

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268**

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Postal Rate and Fee Changes, 2000

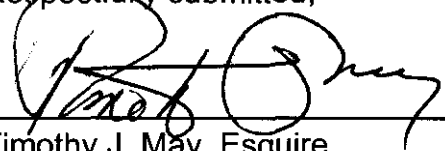
Docket No. R2000-1

**RESPONSE OF E-STAMP WITNESS PRESCOTT
TO INTERROGATORIES OF
UNITED STATES POSTAL SERVICE
(USPS/E-STAMP-T2-1-4)**

The E-Stamp Corporation ("E-Stamp") hereby provides the responses of witness Roger C. Prescott to the following interrogatories of the United States Postal Service, filed on June 8, 2000: USPS/E-Stamp-T2-1-4.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,



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Counsel to E-Stamp Corporation

June 27, 2000

**RESPONSE OF E-STAMP CORPORATION WITNESS PRESCOTT TO
INTERROGATORIES OF UNITED STATES POSTAL SERVICE**

USPS/E-STAMP-T2-1

On page 4 line 19 of your testimony you state that E-Stamp envelopes include 9-digit barcodes. Please confirm that these envelopes actually contain 11-digit Delivery Point Barcodes. If not confirmed, please explain.

RESPONSE:

Confirmed.

**RESPONSE OF E-STAMP CORPORATION WITNESS PRESCOTT TO
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USPS/E-STAMP-T2-2

There appears to be a problem in your testimony concerning the use of the term "BMM". Please confirm the following. If not confirmed, please explain the usage of each specified phrase.

- a. On page 7 line 4 the phrase "presorted automation BMM" should be changed to "presorted automation letters."
- b. On page 7 lines 4-5 the phrase "presorted non-automation BMM" should be changed to "presorted non-automation letters."
- c. On page 7 line 5 the phrase "BMM in LR-I-81 is" should be changed to "presort letters in LR-I-81 are."
- d. On page 7 line 7 the phrase "presorted non-automated BMM" should be changed to "presorted non-automated letters."
- e. In Table 1, the phrase "Presorted BMM" should be changed to "Presorted Letters."
- f. In Table 1, the phrase "3. Cost Savings for Presorted Automation BMM" should be changed to "3. Cost Savings for Presorted Automation Letters."
- g. In Table 1, the phrase "5. Presorted Non-Automation BMM" should be changed to "5. Presorted Non-Automation Letters."
- h. On page 8 line 17 the phrase "automation-compatible BMM" should be changed to "automation-compatible presort letters."
- i. On page 8 line 18 the phrase "presortation element of BMM equal" should be changed to "presortation element equals."
- j. On page 9 lines 1-2 the phrase "between non-automation metered letters and automation BMM letters" should be changed to "between BMM letters and non-automation and automation presort letters."
- k. In Table 2 footnote 1 the phrase "nonautomation presort BMM" should be changed to "nonautomation presort letters."

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RESPONSE:

a-k. Not confirmed. In all instances in my testimony the phrase Bulk Metered Mail ("BMM" refers to letters; therefore, no further delination is required in the text.

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USPS/E-STAMP-T2-3

In Table 1 of your testimony, you calculate a "Cost Difference Related to Presortation" of 0.13 cents by comparing a BMM letter to a non-automation presort letter.

- a. Please confirm that in his response to E-STAMP/USPS-T24-1a (Tr. 7/3086-87), witness Miller explained why the cost difference between Bulk Metered Mail Letters and nonautomation presort letters is not completely attributable to the fact that the latter mail pieces are presorted. If not confirmed, please explain.
- b. Given witness Miller's comments, please explain why you feel this cost difference is fully attributable to presortation.

RESPONSE:

- a. Not Confirmed. Witness Miller stated that "there may, however, be other cost causing characteristics...that affect the work sharing related savings results to some extent." (Tr. 7/3087) (emphasis added)
- b. My analysis utilizes the total cost difference between a single piece BMM and pre-sorted non-automation BMM because, absent the quantification of any specific factors related to presortation, the values presented in Library Reference LR-I-81 are the best surrogate for the cost difference related to presortation.

**RESPONSE OF E-STAMP CORPORATION WITNESS PRESCOTT TO
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USPS/E-STAMP-T2-4

In Table 1 of your testimony you calculate a "Cost Savings for Presorted Automation" of 6.28 cents by comparing a nonautomation presort letter piece to an average automation non-carrier route presort letter.

- a. Please confirm that nonautomation presort letters can weigh up to 13 ounces while automation non-carrier route presort letters are limited to 3.3103 ounces. If not confirmed, please explain.
- b. Please confirm that the average automation non-carrier route presort letter mail processing unit costs upon which you rely in Table 1 (4.06 cents) include the costs for automation basic presort letters, automation 3-digit presort letters, and automation 5-digit presort letters. If not confirmed, please explain.
- c. Given that these two mail types exhibit different mail piece characteristics and include varying levels of presortation, how does your calculation isolate the savings due to presortation?
- d. Does this calculation attempt to isolate the savings associated with a specific presort level? If so, to which presort level are you referring?
- e. Please confirm that PC postage users will not be presorting mail pieces. If not confirmed, please explain.
- f. Given that PC postage users will not be presorting mail pieces to which they apply postage using E-Stamp products, please justify the total cost savings of 6.15 cents in Table 1 that is so heavily dependent upon cost differences associated with mail piece presortation.

RESPONSE:

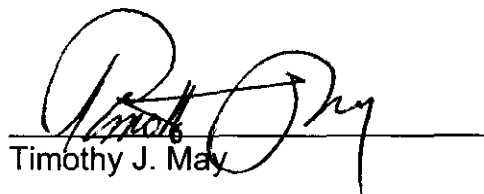
1. Confirmed.
2. Confirmed.
3. See my response to USPS/E-Stamp-T2-3b.
4. No.

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5. Confirmed.
6. The purpose of my analysis was to determine the cost savings related to the presortation of automation compatible mail. Based on the data available, it was necessary to eliminate the cost difference related to presortation.

CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the Postal Service by hand and by First-Class Mail upon all participants in this proceeding requesting such service.



Timothy J. May

Dated: June 27, 2000