

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INSTITUTIONAL RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE
(PB/USPS-T-9, 11, 13, 15 THROUGH 20, 22 AND 38 THROUGH 40)

The United States Postal Service hereby files institutional responses to the above-listed interrogatories of Pitney Bowes Inc., redirected from witness Taufique. The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF PITNEY BOWES
REDIRECTED FROM WITNESS TAUFIQUE**

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.

RESPONSE

- a. The heading has been accurately reproduced in the question.
- b. The first sentence also has been accurately reproduced in the question.
- c. Convenient alternatives include consignment locations such as supermarkets, contract postal units, automated postal centers (APCs), traditional stamp vending machines, Stamps by Mail, Stamps by Phone, Stamps by Internet, rural carriers, and PC postage.
- d. There is no data available that addresses the issue of customer awareness of convenient alternatives for buying stamps other than at a Postal Service retail counter.

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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.

RESPONSE

- a. That is what the sentence says.
- b. The Postal Service has incorporated information about alternate access locations into signage and advertising. Signage and post cards about Automated Postal Centers, post cards about alternate access (Cathy and Dilbert), signage regarding nearby consignment locations and Contract Postal Units, and signage/advertising about usps.com services are examples.
- c. The Postal Service pays Contract Postal Unit owners a percentage based on performance; pays American Bank Note (ABN) for the services they provide for the Consignment program. If your question deals with incentives for the customers, the only thing that may be considered an incentive is offering Delivery Confirmation free with Priority Mail via usps.com.

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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?

RESPONSE

- a. The fifth sentence uses those words in that sequence.
- b. The first PC Postage providers were approved to offer their products to customers in August 1999. Prior to that date, PC Postage products were undergoing test and evaluation and were offered to customers who chose to participate in the tests.
- c. This information is not available.
- d. This information is not available.
- e. This information is not available.

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PB/USPS-T32-15. In the Base Year, how many USPS vending machines were deployed?

RESPONSE

There were no new vending machines deployed during FY '05; machines were maintained in sales locations.

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PB/USPS-T32-16. How many USPS vending machines will be deployed in the Test Year?

RESPONSE

Not applicable at this time. Funding has not been approved for FY 2008.

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PB/USPS-T32-17. Please provide the deployment schedule and all DARs for USPS vending machines.

RESPONSE

Not applicable at this time. Funding has not been approved for FY 2007.

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PB/USPS-T32-18. How many single-piece First-Class Mail letter stamps were sold through USPS vending machines in the Base Year?

RESPONSE

There were approximately 1.297 billion single-piece First-Class Mail letter stamps sold through USPS vending machines in FY 05.

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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?

RESPONSE

It is estimated that 1.166 billion single-piece First-Class Mail letter stamps will be sold through USPS vending machines in FY 06.

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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?

RESPONSE

FY 2004 --- 1.57 billion

FY 2003 --- 1.548 billion

Data are not available for fiscal years 2000 through 2002.

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PB/USPS-T32-22. When did the Postal Service first offer Stamps by Mail?

RESPONSE

The earliest reference to (Management Instructions) to Stamps by Mail that could be located was dated 5/1/1989.

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

RESPONSE

Actual numbers of CPUs are first mentioned in the Annual reports of the USPS beginning in 1971. It is believed that the CPU program has existed for over 100 years.

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

RESPONSE

There is no way of determining this number because Contract Postal Units report stamp sales in a unique Account Identifier Code (AIC). This includes stamps of all denominations, including First-Class Mail letter stamps.

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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?

RESPONSE

Please see the response to PB/USPS-T32-39.