

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

RECEIVED
JUN 23 4 13 PM '00
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

UNITED STATES POSTAL SERVICE
MOTION TO COMPEL STAMPS.COM
TO RESPOND TO INTERROGATORY USPS/STAMPS.COM-T3-1
(June 23, 2000)

Pursuant to rules 26(d) and 27(d) of the Rules of Practice and Procedure, the United States Postal Service respectfully moves to compel Stamps.com to respond to interrogatory USPS/STAMPS.COM-T3-1.

The interrogatory in dispute seeks the production of Stamps.com customer demographic data used to formulate the testimony of Stamps.com witness Lawton (Stamps.com-T-3). Stamps.com contends that the information is "confidential and proprietary," and that the information is "irrelevant for determining the cost avoidance and proper discount to be provided to IBIP mail." Each of these grounds is wholly without merit.

First, Stamps.com claims that the requested demographic data are "irrelevant for determining the cost avoidance and proper discount to be provided for IBIP mail." This assertion is illogical. Title 39 of the United States Code provides:

The Commission shall make a recommended decision on establishing or changing the schedule in accordance with . . . the following factors: (1) the establishment and maintenance of a fair and equitable classification system for all mail; (2) the relative value to the people of the kinds of mail matter entered into the postal system and the desirability and justification for special classifications and services of mail . . .

Id. at § 3623(c)(1)-(2).

Stamps.com has proposed a change in the mail classification schedule. The

requested information is relevant to an evaluation of the fairness and equity of the proposed classification, as well as its desirability and its justification. The information also could help in determining the relative value to the people of such a new classification. Since Stamps.com relied upon the data in developing its classification proposal, other parties are entitled to examine the extent and nature of that reliance.

Stamps.com has presented (through witnesses Lawton, Heselton and Boggs) testimony that can only be fully understood in light of the requested information. A critical issue related to the proper pricing of the proposed classification is the benchmark from which avoided cost should be measured. Witness Heselton claims that handwritten letters is the appropriate benchmark for measuring the cost avoided by IBIP. See Stamps.com-T-1 at 10. This would suggest that households are the primary/target users of PC-postage. However, witness Boggs asserts that “the largest share of PC postage will come from small businesses . . .” See E-Stamp/Stamps.com-T-1 at 15. This would suggest that a metered or machine printed mail piece (e.g., bulk metered mail) might be the more appropriate benchmark. The demographic data may shed some light on the issue of which type of mail should serve as the benchmark.

At page 38 of Stamps.com-T3, witness Heselton alleges that an IBIP discount will increase the attractiveness of using PC-postage. It is virtually impossible for the parties to assess the validity of that claim without knowing whom the current and projected markets are for this product.

Second, the objection based on commercial sensitivity must fail. Earlier in the proceeding, the Presiding Officer ruled:

[T]here is ample Commission precedent to indicate that the mere fact that a document may contain sensitive business information does not of itself

preclude the production in a proceeding, although it may be subject to protective conditions.

Presiding Officer's Ruling No. 2000-1/53 (April 27, 2000). The Postal Service has no objection to the application of such conditions as were found to be appropriate in Presiding Officer's Ruling No. 2000-1/20 (March 27, 2000).

At page 1 of its objection, Stamps.com suggests that it be permitted to "confirm that it has a substantial number of customers" instead of the requested quantitative data. However, this proposal is wholly unsatisfactory because there is no practical way to evaluate the qualitative information except by examination of the underlying quantitative data.

For all these reasons, the Presiding Officer should compel Stamps.com to respond to interrogatories USPS/STAMPS.COM-T3-1. If necessary, the Presiding Officer should consider conditional disclosure of the requested information upon the application of such protective conditions as are deemed appropriate to protect the proprietary, commercial and competitive interests of Stamps.com from harm.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Joseph K. Moore

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-3078; Fax -5402
June 23, 2000

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

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
June 23, 2000