

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Review of Nonpostal Services

Docket No. MC2008-1(Phase II)

PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

(Issued May 29, 2009)

To clarify the declaration of Peter Wragg, Vice President of Merchandising for Pitney Bowes Inc., filed April 17, 2009 in response to the Presiding Officer's Ruling No. 5, the Presiding Officer requests Peter Wragg to provide written responses to the following questions. Answers should be provided to individual questions as soon as they are developed, but no later than June 10, 2009.

1. Since the Postal Service brand of postage meter ink cartridge replacements entered the market in November, 2007, has Pitney Bowes submitted any new postage meter systems to the Postal Service for approval? If so:
  - a. Did the system include any modification to the postage meter ink previously approved by the Postal Service?
  - b. Did the Postal Service review the inks in a timely manner and approve the inks in the same manner as in the past?
  - c. Did the Postal Service raise any issues about the ink in the new system?
  - d. Was the Postal Service's approval of the new system as timely as in the past?
2. Please describe each circumstance, if any, where the Postal Service's approval of new postage meters was delayed because the Postal Service is competing for the sale of mailing and shipping supplies.

3. Please describe each circumstance, if any, where the Postal Service may have created an unfair competitive advantage, or engaged in conduct that may substantially reduce competition, by acting as regulator of postage meter ink cartridge replacements.
4. Please describe each circumstance, if any, whereby the Postal Service has delayed or suppressed innovation by others of postage meter ink cartridge replacements.
5. Please explain why you believe, as stated in your declaration in response to the Presiding Officer's Ruling No. 5, paragraph 13, that the package of the Postal Service replacement postage meter ink cartridge, supplied as library reference PB-LR-1, would mislead most consumers into believing that it is a Postal Service product when the package indicates with a specific logo that the product is manufactured in China under license.
6. On what basis do you conclude, as stated in your declaration, in response to the Presiding Officer's Ruling No. 5, paragraph 14, that "a consumer would reasonably expect that USPS-branded mailing and shipping supplies is (*sic*) a superior product?"
7. Please explain the basis and evidence for Pitney Bowes' conclusion that "...the Postal Service's entry into the competitive meter supplies space with USPS-branded replacement cartridges would inflict substantial commercial harm on private companies in the market who would be forced to compete against a government-sponsored entity operating in a commercial space". See Pitney Bowes Inc. Comments on United State Postal Service Response to Order No. 126 Regarding Licensing Agreements, November 24, 2008, at 16. (Pitney Bowes Comments).

8. Has Pitney Bowes ever sought to obtain a license from the Postal Service for the sale of a United States Postal Service branded product? If so, identify each such product and the effective dates of the license.
  
9. If Postal Service licensing is available to Pitney Bowes on reasonable and non-discriminatory terms, is there any competitive harm to Pitney Bowes? If so, please elaborate.
  
10. In his second declaration, filed November 7, 2008, Randall Hooker indicates (at ¶ 7) that if “one excludes Pitney Bowes [from the postage meter supplies market], the collective market players have less than 6% of the relevant market.”
  - a. Does Pitney Bowes have over 90% of the market in the sale of postage meter ink cartridges? If not, what is its current market share?
  - b. How many manufacturers are producing postage meter replacement ink cartridges for Pitney Bowes postage meters?
  - c. How many brands of postage meter replacement ink cartridges for use in Pitney Bowes’ postage meters are for sale in the market? Please name the brands and their estimated market share.
  - d. Does Pitney Bowes offer for sale Pitney Bowes’ brand replacement ink cartridges for use in postage meters of any of its competitors?

11. Pitney Bowes has indicated that it “shares the Commission’s view that the Postal Service should not be precluded from lease or licensing arrangements related to its core postal business.” See Pitney Bowes Comments, at 15, n. 43. Is this statement still accurate? If so, please elaborate.

Dan G. Blair  
Presiding Officer