

**BEFORE THE POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001**

Postal Rate and Fee Changes, 2006

Docket No. R2006-1

**INTERROGATORIES AND REQUESTS FOR PRODUCTION
OF DOCUMENTS OF PITNEY BOWES INC. TO UNITED STATES
POSTAL SERVICE WITNESS ALTAF H. TAUFIQUE
(PB/USPS-T32-1-43)**

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, Pitney Bowes Inc. ("Pitney Bowes") directs the following interrogatories and requests for production of documents to United States Postal Service Witness Altaf H. Taufique.

Respectfully submitted,

/s/

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DATED: June 19, 2006

PB/USPS-T32-1. Please list all methods of payment evidencing that can be used for single-piece First-Class Mail in the Base Year.

PB/USPS-T32-2. Please list all methods of payment evidencing (e.g., stamps, PCPostage, meters indicia, permit, etc.) that could be used for single-piece First-Class Mail in the Test Year.

PB/USPS-T32-3. For each of the payment evidencing methods identified in your responses to 1 and 2 above, please list all channels (e.g., counter sales, PC Postage, meter indicia, Automated Teller Machines (ATMs), Automated Postage Centers (vending machines or APCs), Stamps By Mail, etc.) that the Postal Service uses to sell postage that can be used for single-piece First-Class Mail postage.

PB/USPS-T32-4. For each channel identified in your response to 3, please provide the Postal Service's Base Year and Test Year attributable unit cost (using USPS costing methods) for selling postage for single-piece First-Class Mail letters. Please provide all of your supporting data, calculations, and data sources.

PB/USPS-T32-5. For each channel identified in your response to 3, please provide the Postal Service's Base Year and Test Year attributable unit cost (using PRC costing methods) for selling postage for single-piece First-Class Mail letters. Please provide all of your supporting data, calculations, and data sources.

PB/USPS-T32-6. How many single-piece First-Class Mail letter stamp sales took place at retail windows (or post office counters) in USPS owned or leased facilities in the Base Year? Please also provide the number for each of the previous five years.

PB/USPS-T32-7. How many single-piece First-Class Mail letter stamp sales are expected to take place at retail windows (or post office counters) in the Test Year? Please provide all underlying calculations and explain fully any changes from the Base Year.

PB/USPS-T32-8. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that this section is captioned “RETAIL: EXPAND ACCESS TO POSTAL SERVICES.” If you do not confirm, please provide the correct caption.
- b. Please confirm that the first sentence of this section states: “In the *Transformation Plan* the Postal Service promised to provide customers more options and better access to its products and services in order to make more efficient use of its extensive retail network.” If you do not confirm, please provide the correct text.
- c. Please confirm that the second sentence of text in this section states: “The shifting demographics of postal customers, the changes in customer lifestyles and behaviors, and the rise of new technology all affect how the Postal Service should provide access to its products and services.” If you do not confirm, please provide the correct text.

PB/USPS-T32-9. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that there is a heading “Move Simple Transactions Away from the Retail Counter.” If you do not confirm, please provide the correct heading.
- b. Please confirm that the first sentence of text following this caption reads “Many customers are unaware that there are convenient alternatives for buying stamps other than at a Post Office retail counter.” If you do not confirm, please provide the correct text.
- c. Please list and describe each of these convenient alternatives.
- d. Please provide any data addressing the issue of customer awareness of convenient alternatives for buying stamps other than at a Post Office Retail Counter.

PB/USPS-T32-10. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that the second and third sentences of text following the heading “Move Simple Transactions Away from the Retail Counter” state “Last year the Postal Service completed an advertising campaign that promoted alternative access to postal products and services, such as those mentioned above. This campaign included television and print ads, in addition to new logos and postal product signs displayed at the 60,000 locations selling stamps.” If you do not confirm, then please provide the correct text.
- b. Who conducted the campaign?

- c. How much did it cost?
- d. Did the Postal Service evaluate the campaign's effectiveness and if so, how?
- e. If the Postal Service did not evaluate the effectiveness, why not?
- f. Did the Postal Service attempt to study or to quantify how many transactions switched from the retail counter to more convenient alternatives as a result of the campaign? If so, please provide the study or the quantification.
- g. Did the Postal Service attempt to study or quantify how the campaign affected the awareness of its customers with respect to convenient alternatives for buying stamps?
- h. If so, please provide the studies or quantifications. If not, why not?
- i. Please provide copies of the cited print ads.

