

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

STAMPED STATIONERY AND STAMPED CARDS
CLASSIFICATIONS

Docket No. MC2006-7

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN
(DBP/USPS-20-27, 30-31)

The United States Postal Service hereby provides its responses to the following interrogatories of David B. Popkin: DBP/USPS-20-27, 30-31, filed on April 2, 2007. Objections were being filed to DBP/USPS-28 and 29.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 13, 2007

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID B. POPKIN

DBP/USPS-20 Please refer to your responses to Interrogatories DBP/USPS-1 and 2.

[a] Please indicate which of the listed items are still on sale at the Stamp Fulfillment Services in Kansas City.

[b] Please indicate which of the listed items are still on sale at local post offices throughout the country.

[c] Please indicate which of the listed items are still on sale at other venues. Please identify the venues.

RESPONSE:

a. The items currently on sale are: Baseball Sluggers; Disney Romance; Disney Celebration; and Disney Friendship.

b. On-sale Information for local post offices is available for those items issued after 2003 only. These are: Baseball Sluggers; Disney Romance; Disney Celebration; Disney Friendship; DC Super Heroes; Southern Florida Wetland; 50 Sporty Cars; Let's Dance; Cloudscapes; and Art of the American Indian.

c. No information on other venues is available.

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DBP/USPS-21

[a] For each of the items that are still on sale or which do not represent a final figure, please indicate the date for which the numbers sold as provided in response to Interrogatory DBP/USPS-1. Please provide updated figures for number sold.

[b] For each of the items that are still on sale, please indicate whether the sale of the item has dropped off from the early sales period and attempt to quantify the sales levels.

RESPONSE:

a. The chart provided in response to DBP/USPS-1 reflected sales up to February 2007.

The chart below shows sales as of 3/30/07.

Date of Issue	Description	No. of Designs	No. of Items	Selling Price	Value of Postage	No. Printed	No. Sold as of 2/07	No. Sold SFS as of 2/07	Total Sold as of 3/30/07
2006									
15-Jul	Baseball Sluggers	4	20	\$9.95	24¢	30,000	10,045	6,753	11,472
20-Jul	DC Super Heroes	20	20	\$9.95	24¢	30,000	19,137	13,545	19,705
21-Apr	Disney Romance	4	20	\$9.95	24¢	30,000	9,913	6,951	10,593
4-Oct	Southern Florida Wetland	1	10	\$7.95	39¢	10,000	7,868	6,544	8,165
2005									
30-Jun	Disney Celebration	4	20	\$9.75	23¢	30,000	20,727	11,377	21,380
20-Aug	50s Sporty Cars	5	20	\$9.75	23¢	35,000	16,157	8,154	16,157
17-Sep	Let's Dance	4	20	\$9.75	23¢	30,000	10,917	7,003	11,126
2004									
4-Oct	Cloudscapes	15	20	\$9.75	23¢	45,000	30,981	15,189	30,984
23-Jun	Disney Friendship	4	20	\$9.75	23¢	68,000	36,995	16,953	37,434
21-Aug	Art of the American Indian	10	20	\$9.75	23¢	35,000	22,667	9,174	22,669
2005									
3-Mar	Garden Bouquet	1	12	\$14.95	37¢	30,000	10,990	5,939	11,364
2004									
23-Jun	Disney Friendship	4	12	\$14.95	37¢	40,000	17,037	10,718	17,246

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b. Yes., As expected, sales are likely to drop off the longer a product remains on sale.

No further information is available to quantify this.

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DBP/USPS-22 Please refer to your response to Interrogatory DBP/USPS-1 and confirm that the postage value for cards sold during 2005 was 23¢ and not 24¢.

RESPONSE:

Confirmed. The 2005 card values should be 23 cents not 24 cents. The correction is reflected in the table provided in response to DBP/USPS-21.

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DBP/USPS-23 I understand that the 2006 Florida Wetland cards are sold out at the Stamp Fulfillment Services in Kansas City. The data provided in response to Interrogatory DBP/USPS-1 shows some 22132 units or 73.8% unsold. Please explain.

RESPONSE:

The print quantity originally shown was an error. It was actually 10,000. The correction is reflected in the table provided in response to DBP/USPS-21.

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DBP/USPS-24 Please refer to the following chart that was prepared using the data that was provided in response to Interrogatory DBP/USPS-1.

Please confirm, or explain if you are not able to confirm, each of the following [please discuss each of the items as to the justification which allowed the price that was charged]

[a] Nine of the cards were sold for less than the minimum proposed price of 1 times the stamped card rate [a percent in the last column of less than 100%].

[b] Only eight of the cards were sold for more than 123.75 percent of the stamped card rate.

[c] Three of the cards have been sold for as little as 48.75 percent of the stamped card rate.

	UNIT POSTAGE	NUMBER OF ITEMS	TOTAL POSTAGE	SELLING PRICE	TOTAL COST OF ITEMS WITHOUT POSTAGE	COST OF A SINGLE ITEM WITHOUT POSTAGE	PERCENT OF THE COST OF A STAMPED CARD
2006							
Baseball	\$0.24	20	\$4.80	\$9.95	\$5.15	\$0.2575	107.29%
Super Heroes	\$0.24	20	\$4.80	\$9.95	\$5.15	\$0.2575	107.29%
Disney	\$0.24	20	\$4.80	\$9.95	\$5.15	\$0.2575	107.29%
Fla. Wetland	\$0.39	10	\$3.90	\$7.95	\$4.05	\$0.4050	168.75%
2005							
Disney	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
Sporty Cars	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
Let's Dance	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
2004							
Cloudscapes	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
Disney	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
American Indian	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
2003							
Old Glory	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
Music Makers	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
SE Lighthouses	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
2002							
Snowmen	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
Teddy Bears	\$0.23	20	\$4.60	\$9.75	\$5.15	\$0.2575	111.96%
2001							
Playing Fields	\$0.21	10	\$2.10	\$6.95	\$4.85	\$0.4850	230.95%
Santas	\$0.21	20	\$4.20	\$9.25	\$5.05	\$0.2525	120.24%
That's All Folks	\$0.20	20	\$4.00	\$5.95	\$1.95	\$0.0975	48.75%
2000							
Baseball Legends	\$0.20	20	\$4.00	\$8.95	\$4.95	\$0.2475	123.75%
Deer	\$0.20	20	\$4.00	\$8.95	\$4.95	\$0.2475	123.75%

