

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF DAVID B. POPKIN
(DBP/USPS-293 THROUGH 364)
(August 7, 2006)

The United States Postal Service hereby provides its institutional responses to the above-listed interrogatories, filed on July 17, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-293. The initial pages 2 through 10 of USPS LR-L-152 appear to have the lower left portion of the page redacted. Please explain the need for the redaction or provide an unredacted version of the Library Reference.

RESPONSE:

Nothing was redacted. A copying error resulted in parts of pages 2 - 10 being only partially reproduced. This was explained by the Postal Service on July 17, 2006 in the Notice of Filing Substitute Copies of USPS Library Reference USPS-LR-L-152, and corrected replacement copies were filed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-294. What is the significance of the words "Month year" appearing on the lower right corner of the initial pages 1 through 11 of USPS LR-L-152?

RESPONSE:

There is no significance.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-295. Please provide a copy of the instructions that were provided to the participants in the market research for USPS LR-L-152.

RESPONSE:

The participants (respondents) were not provided any instructions. Rather, they were contacted and interviewed by phone. However, in the interview, they were greeted with the following introduction:

Hello, my name is _____. I'm calling from Opinion Research Corporation of Princeton, New Jersey. We're conducting a national survey of people's opinions on subjects of interest to consumers and would like to have your household participate. We are not selling any products or services. We are only asking your opinions. Your answers will remain confidential. This call may be monitored or recorded for quality assurance purposes.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-296. Please provide a copy of the telephone scripts that were provided to the participants in the market research for USPS LR-L-152.

RESPONSE:

The participants (respondents) were not provided any telephone scripts. Rather, they were contacted and interviewed by phone. Please also see the response to DBP/USPS-295.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-297. Please provide a copy of the computer screens that were utilized by the participants in the market research for USPS LR-L-152.

RESPONSE:

The participants (respondents) did not utilize any computer screens. Rather, they were contacted and interviewed by phone.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-298. Please provide a copy of the questionnaires that were utilized by the participants in the market research for USPS LR-L-152.

RESPONSE:

The participants (respondents) did not utilize any questionnaires. Rather, they were contacted and interviewed by phone. Copies of the questionnaires used for the Small Business Caravan Survey and Consumer Caravan Survey have been filed per DBP/USPS-299.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-299. In USPS LR-L-152, both the Small Business Caravan Methodology and the Consumer Caravan Methodology state that, "a copy of the question series as it appeared in the survey questionnaire" is included. Please point out which specific pages and parts contain that information or provide the information.

RESPONSE:

Copies of the survey questionnaires were intended for inclusion at the end of the Small Business Caravan Methodology and Consumer Caravan Methodology. Inadvertently the questionnaires were left out. Corrected copies of USPS-LR-L-152 have been filed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-300. In the Small Business Caravan Methodology of USPS LR-L-152 it states that the report was obtained by a survey of 2059 adults living in private households. Please explain why it is believed that contacting adults in private households will provide a valid study of the data for small businesses.

RESPONSE:

Tabulations in the Small Business Caravan Methodology were limited to those among the 2,059 respondents who indicated that they were the owner or manager of a small business. On a weighted basis, that represented 199 respondents.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-301.

[a] Please provide information on the methods that were utilized to contact and obtain valid data for the study of small businesses in USPS LR-L-152.

[b] Please provide the definition of a small business that was utilized in this survey.

RESPONSE:

[a] The respondents were asked if they are the owner or manager of a small business.

[b] A sole proprietorship or a business with fewer than 20 employees.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-302. In USPS LR-L-152, both the Small Business Caravan Methodology and the Consumer Caravan Methodology contain a table on the last page which has a heading of "Acceptability of [practice]". What is the significance of the word "[practice]"?

RESPONSE:

There is no significance for the Forever Stamp survey. The brackets are intended as a placeholder, with the inserted generic term "practice" representing whatever is being studied/tested.

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DBP/USPS-303. In USPS LR-L-152, both the Small Business Caravan Methodology and the Consumer Caravan Methodology state that there were two waves of a telephone survey.

[a] Why were there two waves rather than a single wave?

[b] What was the difference between the two waves?

[c] Was there any significant difference between the results of the two separate waves?

[d] If so, please explain and discuss.

RESPONSE:

[a] CARAVAN® is conducted twice-weekly, year-round. The two weekly “waves” each target 1,000 individuals. In the case of the Forever Stamp survey, two waves were needed to obtain the required number of interviews.

