

**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

**E-STAMP CORPORATION'S OPPOSITION TO UNITED STATES POSTAL SERVICE
MOTION TO COMPEL RESPONSE TO INTERROGATORY
USPS/E-STAMP-T1-1**

E-Stamp Corporation files this opposition to the United States Postal Service's July 7th Motion To Compel E-Stamp to respond to interrogatory USPS/E-Stamp-T1-1 to witness Jones. This interrogatory requested E-Stamp to provide detailed demographic information about the users of its PC Postage products, divided among small businesses, home offices, households, etc. The interrogatory further requested that there be "discussions" of the business demographics, household demographics, average mail volumes, and type of mail to which PC Postage is applied, and providing supporting documentation for the above.

Stamps.com is involved in the same motion practice involving the identical question addressed to them by the United States Postal Service (USPS/Stamps.com-T3-1). Stamps.com filed its Opposition to the Postal Service's Motion to Compel a response to an identical interrogatory on July 5th, and E-Stamp fully associates itself with that Opposition and adopts the grounds cited. Additionally, E-Stamp presents further reasons for its opposition:

1. As E-Stamp pointed out in its response to OCA/E-Stamp-T1-3, E-Stamp does have customers in the categories requested, but does not keep data on the numbers in each category. E-Stamp does not ask customers to identify themselves by that categorization, although E-Stamp has certain knowledge that it does have some customers in each category. To make a meaningful response to the detailed questions posed would require a special study to be undertaken by E-Stamp in a poll of their customer base. We would argue that the burden involved in that data collection effort is disproportionate to the minimally small value that this data would have to informing the record or weighing the merit of E-Stamp's rate proposal in this proceeding.

2. As pointed out in the cited response to the OCA's question 3, E-Stamp believes that most of its customers are home offices and small offices and not household customers. The reason for that belief is that E-Stamp marketing is targeted to those two sectors.

3. E-Stamp does not argue that it is irrelevant whether there are household customers; its relevance inheres in the stated desire of the Rate Commission to extend the benefits of automation to the ordinary household user of the mail. E-Stamp wishes it did have extensive data that would demonstrate that it has numerous household users. E-Stamp has no such data and, as stated, does not believe that, at this time, it has significant numbers of household customers. At the same time, we do assert, and, the cited response to the OCA interrogatory so says, that E-stamp's customers are predominantly small offices and home offices, categories of mail users which we would argue are within the ambit of the PRC's concern about extending the benefits of automation to small users. E-Stamp does not have the breakdown between those two

categories, as noted; it would require a burdensome effort to poll its customer base, although, as Stamps.com has pointed out in its Opposition, the Postal Service knows exactly who E-Stamp customers are and has an equal ability to produce the precise numbers they have asked of us.

4. Even if E-Stamp had the data in the form requested in the interrogatory, E-Stamp would be loathe to reveal it because of the extremely sensitive nature of the data and the impact such revelation would have on the privacy of its customers, not to mention the impact on the market for the publicly-held stock of E-Stamp.

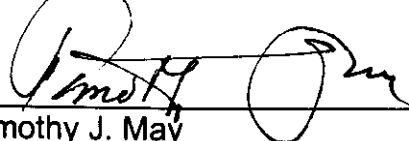
5. The Postal Service Motion To Compel advances the spurious argument that this demographic information is necessary in order to reconcile what it calls a conflict between the E-Stamp and Stamps.com proposals for a "benchmark" from which avoided costs should be measured. Stamps.com has contended that handwritten letters are the benchmark, just as they are in the case of QBRM. Because the demographics of the customer base might provide a guess as to how many of the letters that convert to PC Postage were previously handwritten, USPS argues that demographic is relevant to the issue of the appropriate benchmark. The Motion To Compel makes much of the fact that the benchmark used by Stamps.com in its proposal is not the benchmark used by E-Stamp witness Prescott; that somehow this translates into a need for the demographics about the customer base of both companies. In the first place, E-Stamp witness Prescott did not testify that the "appropriate" benchmark for measuring the costs avoided by IBIP was Bulk Metered Mail. It is simply the benchmark that witness Prescott uses to measure the cost avoidance that he has found. Witness Prescott used this benchmark because it is a conservative approach, and because it

avoids precisely the issue the Postal Service is trying to implicate here, that is, how much of the converted mail would have been handwritten. Witness Prescott's testimony makes that issue irrelevant because, even if none of the converted letters were handwritten, the savings that witness Prescott claims do not rely upon the savings from the conversion of handwritten letters. The significant thing to remember is that, while E-Stamp and Stamps.com used different methodologies in order to measure the cost avoidance of PC Postage, they both measured roughly the same amount of cost avoidance, avoidance that in both cases supports a 4¢ per piece discount.

6. The Postal Service Motion goes on to claim that, because E-Stamp witness Jones alleges that an IBIP discount will increase the attractiveness of using PC Postage, it is not possible to assess the validity of that claim "without knowing whom the current and projected markets are for this product." Even without discounting the overblown rhetoric of that statement, the fact of the matter is that the E-Stamp witnesses have filed responses to interrogatories, as well as direct testimony, which state very bluntly that the current projected markets for its PC Postage product are small offices and home offices; furthermore, without providing the exact numbers of those customers and the current breakdown between those two categories, E-Stamp has also filed testimony saying that that is what they believe their customer base predominantly consists of. We do not see how the record will be advanced by knowing the exact number of the current customer base of E-Stamp that are home offices and the number that are small offices, particularly in light of the burden that E-Stamp will be put to in order to conduct a survey among its customer base to make that determination.

7. The kind of detailed demographic information the Postal Service requests here, and the insignificance of the details of those demographics, as opposed to the candid statements of what E-Stamp believes its customer base is, amounts to nothing more than harassment and that request should be forcefully rejected by the Presiding Officer.

Respectfully submitted,



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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: July 14, 2000