

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.-b. Pitney Bowes has filed a response to USPS/PB-T3-20(a)-(b) under separate cover.
- c. Pitney Bowes hereby objects to USPS/PB-T3-20(c) as an improper discovery request under Rule 25(a). Pitney Bowes objects to USPS/PB-T3-20(c) on the grounds of relevance, harassment, and undue burden. The information requested in USPS/PB-T3-20(c) is beyond the scope of the testimony submitted by Pitney Bowes in this case and is irrelevant. The testimony of Pitney Bowes witness Buc proposes a discount for Single-Piece First-Class Letter Mail first-ounce postage evidencing purchased through select retail sales channels that avoid the transaction costs incurred by stamps sold directly by Postal Service employees at USPS owned or leased facilities i.e., stamps sold across USPS retail windows or counters. This workshare discount is premised on the fact that the sale of stamps through traditional Postal Service retail windows is expensive and, therefore, that deaveraging the cost of postage evidencing for different retail sales channels would promote economic efficiency. Under the Commission's well-established practice of setting discounts in conformity with efficient component pricing, the discount proposed, like all workshare discounts, is based on the unit avoided costs of the Postal Service; the costs or revenue implications for individual firms are irrelevant. Because the information requested in USPS/PB-T3-20(c) is beyond

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

the scope of the testimony and has no bearing on the appropriateness of the proposed workshare discount the discovery request is improper and irrelevant.

Moreover, the information requested in USPS/PB-T3-20(c) appears to be designed to harass Pitney Bowes rather than to elicit relevant information. At best, information regarding Pitney Bowes' share of the postage meter and PC postage device markets would establish that Pitney Bowes is an interested party with respect to the Commission's review of the proposed expanded retail access discount. Setting aside the fact that proposed discount would inure to the benefit of the shared customers of Pitney Bowes and the Postal Service – mail users. The notion that Pitney Bowes is an interested party is self-evident. First, Pitney Bowes, like every other intervenor, is by definition an interested party. Second, Pitney Bowes is the sponsor of the proposed discount. The interrogatory appears nonetheless intended to harass Pitney Bowes by forcing it to produce, or estimate, commercially sensitive information without any apparent benefit to the Commission or the proceedings. Accordingly, the information requested in USPS/PB-T3-20(c) is an improper discovery request under Rule 25(a).

Furthermore, defining the relevant markets and developing and undertaking meaningful surveys to establish proper market share information is a task requiring careful and often expensive inquiry and analysis. Requiring Pitney Bowes to undertake such an effort on a matter that is peripheral, at best, to this case would impose a substantial and unwarranted burden on Pitney Bowes.

- d. Pitney Bowes hereby objects to USPS/PB-T3-20(d) as an improper discovery request under Rule 25(a). Pitney Bowes objects to USPS/PB-T3-20(d) on the

grounds of relevance, harassment, and undue burden. The information requested is beyond the scope of the testimony submitted by Pitney Bowes in this case. The relevant testimony of Pitney Bowes witness Buc proposes a discount for Single-Piece First-Class Letter Mail first-ounce postage evidencing purchased through select retail sales channels that avoid the transaction costs incurred by stamps sold directly by Postal Service employees at USPS owned or leased facilities i.e., stamps sold across USPS retail windows or counters. This workshare discount is premised on the fact that the sale of stamps through traditional Postal Service retail windows is expensive and, therefore, that deaveraging the cost of postage evidencing for different retail sales channels would promote economic efficiency. Under the Commission's well-established practice of setting discounts in conformity with efficient component pricing, the discount proposed, like all workshare discounts, is based on the unit avoided costs of the Postal Service; the costs or revenue implications for individual firms are irrelevant. Because the information requested in USPS/PB-T3-20(d) is beyond the scope of the testimony and has no bearing on the appropriateness of the proposed workshare discount the discovery request is improper and irrelevant.

Moreover, the information requested in USPS/PB-T3-20(d) appears to be designed to harass Pitney Bowes rather than to elicit relevant information. At best, information regarding the projected increase in revenue to Pitney Bowes from the proposal will establish that Pitney Bowes is an interested party with respect to the Commission's review of the proposed expanded retail access discount. Setting aside the fact that proposed discount would inure to the benefit

of the shared customers of Pitney Bowes and the Postal Service – mail users. The notion that Pitney Bowes is an interested party is self-evident. First, Pitney Bowes, like every other intervenor, is by definition an interested party. Second, Pitney Bowes is the sponsor of the proposed discount. The interrogatory nonetheless appears intended to harass Pitney Bowes by forcing it to produce, or estimate, commercially sensitive information and impose a substantial burden without any apparent benefit to the Commission or the proceedings. Accordingly, the information requested in USPS/PB-T3-20(d) is an improper discovery request under Rule 25(a).

Furthermore, notwithstanding the foregoing objections and without waiving the foregoing objections, Pitney Bowes has not undertaken any studies to estimate the projected increase in revenue to Pitney Bowes based on the proposal. To develop and undertake a meaningful survey of customer behavior in response to the proposed discount would impose a substantial and unwarranted burden on Pitney Bowes.

- e. Pitney Bowes hereby objects to USPS/PB-T3-20(e) as an improper discovery request under Rule 25(a). Pitney Bowes objects to USPS/PB-T3-20(e) on the grounds of relevance, harassment, and undue burden. The information requested is beyond the scope of the testimony submitted by Pitney Bowes in this case. The relevant testimony of Pitney Bowes witness Buc proposes a discount for Single-Piece First-Class Letter Mail first-ounce postage evidencing purchased through select retail sales channels that avoid the transaction costs incurred by stamps sold directly by Postal Service employees at USPS owned or leased facilities i.e.,

stamps sold across USPS retail windows or counters. This workshare discount is premised on the fact that the sale of stamps through traditional Postal Service retail windows is expensive and, therefore, that deaveraging the cost of postage evidencing for different retail sales channels would promote economic efficiency. Under the Commission's well-established practice of setting discounts in conformity with efficient component pricing, the discount proposed, like all workshare discounts, is based on the unit avoided costs of the Postal Service; the costs or revenue implications for individual firms are irrelevant. Because the information requested in USPS/PB-T3-20(e) is beyond the scope of the testimony and has no bearing on the appropriateness of the proposed workshare discount the discovery request is improper and irrelevant.

Moreover, the information requested in USPS/PB-T3-20(e) appears to be designed to harass Pitney Bowes rather than to elicit relevant information. At best, information regarding the projected increase in revenue to Pitney Bowes at various hypothetical discount ranges will establish that Pitney Bowes is an interested party with respect to the Commission's review of the proposed expanded retail access discount. Setting aside the fact that proposed discount would inure to the benefit of the shared customers of Pitney Bowes and the Postal Service – mail users. The notion that Pitney Bowes is an interested party is self-evident. First, Pitney Bowes, like every other intervenor, is by definition an interested party. Second, Pitney Bowes is the sponsor of the proposed discount. The interrogatory appears nonetheless intended to harass Pitney Bowes by forcing it to produce, or estimate, commercially sensitive information and impose a

substantial burden, without any apparent benefit to the Commission or the proceedings. Accordingly, the information requested in USPS/PB-T3-20(e) is an improper discovery request under Rule 25(a).

Furthermore, notwithstanding the foregoing objections and without waiving the foregoing objections, Pitney Bowes has not undertaken any studies to estimate the projected increase in revenue to Pitney Bowes based on the stated discount ranges. To develop and undertake a meaningful survey of customer behavior in response to the hypothetical discount ranges would impose a substantial and unwarranted burden on Pitney Bowes.