[b] There are no differences between the two waves.

[c] The results were not stratified on that basis, but no significant differences should be expected.

[d] N/A

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-304. Please provide the raw data that resulted from the two waves of telephone surveys that were conducted for USPS LR-L-152 including, but not limited to, the data from income level, metro size, children in household, geographic region, and occupation. Please discuss any significant differences observed in any of these categories.

RESPONSE:

Detailed raw data tabulations were intended for inclusion starting at page 10 of both the Small Business Caravan Methodology and Consumer Caravan Methodology. Inadvertently these sections were left out. Corrected copies of USPS-LR-L-152 have been filed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-305. In USPS LR-L-152, both the Small Business Caravan Methodology and the Consumer Caravan Methodology were conducted on April 27 [Thursday] to May 1, 2006 [Monday].

[a] Were calls made on both the weekdays and weekend of that time period?

[b] If so, was there any difference between calls made on the weekday vs. weekend?

[c] If so, please discuss.

[d] Please discuss the significance of contacting small businesses on a weekend, particularly on a Sunday.

RESPONSE:

[a] Yes.

[b] The same questionnaires were utilized on weekdays and the weekend.

[c] N/A

[d] Small businesses, per se, were not contacted in the survey. Rather, private households were contacted, and the small-business sample was derived by querying the respondent if she/he is the owner or manager of a small business.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-306. Please confirm, or explain if you are unable to confirm, that the survey for USPS LR-L-152 dealt with the last rate increase from 37¢ to 39¢ in both the reactions to what took place during that change as well as what would have been done had a Forever Stamp been in use.

RESPONSE:

Partially confirmed. The survey did gauge reactions to the increase from 37 cents to 39 cents in January 2006. Otherwise, not confirmed. A baseline rate of 39 cents (the extant rate when the survey was conducted in April/May 2006) was posed to survey participants. Please see USPS-T-48, at 13, lines 22 and 23.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-307. In USPS LR-L-152, please confirm, or explain if you are unable to confirm, that both the Small Business Caravan Methodology and the Consumer Caravan Methodology do not contain any specific data to this particular survey [other than the first paragraph of the Introduction] but describe the methods that were utilized in this survey and that the data that was provided shows the reliability of data in general and not in this survey specifically.

RESPONSE:

Confirmed. Please see the response to DBP/USPS-304.

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DBP/USPS-308. In USPS LR-L-152 in the data tabulation the letters HH appear after the word Consumers in a number of instances. What does it stand for?

RESPONSE:

Household. The term appears inadvertently. It no way does it modify the category "Consumers."

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-309. In USPS-LR-L-152, customers were asked about purchasing the Forever Stamp at various prices from 39¢ to 45¢.

[a] What time frame was the response supposed to be made with respect to?

[b] Was it before or after the rate change from 37¢ to 39¢ on January 8, 2006?

[c] If it was before, how far before January 8th was utilized?

[d] If it was before, were the respondents aware that the rates were being increased to 39¢ on January 8th?

[e] Please discuss what extent you feel the holiday season would have affected the response and the rationale for that response.

RESPONSE:

[a] The purchase decision was posed for “today.”

[b] After.

[c] N/A

[d] N/A

[e] The percentage of respondents who were very or somewhat likely to purchase the Forever Stamp at 39 cents (no premium) ranged for consumers from 64 percent if the next rate change is one year “from today” to 82 percent if the next rate change is two weeks from today, and for small businesses from 62 percent if the next rate change is one year from today to 82 percent if the next rate change is two weeks from today. “Today” can be taken to mean late April/early May, when the survey was conducted. If the survey had been conducted in November or December, just before the “holiday season,” it is possible, but not at all certain, that the two-week response would have been higher — to the extent that mailings are concentrated during the holiday season and therefore mailers have more at stake financially.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-310. In USPS LR-L-152, the data indicate that 74 to 80 percent of the respondents would be very/somewhat likely to purchase the Forever Stamp at 39¢. If the time frame in response to Interrogatory DBP/USPS-309 was on or after January 8, 2006, what rationale can you provide why 20 to 26 percent of the respondents would not want to purchase the Forever Stamp?

RESPONSE:

The survey question eliciting that response range (74 to 80 percent) specifically refers to the opportunity to purchase the Forever Stamp “today.” Perhaps some respondents have an interest in purchasing the Forever Stamp, but not until later. Other respondents may prefer denominated stamps for philatelic reasons.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-311. In USPS LR-L-152, the data indicate that 27 to 57 percent of the respondents would be very/somewhat likely to purchase the Forever Stamp at prices that were higher than the proposed rate increase to 39¢. What rationale can you provide why the respondents would want to purchase the Forever Stamp at a higher price than just purchasing regular stamps at 39¢?

