

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

NOTICE OF UNITED STATES POSTAL SERVICE
CONCERNING ERRATA TO REBUTTAL TESTIMONY
OF WITNESS GORDON (USPS-RT-17)
(ERRATUM)

Pursuant to the Commission's Rules of Practice and procedure, the United States Postal Service hereby files an erratum to the rebuttal testimony of witness Gordon (USPS-RT-17). The following corrections are being made:

On page i, line 12, "seventeen" is changed to "twenty".

On page 3, line 9, "total" is changed to "First-Class".

On page 3, line 18, following the number "321,000", delete "Postage".

On page 6, line 12, "13653" is changed to "29/13653".

Corrected pages are attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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August 28, 2000

AUTOBIOGRAPHICAL SKETCH

My name is Roy Gordon; I am currently the Manager of the Information Based Indicia Program (IBIP) at United States Postal Service headquarters. I have served in this capacity since 1995.

My primary responsibility is ensuring the security of postage revenues from products that produce Information Based Indicia (IBI). This goal is accomplished by developing performance criteria that establish security levels that the products must meet or exceed, publishing regulations regarding the development and use of the products, and testing and evaluating proposed products against the performance criteria and regulations.

The balance of my twenty year career with the Postal Service has been dedicated to automating multiple data intensive functions. These automation efforts have ranged from automating mail acceptance processes and postage meter licensing to developing electronic payment systems. Some of the systems I helped to develop include the Publisher's Electronic Payment System (PEPS), the Mailer's Electronic Payment Program System (MEPPS), and Bulk Mail Acceptance and Accounting Reporting System (BARRS). Additionally, I have worked to develop systems methodology to assist in streamlining business mail acceptance activities including System Certification Stage 3 and managing the second- and third-class Non-Profit Mailer database systems.

1
2 **III. PC POSTAGE USE PROJECTIONS SHOULD BE EVALUATED**
3 **IN LIGHT OF ACTUAL USE**

4
5 The testimony of E-Stamp & Stamps.com witness Boggs (at Tr. 29/13849)
6
7 includes PC Postage revenue projections for FY 2000 and beyond. Witness
8 Boggs estimates that total First-Class PC Postage spending will be \$292.8 million
9 for calendar year 2000. The rebuttal testimony of Postal Service witness Staisey
10 (USPS-RT-16) critiques the manner in which those estimates were developed. It
11 is not the purpose of my testimony to offer an opinion about the manner in which
12 witness Boggs' estimates were derived or their credibility. However, I think that
13 whatever conclusions the Commission may draw about his estimates should be
14 informed by reference to actual year-to-date PC Postage revenue.

15 As part of IBIP, the Postal Service maintains a database which measures
16 postage revenue of PC Postage users. The latest data show that a total of nearly
17 321,000 customers, using PC Postage products developed by six different
18 vendors, have generated \$29.8 million in postage revenue, cumulatively for Fiscal
19 Year 2000 to-date (through Accounting Period 11). I estimate that approximately
20 57.3 percent of this is First-Class Mail revenue.

21
22
23 **IV. IBI DISCOUNT RATE IMPLEMENTATION CONCERNS**

24 Determining whether to support the establishment of new mail
25 classifications and rates for new categories of mail is a matter beyond the scope
26 of the responsibility of those of us who manage IBIP. Accordingly, we defer to
27 others within the Postal Service on that question. However, if a determination
28 were made internally to pursue IBI-based discounts, the IBIP team would be

1 Because of the nature of the PC Postage Open Systems products,
2 discounts for this category can be enforced through the product
3 software and customers will not have the ability to apply the
4 discount indiscriminately.
5

6 Tr. 29/13652, at lines 2-4. Further down the same page at lines 8-10, he states:

7 Existing and future software products can programmatically
8 determine that all of the automation capability selections have been
9 made in the user interface and that the address has been matched
10 against the database.
11

12 Finally, at Tr. 29/13653, lines 12-15, he claims:

13 All of the above can be done with only minor modifications to what is
14 already in place with the Postal Service and with each vendor. The
15 necessary level of effort would be inconsequential compared to the
16 benefit to all parties if these discounts are approved.
17

18 Although I believe that the software could be modified to enforce the application of
19 any discount, I do not believe these changes represent only "minor modifications."

20 Witness Jones' testimony makes it seem that PC Postage software can be quickly
21 modified to incorporate the necessary features to adequately control the
22 application of an IBI discount by the customer. Based on our experience with
23 current PC Postage providers, software modifications can take anywhere from
24 three to nine months. A recent example of a change in our performance criteria
25 made at the request of the providers helps illustrate this time frame.

26 PC Postage providers and customers have expressed concerns about the
27 completeness and accuracy of the Address Matching System (AMS) CD ROM.

28 Witness Jones summarizes these concerns in his testimony as follows:

29 Another difficulty with address cleansing, and a source of numerous
30 customer complaints against the USPS address-matching CD-ROM,
31 is that it is not current or completely accurate. Because Open

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

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