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Road Runner	\$0.20	10	\$2.00	\$6.95	\$4.95	\$0.4950	247.50%
Adoption	\$0.20	10	\$2.00	\$6.95	\$4.95	\$0.4950	247.50%
Stars and Stripes	\$0.20	20	\$4.00	\$8.95	\$4.95	\$0.2475	123.75%
1999							
Victorian-Love	\$0.20	20	\$4.00	\$6.95	\$2.95	\$0.1475	73.75%
Daffy Duck	\$0.20	20	\$4.00	\$6.95	\$2.95	\$0.1475	73.75%
Trains	\$0.20	20	\$4.00	\$6.95	\$2.95	\$0.1475	73.75%
1998							
Ballet	\$0.20	10	\$2.00	\$5.95	\$3.95	\$0.3950	197.50%
Tropical Birds	\$0.20	20	\$4.00	\$6.95	\$2.95	\$0.1475	73.75%
Sylvester/Tweety	\$0.20	20	\$4.00	\$5.95	\$1.95	\$0.0975	48.75%
1997							
Movie Monsters	\$0.20	20	\$4.00	\$5.95	\$1.95	\$0.0975	48.75%
Love Variety	\$0.20	12	\$2.40	\$6.95	\$4.55	\$0.3792	189.58%
1996							
Endangered Species	\$0.20	15	\$3.00	\$11.95	\$8.95	\$0.5967	298.33%
Olympic Games	\$0.20	20	\$4.00	\$12.95	\$8.95	\$0.4475	223.75%
1995							
Civil War	\$0.20	20	\$4.00	\$7.95	\$3.95	\$0.1975	98.75%
Comic Strip	\$0.20	20	\$4.00	\$7.95	\$3.95	\$0.1975	98.75%
1994							
Legends of West	\$0.19	20	\$3.80	\$7.95	\$4.15	\$0.2075	109.21%
PREMIUM STAMPED STATIONERY							PERCENT OF THE COST OF A FIRST-CLASS LETTER
2005							
Garden Bouquet	\$0.37	12	\$4.44	\$14.95	\$10.51	\$0.8758	236.71%
2004							
Disney Friendship	\$0.37	12	\$4.44	\$14.95	\$10.51	\$0.8758	236.71%

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed and those issuances occurred in 1997, 1998, and 2001.

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DBP/USPS-25 Since all of the Premium Stamped Cards have sold for less than 2 times the stamped card rate, why is it necessary to ask for rates as high as 3 times the stamped card rate?

RESPONSE:

As stated in the testimony, the Commission identified “stamped stationery as a candidate for new, flexible pricing techniques” and urged the Postal Service to “explore such options.” The proposal of a range of fees for PSS and PSC is an appropriate and novel pricing approach, however in order for this approach to offer the necessary and desired flexibility for the product, the size of the range should be sufficiently large. The proposed maximum of 3 times the card rate will accommodate the issuance of higher quality or special edition PSS or PSC.

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DBP/USPS-26 Please refer to your responses to Interrogatories DBP/USPS-1 and 2. Please explain why you are making a distinction between those cards sold between 1989 and 1993 which did not feature designs from actually, separately issued postage stamps and those that were sold from 1994 to date which did.

RESPONSE:

The referenced response provides the basis for the distinction, *i.e.*, a difference in the product, which preceded the current program, which began in 1994: “Unlike the current program, the postage indicia on the cards listed below did not feature designs from actual, separately issued postage stamps, but were simply an image related to the theme of the card.”

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DBP/USPS-27 Please refer to your responses to Interrogatory DBP/USPS-2.
Please confirm, or explain if you are unable to confirm, that the cards issued between
1989 and 1993 were all sold as single units and at a price of 50¢.

RESPONSE:

Confirmed.

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DBP/USPS-30 Please refer to your responses to Interrogatories DBP/USPS-9 and 10.

[a] Please confirm, or explain if you are unable to confirm, that if the price was reduced from the existing levels there would be increased use by the general public for personal correspondence.

[b] Please discuss the extent to which sales to philatelists entered into the decision to issue Premium Postal Stationery and/or Cards.

RESPONSE:

a. Not confirmed. The Postal Service is unaware of any studies that reveal the price elasticity of demand for PSS or PSC.

b. The products are designed to appeal to the general public; moreover, the Postal Service has no basis to determine for what purposes customers buy these products.

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DBP/USPS-31 Please refer to your response to Interrogatory DBP/USPS-14. Please confirm, or explain if you are unable to confirm, that had the proposed rates been in effect for the issuance of the Florida Wetland 2006 issue, it would have been sold for a minimum price of 62¢ each [39¢ postage plus 23¢ for one times the card rate] and a maximum price of \$1.08 each [39¢ postage plus 69¢ for three times the card rate].

RESPONSE:

Confirmed.