RESPONSE:

The Forever Stamp can serve as a hedge against future rate increases. This hedge value may exceed the Forever Stamp's rate premium for some mailers.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-312. In USPS LR-L-152, please provide the rationale for tabulating the responses to Insights #1, #4, #5 and #10 through #15 with respect to the premium prices that were likely to be paid.

RESPONSE:

The value of such cross-tabulations was apparently evidenced in DBP/USPS-311, which relied on one — the 27 to 57 percent range — from Insight #12. Otherwise, in general, the cross-tabulations enable cross-comparisons at the different rate-premium tiers.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-313. In USPS LR-L-152, please provide the rationale for why the response for small businesses for Insight #1 at the 42¢ and 45¢ levels is higher any of the other responses including those for Consumers.

RESPONSE:

It is entirely plausible that, on average, small businesses have a greater need for postage stamps and therefore will purchase them more frequently than consumers. It is also understandable that among small business mailers, those who are the heaviest stamp users (in Insight #1, those making stamp purchases about three times per month, on average) will derive relatively more convenience and/or hedging value from the Forever Stamp, and will therefore be more likely to pay a 3 or 6 cent premium for it. Insight #1 (as well as Insight #4) is consistent with these correlations.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-314. In USPS LR-L-152, please provide the rationale for choosing "20 or <" as the first category as opposed to breaking out 1 to 19 vs. 20 stamps since many sheets and booklets of stamps come in 20's.

RESPONSE:

The detailed tabulations which were intended as part of USPS-LR-L-152 (and have since been included in a corrected USPS-LR-L-152 filing) do in fact disaggregate on the suggested basis: 1 - 5 stamps, 6 - 10 stamps, 11 - 19 stamps, 20 stamps, *et. al.*

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-315. In USPS LR-L-152, the data indicate that 14% of the respondents purposely underpaid postage, using just one 37¢ stamp when the rate was 39¢.

[a] Please explain why you believe 14% of mailers purposely underpaying postage is a small percent.

[b] Please describe any discussion that was made during the interview regarding what the regulations were for properly paying postage or the action that would be taken by the Postal Service with respect to utilizing a 37¢ stamp when the postage rate was 39¢.

[c] Do you believe that some respondents might understate their sending mail which was prepared in violation of postal regulations?

[d] What action was taken to ensure the best possible data were obtained?

RESPONSE:

[a] The modification “small” was intended in comparison to the 84 percent who did not pay only 37 cents in postage after the rate became 39 cents. In any case, the 14 percent represents respondents who mailed “any letters” at the old 37-cent rate. This could be as few as one letter (*i.e.*, one incidence). Therefore, the overall percentage of letters mailed at 37 cents was no doubt less than 14 percent, possibly much less than 14 percent.

[b] The survey was limited to eliciting mailer responses to the items in the questionnaire. There was no scope for discussing regulatory and enforcement matters.

[c] The Postal Service has no reason to believe this.

[d] The interviewer’s opening statement included the following: “We are not selling any products or services. We are only asking your opinions. Your answers will remain confidential.”

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-316.

[a] What action will the Postal Service take if a mailer deposited a one ounce letter with a 37¢ stamp affixed when the rate was 39¢?

[b] Would the response to subpart a be different depending how on soon after the January 8, 2006, rate increase it took place?

[c] If so, please explain.

[d] This subpart is designed to determine the extent to which shortpaid mail such as described in subpart a above would be discovered in an effort to determine the significance of the regulation. If a mailer were to deposit at the present time a single #10 one ounce envelope with a typewritten or computer printed address in each of the some 300,000 blue collection boxes located throughout the country and addressed to different addresses located randomly throughout the 50 states and prepaid with a 37¢ stamp, what is your best estimate of the number of these 300,000 envelopes would be discovered and action taken to collect the shortpaid 2¢?

RESPONSE:

[a] – [c]. The pertinent Domestic Mail Manual (DMM) regulation for shortpaid mail is:

DMM 604.8.1.1

Mail of any class, including mail indicating extra services (except Express Mail, Registered Mail, and nonmachinable First-Class Mail), that is received at either the office of mailing or office of address without enough postage is marked to show the total (rounded off) deficiency of postage and fees. Individual such pieces (or quantities fewer than 10) are delivered to the addressee on payment of the charges marked on the mail. For quantity mailings of 10 or more pieces, the mailer is notified so that the postage charges may be adjusted before dispatch.