PB/USPS-T32-11. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that the fourth sentence of text under the heading "Move Simple Transactions Away from the Retail Counter" states "Increasing awareness of retail alternatives to move simple transactions away from the retail counter is an ongoing effort that has been incorporated into normal business processes." If you do not confirm, then please provide the correct text.
- b. Please explain in detail how the Postal Service has incorporated "increasing awareness . . . into normal business processes."
- c. Has the Postal Service considered financial incentives as a way to move simple transactions away from the window? Please discuss your response.

PB/USPS-T32-12. Please refer to Section 2, Section 2.1.1 of the *Transformation Plan Progress Report* of November 2004:

- a. Please confirm that there is a heading “Create New, Low-Cost Retail Alternatives.” If you do not confirm, then please provide the correct caption.
- b. Please confirm that the text following this caption reads “As part of an ongoing effort to provide Quick, Easy and Convenient service to customers, the Postal Service will complete deployment of 2,500 APC units to high-traffic Post Office locations by late November 2004. APC units are customer-friendly self-service kiosks that allow individuals to conduct 80 percent of postal transactions available at window service. In many locations units will be accessible 24 hours a day, 7 days a week.” If you do not confirm, then please provide the correct text.
- c. At the beginning of the Base Year, how many Automated Postal Centers (“APCs”) had been deployed? At the end of the Base Year, how many APCs had been deployed?
- d. At the beginning of the Test Year, how many APCs are expected to be deployed? At the end of the Test Year, how many APCs are expected to be deployed?
- e. Please provide the deployment schedule for the APCs.
- f. Please provide all decision analysis reports (“DARs”) for APCs.
- g. What return-on-investment (“ROI”) did the decision analysis report (“DAR”) estimate for the APCs?
- h. Please confirm that calculating an ROI requires an estimate, among other inputs, of stamp sales through APCs. If you do not confirm, then please explain. If you

do confirm, how many first-ounce single-piece First-Class Mail letter stamps did the DAR assume would be sold through APCs?

- i. Are the APCs selling as many single-piece First-Class Mail letter stamps as they were estimated to sell in the ROI calculation in the DAR?
- j. How many single-piece First-Class Mail letter stamps were sold through APCs in the Base Year?
- k. How many single-piece First-Class Mail letter stamps are expected to be sold through APCs in the fiscal year following the Base Year?
- l. How many single-piece First-Class Mail letter stamps were sold through APCs in each of the five years before the Base Year?
- m. How many single-piece First-Class Mail letter stamps are expected to be sold through APCs in the Test Year?

PB/USPS-T32-13. Please refer to Section I.B.3 of the *Strategic Transformation Plan 2006-2010* dated September 2005:

- a. Please confirm that the fifth sentence of the last paragraph on page 17 reads, “Similarly, PC Postage partners offer customers the capability to print postage at home or the office, along with providing other value-added services.” If you do not confirm, then please provide the correct text.
- b. When did the Postal Service first offer postage through PC Postage partners?
- c. How many single-piece First-Class Mail letter stamps were sold through PC Postage partners in the Base Year?

- d. How many single-piece First-Class Mail letter payment indicia (postage units) were sold through PC Postage partners in each of the five years before the Base Year?
- e. How many single-piece First-Class Mail letter postage units will be sold through PC Postage partners in the Test Year?

PB/USPS-T32-14. Please refer to Section I.B.3 of the *Strategic Transformation Plan 2006-2010* dated September 2005:

- a. Please confirm that the last sentence of the last paragraph on page 17 reads, “The Postal Service will also continue to expand its partnerships with retailers, making postage stamps available at more places than the 60,000 supermarkets, drug stores, and convenience stores where they are now sold.” If you do not confirm, then please provide the correct text.
- b. Please provide data indicating how many retailers within each of the three categories identified currently sell postage stamps.
- c. How many retailers described in b. are located within one mile of a USPS owned or leased facility?
- d. Please explain how, in what ways, and in what locations the Postal Service plans to make postage stamps available at more places. How many more retail locations does the Postal Service wish to add to this partnership network?

