

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO
PITNEY BOWES INC. WITNESS BUC (USPS-T-3)
(USPS/PB-T3-1 THROUGH 11)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the above-referenced interrogatories to Pitney Bowes, Inc. witness Lawrence Buc (USPS-T-3).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/PB-T3-1

- (a) To your knowledge, are Priority Mail flat rate stamps sold directly to purchasers by Postal Service employees at USPS owned or leased facilities across USPS retail windows or counters?
- (b) Please confirm that packs of Prepaid (Stamped) Priority Mail flat rate envelopes at www.usps.com (see link below) can be purchased through retail sales channels that avoid the transaction costs incurred by stamps sold directly by Postal Service employees at USPS owned or leased facilities across USPS retail windows or counters.

<http://shop.usps.com/webapp/wcs/stores/servlet/ProductCategoryDisplay?langId=-1&storeId=10001&catalogId=10152&categoryId=13354&beginIndex=0&pageSize=10000>

USPS/PB-T3-2

- (a) To your knowledge, are Benjamin Franklin stamped envelopes sold directly to purchasers by Postal Service employees at USPS owned or leased facilities across USPS retail windows or counters?
- (b) Please confirm that boxes of Benjamin Franklin stamped envelopes at www.usps.com (see link below) can be purchased through retail sales channels that avoid the transaction costs incurred by stamps sold directly by Postal Service employees at USPS owned or leased facilities across USPS retail windows or counters.

<http://shop.usps.com/webapp/wcs/stores/servlet/ProductDisplay?catalogId=10152&storeId=10001&categoryId=15602&productId=18957&langId=-1>

USPS/PB-T3-3

If the Commission were to recommend and the Governors to approve your 0.1-cent discount for single-piece First-Class Mail letter first-ounce postage evidencing purchased through retail sales channels that avoid the transaction costs incurred by stamps sold directly by Postal Service employees at USPS owned or leased facilities across USPS retail windows or counters:

- (a) What percentage of base year meter postage Postal Service retail window/counter purchase transactions do you estimate will convert from postal retail window transactions to alternate postage purchase channel transactions in the test year? Please indicate which alternate channels.
- (b) What percentage of base year permit imprint Postal Service retail window postage purchase transactions do you estimate will convert from postal retail window transactions to alternate postage purchase channel transactions in the test year? Please indicate which alternate channels.

- (c) What percentage of base year PC Postage Postal Service retail window purchase transactions do you estimate will convert from postal retail window transactions to alternate postage purchase channel transactions in the test year? Please indicate which alternate channels.

USPS/PB-T3-5

- (a) Please confirm that your proposed discount for single-piece First-Class Mail letter first-ounce postage evidencing would apply only to postage purchased for and used on First-Class Mail. If you cannot confirm, please explain.
- (b) Please confirm that your proposed discount for single-piece First-Class Mail letter first-ounce postage evidencing would apply only to postage purchased for and used on single-piece First-Class Mail. If you cannot confirm, please explain.
- (c) Please confirm that your proposed discount for single-piece First-Class Mail letter first-ounce postage evidencing would apply only to postage purchased for and used on single-piece First-Class Mail letters. If you cannot confirm, please explain.

USPS/PB-T3-6

Please confirm that the following single-piece First-Class Mail letter first-ounce postage evidencing currently can be purchased through retail sales channels that avoid the transaction costs incurred by stamps sold directly by Postal Service employees at USPS owned or leased facilities across USPS retail windows or counters:

- (a) 39-cent stamps purchased from the U.S. Postal Service by mail;
- (b) 39-cent stamps purchases online at www.usps.com; and
- (c) 39-cent stamps purchased from consignment vendors such as grocery stores and discount retail stores (Safeway and Costco, for example).

USPS/PB-T3-7

Please refer to PB-T-3 at page 7, line 21. Explain and provide citation to the basis for your knowledge that “it costs 1.6 cents in the Base year to sell stamps across the window.”

USPS/PB-T3-8

Please refer to PB-T-3 at page 7, lines 17-19. Identify, describe and explain all aspects of “customer service” unrelated to the price of postage that would be improved by adoption of your proposed 0.1-cent discount for single-piece First-Class Mail letter first-ounce postage evidencing purchased through retail sales channels that avoid the transaction costs incurred by stamps sold directly by Postal Service employees at USPS owned or leased facilities across USPS retail windows or counters.

PB/USPS-T3-9

- (a) Under the terms of your proposal, please identify all mail subclasses whose users would benefit directly by a reduction in the price of postage purchased through meters, permit imprint and PC Postage.
- (b) Under the terms of your proposal, please identify all mail subclasses for which the price of postage would not be discounted if purchased through meters, permit imprint and PC Postage.
- (c) Please estimate the financial expense required for a postal customer to obtain use of a Pitney Bowes postage meter or PC Postage device and any recurring annual costs or fees paid to Pitney Bowes associated with the customer’s use of that device.

PB/USPS-T3-10

Please refer to PB-T-3, page 3, line 14 and provide a citation to the \$221,779,000 figure. Please also indicate whether that figure represents the cost to sell all stamps or the cost to sell stamps for use on Single Piece First-Class Mail only.

PB/USPS-T3-11

- (a) Please identify all factors other than price that to your knowledge could motivate household mailers to explore alternatives to purchasing their postage stamps at postal retail windows.
- (b) Please identify all factors other than price that to your knowledge could motivate household mailers to prefer to purchase their postage stamps at postal retail windows.

PB/USPS-T3-11

Please refer to the paragraph in PB-T-3 that begins at page 6, line 22. Under the idealized scenario that you describe, please confirm that the price of a First-Class Mail stamp paid directly to the Postal Service by a household mailer could vary depending on whether that stamp was purchased at a postal retail window as opposed to www.usps.com.