For mail taken from collection boxes during the first collection immediately after a rate change, it is presumed that the pieces with 37 cents postage may have been deposited before the rate change took effect.

[d] It is not known how much shortpaid mail there may be in relation to what is actually caught and either sent back to the mailer or delivered to the addressee with postage due. The Postal Service does not presume to catch 100 percent of shortpaid mail. All shortpaid mail revenue is recorded in a unique accounting code but is not separated by class of mail.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-317. Please provide any data that exists, such as mystery shopper reports, which would show the extent to which the waiting time at post offices is higher than normal immediately before and/or after a rate increase.

RESPONSE:

There is no conclusive evidence or data to either accept or reject the hypothesis that waiting time at post offices is longer than normal, immediately before and/or after a rate increase. Anecdotal evidence abounds in the media during the period when rates are implemented. Generally speaking, we would expect longer wait time immediately before and/or after a rate increase is implemented.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-318. Please provide any data that exists which would show the extent to which post offices ran out of the make-up stamps. For example, in the January 2006 rate increase, the extent to which post offices ran out of 2¢ stamps or had to take other action such as selling 1¢ stamps so a customer would need to use two of them or sold other available lower value stamps, such as 3¢ stamps, to allow for the best possible solution when 2¢ stamps were unavailable.

RESPONSE:

No office should have inadvertently run out. Offices could reorder when quantities warranted this action. There are no data reflecting the degree to which any of the phenomena described in your question occurred.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-319. Please confirm, or explain if you are unable to confirm, that, on balance, the concept of a Forever Stamp is in the best interests of the Postal Service.

RESPONSE:

Confirmed. Please see the discussion of Section 3623(c), criterion 5 in USPS-T-48, from page 18, line 30 to page 19, line 4.

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DBP/USPS-320. Please confirm, or explain if you are unable to confirm, that, on balance, the concept of a Forever Stamp is in the best interests of the mailing public.

RESPONSE:

Confirmed. Please see the discussion of Section 3623(c), criterion 5 in USPS-T-48, from page 18, line 30 to page 19, line 4.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-321.

[a] Please provide the proposals that were studied with respect to having the Forever Stamp available for a limited period of time around a future rate increase rather than having them on sale continuously.

[b] Please confirm, or explain if you are unable to confirm, that the Forever Stamp will be on sale continuously once it has been approved and prepared and issued.

[c] Please discuss why the Postal Service chose to make Forever Stamps available continuously.

RESPONSE:

[a] No other proposals were studied besides what is documented in LR-L-152.

[b] Confirmed. Please see USPS-T-48, at 15, lines 8 - 10.

[c] This was partially based on the finding, in USPS-LR-L-152, Insight #15, that mailer demand for the Forever Stamp would be adversely affected by temporal availability restrictions. Most notably, both consumers and small businesses are more willing to pay a one-cent premium for the Forever Stamp than to have the stamp only available for the two months leading up to the rate change.

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

DBP/USPS-322. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp be approved and implemented as a result of the action in Docket R2006-1 and further assume that the next time the Postal Service wishes to raise the rates for a single ounce single-piece First-Class Mail letter is in 2009, that the Forever Stamp will be in place before, during, and after the entire process and mailers will be able to take full advantage of the Forever Stamp process.

RESPONSE:

Confirmed, that the Forever Stamp will be available before, during and after rates are increased (hypothetically) in 2009. Also confirmed, that mailers will, at that time, be able to take “full advantage” of the Forever Stamp, subject to its normal terms and specifications.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-323. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp be approved and implemented as a result of the action in Docket R2006-1 that it will not apply during the change in rates from 39¢ to 42¢ [assuming that the 42¢ rate is approved].

RESPONSE:

Not confirmed. The Forever Stamp, if recommended and approved, will be available to mailers for use as postage even before the Docket No. R2006-1 rate changes become effective. See USPS-T-48, at 19, lines 16 - 18. However, the cost of the stamp will be 42 cents (assuming that is what is approved for the first ounce of single-piece First-Class Mail letters) from the time of initial availability until the time that rates are once again changed pursuant to the next rate case.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-324. Based on the response to Interrogatories DBP/USPS-319 through DBP/USPS-323, please explain why the plans do not call for implementation in the rates and classifications adopted as a result of Docket R2006-1.

