

Before the  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

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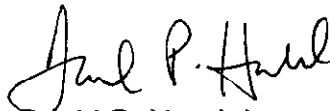
Postal Rate and Fee Changes, 2000

Docket No. R2000-1

**STAMPS.COM'S ANSWERS TO OCA INTERROGATORIES DIRECTED  
TO THOMAS KUHR (OCA/STAMPS.COM-T2-1- 7)**

Stamps.com hereby submits the answers of Thomas C. Kuhr to the interrogatories submitted by the OCA, OCA/Stamps.com - T2 - 1 -7 dated June 19, 2000. Each interrogatory is stated verbatim and is followed by the response. Pursuant to Commission rule 26(b), a signature page will be filed with the Commission within 10 days.

Respectfully submitted,



David P. Hendel  
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Dated: July 3, 2000

**OCA/STAMPS.COM-T2-1**

Please describe the current end users (e.g., small businesses, home offices, households, etc.) of Stamps.com's PC postage products and services. Include discussions of business demographics, household demographics, average mail volumes, and type of mail to which PC postage is applied. Provide copies of all supporting documentation.

**RESPONSE:**

Stamps.com has a substantial number of users in each of four categories: household, home office, small business (1 – 5 employees), and large business (more than 5 employees). Pursuant to Postal Service requirements, the maximum credit balance that a PC Postage customer may maintain is \$500. This feature makes it unlikely that PC Postage will attract many large volume mailers.

**OCA/STAMPS.COM-T2-2**

Please refer to OCA/STAMPS.COM-T2-1. Provide the number of customers in each category of current end users (e.g., small businesses, home offices, households, etc.), and describe the parameters of each category (i.e., how many mailpieces, type of use, etc.).

[Withdrawn by the OCA. No response required.]

**OCA/STAMPS.COM-T2-3**

You indicate that Stamps.com rolled its product out nationwide in October 1999 (Stamps.com-T-2 at 7). Provide the number of active Stamps.com customers by month from October 1999 to the present. Include only customers making postage purchases through Stamps.com in each month.

**RESPONSE:**

As of March 31, 2000, Stamps.com reported a customer base of 187,000 customers. By press release dated June 20, 2000, Stamps.com reported that it has more than 200,000 customers.

**OCA/STAMPS.COM-T2-4**

Provide Stamps.com's estimate of the number of active customers it expects to have by the end of the test period in this Docket No. R2000-1 (September 2001). Break down the estimate by the categories of end users given in response to OCA/STAMPS.COM-T2-1. Indicate specifically how many of the total number of projected customers are (a) households and (b) home offices?

**RESPONSE:**

According to witness Raymond Boggs of IDC, from the start-up year of 1999, when total postage spending (equipment plus postage) will reach \$8.2 million, annual spending will grow by a factor of roughly 200 to reach \$1.3 billion in 2003. IDC believes that PC Postage will come to represent over 10% of total postage spending by small businesses and income-generating home offices. (See Boggs testimony, p. 35.)

**OCA/STAMPS.COM-T2-5**

Currently, what is the average amount of postage purchased by a Stamps.com customer monthly? What is the average number of mailpieces to which a Stamps.com customer applies Stamps.com postage monthly?

**RESPONSE:**

As stated in response to question 1 above, the Postal Service limits the amount of postage that a customer may maintain as a credit balance in his PC Postage account to \$500. This feature makes it unlikely that PC Postage will attract many large volume mailers, because the \$500 balance would be exhausted rapidly. At each \$500 increment, additional postage would have to be purchased, the transaction would have to clear, and confirmation would have to be received, before the mailer could resume use of PC Postage.

**OCA/STAMPS.COM-T2-6**

Provide, both currently and as projected for the end of the test period (September 2001), the number of active Stamps.com customers that apply postage to (a) 25 or fewer mailpieces monthly and (b) 100 or fewer mailpieces monthly.

[Withdrawn by OCA; no response required.]

## **OCA/STAMPS.COM-T2-7**

For customers applying First-Class postage to one ounce letter mailpieces through Stamps.com, please state the costs (over and above the cost of postage) to mail (a) 20 letters and (b) 80 letters each month. If there are choices of plans at different prices, indicate the most economical for the customer. Provide copies of rate plans.

### **RESPONSE:**

Stamps.com charges a monthly service fee to our customers over and above any postage the customer purchases. This service fee is calculated from the total amount of postage the customer prints in a billing period (approximately every 30 days, starting from the date they sign up for service). Stamps.com has offered multiple service plans to consumers and small businesses since the launch of our service, and these service plans will continue to change as we attract more and different types of customers. Currently (as of June 28, 2000), we offer a choice of two service plans. The plan that is most economical to a particular consumer is the one that fits their postage consumption the best. The "Simple Plan" is more economical for a low volume consumer, where the "Power Plan" is more economical for a high volume consumer. The details of all current plans are always available on our website (<http://www.stamps.com/postage/>).

Assuming one-ounce first class letters only, a customer printing 20 letters would require \$6.60 in postage, and 80 letters would require \$26.40 in postage. Both scenarios would be considered "low volume," so the most economical plan for this customer would be the "Simple Plan." In calculating the service fee for sending 20 letters, we start with the basis of 10% of the total printed postage value, or \$.66 (20 letters times \$.33 per letter, times 10%). However, there is a \$1.99 minimum charge per month with this plan, so the customer would be billed at this minimum rate, as it is higher than the \$.66 calculated using the 10% charge. The service fee would be \$1.99. Using the same assumptions, but sending 80 letters with the Simple plan, the 80 letter customer will be billed \$2.64, which is 10% of the total postage printed.



## **DECLARATION**

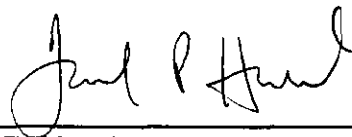
I, Thomas C. Kuhr, declare under penalty of perjury that the answers to interrogatories OCA/Stamps.com – T2 – 1 – 7 of the OCA are true and correct, to the best of my knowledge, information, and belief.

\_\_\_\_\_  
Thomas C. Kuhr

Dated: \_\_\_\_\_

**CERTIFICATE OF SERVICE**

I hereby certify that I have this 3 day of July 2000, served the foregoing document in accordance with the Commission's Rules of Practice.

A handwritten signature in cursive script, appearing to read "David P. Hendel", is written above a horizontal line.

David P. Hendel