

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>

RESPONSE

- a. Yes.
- b. The link provided appears to provide an opportunity for the user to purchase Prepaid (Stamped) Priority Mail flat rate envelopes. After rates have been deaveraged for Single-Piece First Class Mail, I would also recommend extending the concept to Priority Mail.

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

RESPONSE

- a. At some locations. In a quick series of visits, five of the seven Post Offices visited had Benjamin Franklin stamped envelopes available for sale across the retail window/counter.
- b. The link provided appears to provide an opportunity for the user to purchase Benjamin Franklin stamped envelopes. After rates have been deaveraged for Single-Piece First Class mail, I would also recommend extending the concept to stamped envelopes.

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.

RESPONSE

- a. I have no data upon which to base a response.
- b. I have no data upon which to base a response, but I do not believe the Postal Service retail window/counters sell a large amount of permit imprint postage.
- c. I have no data upon which to base a response, but I do not believe the Postal Service retail window/counters sell a large amount of PC postage.

USPS/PB-T3-4

- 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.

RESPONSE

- a. Confirmed.
- b. Confirmed.
- c. Not confirmed. It could be used on all shapes of Single-Piece First-Class Mail.

USPS/PB-T3-5 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).

RESPONSE

- a. Confirmed. Please refer to pages 6-7 of my testimony where I explain that I did not propose to deaverage all alternative retail sales channels because the Postal Service currently cannot provide the necessary cost data. Please also refer to pages 8-9 of my testimony where I urge the Postal Service to study these costs so that expanded retail access discounts can be expanded to better reflect avoided costs for all alternative retail sales channels and postage evidencing methods.
- b. Confirmed. Please refer to pages 6-7 of my testimony where I explain that I did not propose to deaverage all alternative retail sales channels because the Postal Service currently cannot provide the necessary cost data. Please also refer to pages 8-9 of my testimony where I urge the Postal Service to study these costs so that expanded retail access discounts can be expanded to better reflect avoided costs for all alternative retail sales channels and postage evidencing methods.

- c. Confirmed. Please refer to pages 6-7 of my testimony where I explain that I did not propose to deaverage all alternative retail sales channels because the Postal Service currently cannot provide the necessary cost data. Please also refer to pages 8-9 of my testimony where I urge the Postal Service to study these costs so that expanded retail access discounts can be expanded to better reflect avoided costs for all alternative retail sales channels and postage evidencing methods.

USPS/PB-T3-6 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.”

RESPONSE

With a unit cost of 1.1 cents and a piggyback factor of 1.41, the unit cost in the base year is 1.6 cents. Please see page 3, lines 16 to 21 of my testimony for all citations.

USPS/PB-T3-7 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.

RESPONSE

With fewer transactions at windows and retail counters, I would expect lines and waiting times would both be shorter.

USPS/PB-T3-8

- 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.

RESPONSE

- a. Because the discounts that I proposed are far less than costs avoided, all mail subclasses could benefit from my proposal if the proposed discounts incited even a small percentage of purchasers to switch their transactions from retail windows/counters. If rates were fully deaveraged across all retail channels and set in accordance with ECPR, the benefits of my proposal would not accrue to other classes.
- b. Please see (a) above.
- c. Consistent with the application of ECPR, the discounts that I propose are based on the costs avoided to the Postal Service, so I have not researched the cost to the customer which I expect would vary substantially based on type of meter, level of

usage, and the like. Pitney Bowes offers a range of postage meter and mailing system solutions, pricing information may be found at <http://www.pb.com/cgi-bin/pb.dll/jsp/ProductCategory.do?catOID=16930&lang=en&country=US> .

USPS/PB-T3-9 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.

RESPONSE

Please see the institutional response of the Postal Service to PB/USPS-T-32-4 which cites this figure and sources it to WS3.2.2 in B Workpapers, LR-L-5. Please note that in a subsequent revision of these workpapers, that figure is listed as \$221,236,000 and my testimony will be modified to reflect this. The figure represents the cost to sell Single Piece First-Class Mail stamps.

USPS/PB-T3-10

- 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.

RESPONSE

- a. I have no data upon which to base a response. I would expect, however, that convenience could motivate household mailers to explore alternatives to purchasing their postage stamps at postal retail windows.
- b. I have no data upon which to base a response. Based on my personal experience, I do not purchase stamps at the window unless I have other purchases to make. My wife purchases stamps at the window in order to buy postage stamps that are not available in the vending machines.

USPS/PB-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.

RESPONSE

Confirmed.