RESPONSE:

It is not true that “plans do not call for implementation in the rates and classifications adopted as a result of Docket R2006-1.” Please see USPS-T-48, at 19, lines 12 - 15.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-325. Based on the response to Interrogatories DBP/USPS-322 and DBP/USPS-323, please explain why there is a need for settlement and/or expedited handling of this issue in this Docket.

RESPONSE:

The response to one question appears to run contrary to the assumptions underlying it. In any event, efficient use of litigation resources is a societal good to which all should strive to contribute. Settlement and/or expedited handling of this issue would make an advance in the direction of achieving that societal good. Accordingly, the Postal Service encourages parties to consider settlement and the efficient use of litigation resources.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-326.

[a] Please confirm, or explain if you are unable to confirm, that the Postal Service has chosen to utilize the name of Forever Stamp for this innovation.

[b] Please advise any other names that were discussed or considered.

[c] Please discuss why the name of Forever Stamp was chosen.

RESPONSE:

[a] Confirmed.

[b] No other names were recommended for consideration.

[c] The Postal Service believes that the term "Forever Stamp" is effectively evocative of the stamp's validity at any time in the future, regardless of the prevailing rate at the time of use.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-327.

[a] With respect to the design of the Forever Stamp, please advise number of different stamp designs that is being considered under the current status of the proposal.

[b] Please advise the different proposals that are being considered and the advantages and disadvantages of each of the proposals.

RESPONSE:

[a, b] Forever Stamp implementation issues are being resolved by a cross-functional team at postal headquarters. Discussion of stamp design -- in conjunction with the Citizen's Stamp Advisory Committee -- is still in preliminary stages. No proposals for design have been recommended for consideration. Please also see USPS-T-48, footnote 2.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-328.

[a] With respect to the design of the Forever Stamp, please advise the planned frequency of issuing a new stamp design that is being considered under the current status of the proposal.

[b] Please advise the different proposals that are being considered and the advantages and disadvantages of each of the proposals.

RESPONSE:

[a] Specific design plans have not yet been formulated.

[b] Please see the response to DBP/USPS-327.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-329. Please confirm, or explain if you are unable to confirm, that in each of the previous rate increases starting with the 15¢ rate [A-stamp] and up to the latest increase to 39¢, the Postal Service issued a non-denominated stamp or stamps for each of the separate rate cases.

RESPONSE:

Confirmed, with a correction. This series of non-denominated stamps goes back to before the A Stamp was introduced in 1978, to 1975, when two non-denominated stamps with a 10-cent value were issued. After the "H" stamp was issued in 1999, the use of letters to designate rate change stamps was discontinued.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-330. If the response to Interrogatory DBP/USPS-328 is that a new design will be issued with each rate case, please advise if you believe any confusion will exist with respect to the Forever Stamp based on the previous history of non-denominated stamps noted in response to Interrogatory DBP/USPS-329.

RESPONSE:

Please see the responses to DBP/USPS-327 and DBP/USPS-328.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-331.

[a] With respect to the design of the Forever Stamp, please advise the planned wording [as opposed to the picture] that is being considered for inclusion on the new stamp design to inform the mailer of the purpose or validity of the stamp under the current status of the proposal.

[b] Please advise the different proposals that are being considered and the advantages and disadvantages of each of the proposals.

RESPONSE:

[a, b] Please see the response to DBP/USPS-327.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-332. Please provide a listing of non-denominated stamps or postal stationery that have been previously issued that are or were utilized for the single piece First-Class Mail first ounce rate. Please advise the wording that appeared on each of these stamps. Please also advise the date the stamp was issued and/or sold.

RESPONSE:

For information related to non-denominated stamps and postal stationery, please see the DMM Quick Service Guide, Section 604a.

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

DBP/USPS-333. If any responses to Interrogatory DBP/USPS-331 with respect to the wording that is being considered to appear on the Forever Stamp also has previously appeared on any previously issued non-denominated stamp as noted in response to Interrogatory DBP/USPS-332, please advise if you believe any confusion will exist with respect to the Forever Stamp based on the previous history of non-denominated stamps [references to USA or similar meaning need not be discussed].

RESPONSE:

Please see the response to DBP/USPS-327.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
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DBP/USPS-334.

[a] In addition to the Forever Stamp being proposed for domestic use, has any consideration or discussion taken place to also establish a similar Forever Stamp for use on mail being sent to an international destination?

