

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

Postal Rate and Fee Changes, 2006

Docket No. R2006-1

**RESPONSE OF PITNEY BOWES INC. WITNESS LAWRENCE G. BUC
TO UNITED STATES POSTAL SERVICE INTERROGATORIES
(USPS/PB –T3-19-20(a)-(b))**

Pitney Bowes Inc. (“Pitney Bowes”) herby submits the responses of Pitney Bowes witness Lawrence G. Buc to United States Postal Service interrogatories USPS/PB-T3-19 and USPS/PB-T3-20(a)-(b).

Respectfully submitted,

/s/
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DATED: October 23, 2006

USPS/PB-T3-19 Please refer to your response to USPS/PB-T3-4, where you state that your proposed discount would apply to all shapes of single-piece First-Class Mail.

- a. Please confirm that your proposed discount applies only to the first ounce. If you cannot confirm, please explain.
- b. Please confirm that, under the Postal Service's proposed rates in this docket, and with your proposed postage evidencing discounts, the following values would be shown as postage paid on the face of each piece. If you cannot confirm, please explain fully:
 - (1) 41.9 cents for a one-ounce letter;
 - (2) 61.9 cents for a one-ounce flat;
 - (3) 99.9 cents for a one-ounce parcel.

RESPONSE

- a. Confirm that the discount as proposed applies only to the first ounce. Given that there are a substantial number of extra ounces in Single-Piece First-Class Mail, after mailers and the Postal Service have experience with the discounts, it would be worth considering expanding them to the additional ounces.
- b. Confirmed.

USPS/PB-T3-20 Please refer to your response to USPS/PB-T3-8(c), where you stated that you did not research the cost to customers under your proposal. That interrogatory also asked, in part, to estimate “any recurring annual costs or fees paid to Pitney Bowes associated with the customer’s use” of a Pitney Bowes postage meter or PC Postage device. However, your response did not address the estimated costs or fees that would be paid from Pitney Bowes’ perspective. If you cannot answer any of the following subparts, please redirect them to Pitney Bowes for an institutional response.

- a. In your view, would your proposed postage evidencing discount affect customers’ decisions to purchase or lease postage meters or PC Postage devices? Please explain fully.
- b. Have you, or Pitney Bowes, estimated how the proposed discount would quantitatively affect customers’ purchases or leases of postage meters or PC Postage devices? If so, please provide the estimates and the data that the estimates are based on.
- c. Please provide (or estimate, if accurate figures are unavailable) Pitney Bowes’ share of the postage meter and PC Postage device markets.
- d. Please estimate the projected increase in revenue to Pitney Bowes based on your proposed 0.1 cent postage evidencing discount.
- e. Please estimate the projected increase in revenue to Pitney Bowes based on a postage evidencing discount of:
 - (1) 1.0 cents (as proposed by Pitney Bowes¹ in Docket No. R2000-1);
 - (2) 2.0 cents;
 - (3) 3.0 cents;

¹ See Docket No. R2000-1, Tr. 26/29/13893 at 9-10.

- (4) 4.0 cents (as proposed by E-Stamp and Stamps.com² in Docket No. R2000-1).

RESPONSE

- a. Yes. Pricing incentives would likely drive demand for these products.
- b. No.
- c.-e. Pitney Bowes has filed an objection to USPS/PB-T3-20(c)-(e) under separate cover.

² See Docket No. R2000-1, Tr. 29/13651 at 3-7; Docket No. R2000-1, Tr. 23/10482 at 5-9.