- PB/USPS-T32-15.** In the Base Year, how many USPS vending machines were deployed?
- PB/USPS-T32-16.** How many USPS vending machines will be deployed in the Test Year?
- PB/USPS-T32-17.** Please provide the deployment schedule and all DARs for USPS vending machines.
- PB/USPS-T32-18.** How many single-piece First-Class Mail letter stamps were sold through USPS vending machines in the Base Year?
- PB/USPS-T32-19.** How many single-piece First-Class Mail letter stamps are expected to be sold through USPS vending machines in the fiscal year following the Base Year?
- PB/USPS-T32-20.** How many single-piece First-Class Mail letter stamps were sold through USPS vending machines in each of the five years before the Base Year?
- PB/USPS-T32-21.** How many single-piece First-Class Mail letter stamps are expected to be sold through USPS vending machines in the Test Year?
- PB/USPS-T32-22.** When did the Postal Service first offer Stamps by Mail?
- PB/USPS-T32-23.** How many single-piece First-Class Mail letter stamps were sold by Stamps by Mail in the Base Year?

PB/USPS-T32-24. How many single-piece First-Class Mail letter stamps were sold by Stamps by Mail in each of the five years before the Base Year?

PB/USPS-T32-25. How many single-piece First-Class Mail letter stamps will be sold by Stamps by Mail in the Test Year?

PB/USPS-T32-26. When did the Postal Service first offer Stamps Online?

PB/USPS-T32-27. How many single-piece First-Class Mail letter stamps were sold by Stamps Online in the Base Year?

PB/USPS-T32-28. How many single-piece First-Class Mail letter stamps were sold by Stamps Online in each of the five years before the Base Year?

PB/USPS-T32-29. How many single-piece First-Class Mail letter stamps will be sold by Stamps Online in the Test Year?

PB/USPS-T32-30. When did the Postal Service first offer Stamps on Consignment?

PB/USPS-T32-31. How many single-piece First-Class Mail letter stamps were sold by Stamps on Consignment in the Base Year?

PB/USPS-T32-32. How many single-piece First-Class Mail letter stamps were sold by Stamps on Consignment in each of the five years before the Base Year?

PB/USPS-T32-33. How many single-piece First-Class Mail letter stamps will be sold by Stamps on Consignment in the Test Year?

PB/USPS-T32-34. When did the Postal Service first offer stamps through Automated Teller Machines?

PB/USPS-T32-35. How many single-piece First-Class Mail letter stamps were sold through ATMs in the Base Year?

PB/USPS-T32-36. How many single-piece First-Class Mail letter stamps were sold through ATMs in each of the five years before the Base Year?

PB/USPS-T32-37. How many single-piece First-Class Mail letter stamps will be sold through ATMs in the Test Year?

PB/USPS-T32-38. When did the Postal Service first offer stamps through contract postal units?

PB/USPS-T32-39. How many single-piece First-Class Mail letter stamps were sold through contract postal units in the Base Year?

PB/USPS-T32-40. How many single-piece First-Class Mail letter stamps will be sold through contract postal units in each of the five years before the Base Year?

PB/USPS-T32-41. How many single-piece First-Class Mail letter stamps will be sold through contract postal units in the Test Year?

PB/USPS-T32-42. Please refer to Section IV.B.2 of the *Strategic Transformation Plan 2006-2010* dated September 2005:

- a. Please confirm that the final sentence in the section entitled “Build Customer Awareness of New Forms of Access, states,” (on page 61) states that the Postal Service “will continue to place special emphasis on enhancing online and self-service capabilities to further reach out to customers where they live, work, and shop.” If you do not confirm, please provide the correct text.
- b. Beyond the activities and strategies referenced in the preceding questions, in what ways and through what channels does the Postal Service plan to expand access to postage stamps?
- c. What additional business volume will be created or shift away from Post Offices as a result? Please provide any supporting plans, analysis, or business case data.

PB/USPS-T32-43. Please refer to Section IV.B.2 of the *Strategic Transformation Plan 2006-2010* dated September 2005:

- a. Please confirm that the final sentence of the first paragraph on page 61, in the section entitled Build Customer Awareness of New Forms of Access, states, “The Postal Service’s goal is to double the percent of retail transactions via alternate access channels to 40 percent by 2010.” If you do not confirm, please provide the correct text.
- b. Please provide any business or marketing plans, year-by-year projections, specific awareness-raising activities, planned promotions or advertising, budgets, or other information describing how the Postal Service will achieve its stated goal.