceivably be bypassed, please evaluate the implications for your estimated avoided return-to-sender and delivery costs.

USPS/STAMPS.COM-T1-24 On page 27, lines 11-14, you state "[w]hile they (mailers) may not fully appreciate the effects of badly printed barcodes and indicia, they do understand the effect of the badly-printed address that would be produced along with the other badly-printed items."

- a. Is it possible, in your opinion, that a poorly functioning printer could produce a barcode that cannot be processed by automation and an address that is still legible?
- b. If so, please assess the likelihood that some mailers will go ahead and mail such pieces, figuring that they will reach their intended destinations.

USPS/STAMPS.COM-T1-25 On page 37, at lines 6-9, you state, "[t]he lower cost [of IBIP with a discount] benefits the Postal Service by making the mail less expensive to use relative to competing media, and serves to preserve or increase First Class letter volume in the face of increasing alternatives to mail."

- a. Did you conduct any market research or a study in support of this statement? If yes, please provide a copy. If not, please explain the basis of the statement, focusing in particular on the role that IBIP can play in creating letter volume.
- b. Can you quantify the volume of First-Class Mail that will be preserved or increased as a result of this proposal? If yes, please provide the data.

USPS/STAMPS.COM-T1-26 On page 24 of your testimony, you state "[i]ndeed, IBIP users have much less flexibility in mailpiece design than other users, because the software simply will not allow an envelope or label to be printed until all automation compatibility requirements are satisfied."

- a. Is a Stamps.com customer able to apply postage to a mail piece that exceeds size, shape, and weight limitations for automation-compatible mail, for example, a letter weighing 4 ounces or a parcel?
- b. Please confirm that the use of Stamps.com PC-postage on a mail piece will guarantee its automation compatibility.
- c. Would you agree that a PC-postage mailpiece should be eligible for the discount proposed by Stamps.com based solely on whether that piece is automation-compatible? Please explain, in detail, your response.