

**Before the
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001**

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POSTAL RATE COMMISSION
OFFICE OF THE CLERK

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

**DECLARATION OF THOMAS KUHR
IN SUPPORT OF STAMPS.COM RESPONSE TO USPS
MOTION TO COMPEL RESPONSE TO USPS/STAMPS.COM-T3-1**

I submit this declaration in support of Stamps.com's objection to USPS's interrogatory USPS/Stamps.com-T3-1. The interrogatory itself is directed to Leora Lawton, who conducted a survey for Stamps.com. The interrogatory seeks a demographic breakdown of Stamps.com customers. Stamps.com has objected to providing this information.

I am Vice President of Technology Operations at Stamps.com. Previously, I worked in product design and development as Director of Product Management. I am very familiar with many aspects of the company's operation and the type of information that is considered confidential and proprietary to Stamps.com.

Stamps.com is in a highly competitive industry, with two competitors (E-Stamp and Pitney Bowes) participating actively in this rate proceeding. Stamps.com considers the requested demographic information concerning its customers to be highly confidential. The number of customers we have in the individual, home office, small business (1 – 10 employees), and large business (10+ employees) categories is considered confidential and never released to the public. The information, if released to a competitor, would provide a valuable insight into the composition of our customer

base which could cause us substantial competitive harm. For example, a competitor could use the information to assess the direction and success of our marketing efforts, and the competitor could then use this information to tailor its own marketing strategies based on what is revealed about our customer base. Moreover, since our competitors similarly do not disclose information about their own customer base, it would put us at a competitive disadvantage if we were required to disclose such information.

I personally do not see how a demographic breakdown of our customers is relevant to this rate proceeding. We are asking for a discount for all of our customers, not just one particular demographic segment. I also do not see how the information will help the Postal Service or the Postal Rate Commission assess the fairness, equity, or desirability of the discount we propose. The discount we seek is based on cost savings to the Postal Service. We would seek the same discount regardless whether most of our customers were households or large businesses.

It is no secret that Stamps.com and the other PC Postage vendors direct their marketing to consumers, home offices, and small businesses. I also note that the Postal Service currently limits the maximum postage balance that may be maintained in a PC Postage account to \$500. Given this maximum balance limitation, it is unlikely that PC Postage will attract 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. No further information

about the demographic breakdown of our customers is needed given the existence of this maximum postage balance.

The Postal Service also already possesses much of the same information from PC Postage vendors in accordance with the PCIBI-O specification. Each time a customer registers to use the Stamps.com service (or any other PC Postage service) they must submit a meter license application (Form 3601-A). The license application asks whether they are applying for a meter license for personal use or business use. Each application is sent directly to USPS's Central Meter Licensing Service (CMLS). Customers receive license approval directly from CMLS, the meter license is linked to each customer's meter number, and their license information can be referenced at any time as long as the license is active.

In addition, the USPS IBIP group has historical Stamps.com customer purchase and printing information. Stamps.com has delivered customer log files for the entire customer base at the end of each postal accounting period since our beta testing began. This customer usage information is listed by meter number, can be broken down by rate category, and includes all purchase and individual print transactions that occurred within that accounting period. The USPS can easily correlate the customer print history with their license information to find how each customer classified themselves (personal or business), how much they printed, and what type of mail they used.

I understand that the Commission has procedures for the provision of information under a Protective Order. Nonetheless, because of its irrelevance to the

cost avoidance and discount issues in this case, and because of the substantial competitive harm that could be caused by even the mistaken release or misuse of this information, I ask that the Commission uphold our objection to providing it.

DECLARATION

I, Thomas C. Kuhr, declare under penalty of perjury that the foregoing declaration is true and correct, to the best of my knowledge, information, and belief.

Thomas C. Kuhr

Dated: _____

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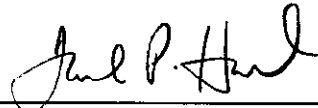


Thomas C. Kuhr

Dated: July 4, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this 5 day of July 2000, served the foregoing document in accordance with the Commission's Rules of Practice.



David P. Hendel