

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
E.STAMP & STAMPS.COM WITNESS BOGGS
(USPS/E & S-T-1-9-21)

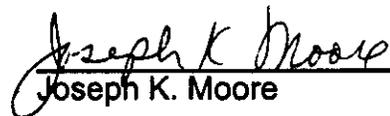
Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to E.Stamp and Stamps.com witness Boggs: USPS/E & S-T-1-9-21.

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 19, 2000

USPS/E&S-T1-9 On page 19 you discuss the 1999 U.S. Small Business Survey.

- (a) Please confirm that this survey is the source for all of the small business data presented in your testimony. If not confirmed, please explain.
- (b) Please provide a copy of the small business questionnaire referenced on the bottom of page 19.
- (c) Was the 1999 Small Business Survey conducted solely for the purpose of determining the market for PC postage, or did International Data Corporation conduct the survey as part of an ongoing research project? Please explain.
- (d) Please confirm that the 1999 Small Business Survey was conducted during the 4Q98 and 1Q99. If you are unable to confirm, please explain.
- (e) Please provide a copy of your workpapers underlying the tabulations of small business data presented in your testimony; for example, those presented at Tables 8 and 10 of your testimony.

USPS/E&S-T1-10 On page 20, you parenthetically state, "IDC tracks home-based businesses in its annual work-at-home-survey."

- (a) Please confirm that this survey is the source for all of the home office data presented in your testimony. If not confirmed, please explain.
- (b) Please provide a copy of this home office survey.
- (c) Was this survey conducted solely for the purpose of determining the market for PC postage, or did International Data Corporation conduct the survey as part of an ongoing research project? Please explain.
- (d) Please confirm that this annual work-at-home survey was conducted during the 4Q98 and 1Q99. If you are unable to confirm, please explain.
- (e) Please provide a copy of your workpapers underlying the tabulations of home office data presented in your testimony; for example, those presented at Tables 9 and 10 of your testimony.

USPS/E&S-T1-11 Two key assumptions are listed on the bottom of Figures 2-3 in your testimony.

- (a) Please provide the basis for each of the two assumptions, and how each assumption is used in the development of the data presented in the figures.
- (b) On page 11 of your testimony, you state, "[t]otal postage spending for both segments [small offices and income-generating home offices] will be growing at

7.1% annually....” Is the basis for this growth rate the assumption that such spending will continue to track closely with spending on other communications technologies? If not, please explain.

(c) Please reproduce Figure 2 in your testimony assuming a 3.5% annual growth rate, which is approximately one-half the assumed level.

USPS/E&S-T1-12 On page 17 of your testimony, you discuss small business attitudes towards PC postage and state, “[i]t should be noted that these interest measures were collected in what was essentially a concept test rather than as a precise comparison.”

(a) Please describe in detail what you mean by the term “concept test” and provide a description of the concept(s) tested.

(b) From the standpoint of statistical precision, what is the implication of conducting a “concept test” rather than a “precise comparison?”

USPS/E&S-T1-13 Page 23 of your testimony presents the margin of error for IDC’s 1999 U.S. Small Business Survey. What is the comparable margin of error for the survey used in developing the home office data presented in your testimony?

USPS/E&S-T1-14 In Section III.A on page 24 of your testimony, you state that, “[t]hree sets of forecasts serve as the foundation for estimating the potential size of the PC postage market: the total market of small businesses, the number of firms with personal computers, and the number of firms on the Internet.” Did your survey ask about PC postage directly? Please explain.

USPS/E&S-T1-15 Listed at the bottom of Tables 2-10 are “key assumptions.” Please provide the basis for each key assumptions listed.

USPS/E&S-T1-16 On page 35, at lines 12-14, you state, “IDC believes that PC postage will come to represent over 10% of total postage spending by small businesses and income-generating home offices.” Is this “belief” a direct quantitative finding of your survey work, or does it represent an opinion? Please explain.

USPS/E&S-T1-17 Table 10 of your testimony presents projected small office and home office spending on PC Postage from 1999-2003. Please provide the volumes of First-Class Mail and the numbers of small businesses or home offices associated with each revenue cell presented in Table 10.

USPS/E&S-T1-18 Please confirm that Tables 8 and 9 are not the tables to which intended reference is made on page 33, lines 17-21. If unable to confirm, please explain.

USPS/E&S-T1-19 On page 39, lines 13-14 you state “[t]his solution (traditional postage meter that is refilled by telephone) was of greatest interest to small firms regardless of

company size, as Table 14 indicates." Please explain why Table 14 shows greater interest in PC Postage (25.2% "very interested" or "somewhat interested") than in a traditional meter refilled by telephone (23.7% "very interested" or "somewhat interested").

USPS/E&S-T1-20 On page 41, lines 8-9 you state "[s]mall firms with postage meters generally prefer refilling their meters via the Internet than using PC postage, as Table 15 indicates." Please explain why Table 15 shows more postage meter users interested in PC Postage (37.0% "very interested" or "somewhat interested") than in a traditional meter refilled by telephone (35.7% "very interested" or "somewhat interested").

USPS/E&S-T1-21 On page 43, Table 14, column one ("PC Users"), please explain why the interest levels for "Traditional [postage] meter" and "PC postage" are the same as the interest levels reported for all small businesses in the first column of Table 14. Since not all small businesses use PCs, shouldn't these interest levels differ?