[b] Please provide the rationale for the response to subpart a.

RESPONSE:

[a] No.

[b] A novel concept like the Forever Stamp is best pursued — at least to begin — with a focused rather than a scattered application. Therefore, consideration of the concept has been focused on the application likely to yield the most benefits both to the mailing public and to the Postal Service: the first ounce of single-piece First-Class Mail letters.

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

DBP/USPS-335.

[a] In addition to the Forever Stamp being proposed for domestic letter use, has any consideration or discussion taken place to also establish a similar Forever Stamp for use on domestic post cards?

[b] Please provide the rationale for the response to subpart a.

RESPONSE:

[a] No.

[b] Please see the response to DBP/USPS-334[b].

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

DBP/USPS-336.

[a] With respect to the three semi-postal non-denominated stamps that have been previously issued, please advise the period of time that each of the stamps are/were sold and the postage value[s] of the stamp at the time of sale and the dates of each rate.

[b] If a mailer wants to mail a single piece, one ounce letter utilizing one of these stamps that was purchased at a time when the letter rate was less than the present rate, is additional postage required?

[c] If so, how will the Postal Service be able to determine the need for additional postage?

[d] Does or will the termination of sale of one of these stamps place a maximum limit on the postage value of the stamp? Please explain.

[e] Is a purchaser of one of these stamps required to keep "records" of when the stamps were purchased so that the postage value will be known? Please explain.

[f] May these stamps be utilized to pay the postage on any mailpiece at their postage value? For example, can two Breast Cancer stamps with a postage value of 39¢ each be utilized together with 9¢ in other postage to pay the 87¢ postage presently required on a 3-ounce letter? Please explain and discuss any exceptions.

[g] Is the ability to utilize these stamps as noted in subpart f above limited to any specific service, such as First-Class Mail, or may they be used on any class of mail that may otherwise be paid for with denominated stamps? For example, can five Breast Cancer stamps with a postage value of 39¢ each be utilized together with 12¢ in other postage to pay the \$2.07 postage presently required on a 2-pound Media Mail Single-Piece? Please explain and discuss any exceptions.

[h] May these stamps be utilized to pay the postage on mail destined to an international destination? For example, can two Breast Cancer stamps with a postage value of 39¢ each be utilized together with 6¢ in other postage to pay the 84¢ postage presently required on a 1-ounce letter to Great Britain? Please explain and discuss any exceptions.

[i] Please explain the rationale for any negative responses to subparts f through h.

RESPONSE:

[a] The Breast Cancer Research semipostal was first issued on July 29, 1998 at a purchase price of 40 cents for a postage value of 32 cents. Effective June 30, 2002, the purchase price was increased to 45 cents for a postage value of 37 cents. For a brief period, from the end of December 2004 to February 2005, the Breast Cancer Research semipostal was not available for sale because it was mandated to be taken off sale on December 31, 2004. In January 2005, Public Law No. 108-199 was signed, authorizing sale through December 31, 2005.

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

RESPONSE to DBP/USPS-336 (continued):

Sale of the Breast Cancer Research semipostal was subsequently extended through December 31, 2007 in Public Law No. 109-100. Effective January 8, 2006, the purchase price is 45 cents for a postage value of 39 cents.

The Heroes of 2001 semipostal was first issued on June 7, 2002 at a purchase price of 45 cents for a postage value effective June 30, 2002 of 37 cents. The stamp was taken off-sale on December 31, 2004 as mandated.

The Stop Family Violence semipostal was first issued on October 8, 2003 at a purchase price of 45 cents for a postage value at that time of 37 cents. The stamp is still on sale. Effective January 8, 2006, the purchase price is 45 cents for a postage value of 39 cents.

[b] Yes. Please see DMM 604.1.10c. See also, Postal Bulletin 22071 (March 7, 2002), page 3, which indicates:

The nondenominated . . . semi-postal stamps postage value is set at the time of purchase. Customers are welcome to use any . . . semi-postal stamps they purchased when lower rates were in effect, but if stamps were purchased before the last rate change in January 2001, they should affix additional postage to reach the appropriate rate based on the size and weight of their letters or parcels. There is, however, no easy way for the Postal Service to determine when the stamps were purchased. Consequently, employees must assume the stamps are being used properly and at the current First-Class Mail rate, and they should not treat pieces bearing the . . . semipostal as shortpaid.

[c] Please see DMM Quick Service Guide, Section 604a.

[d] Yes. Please see DMM 604.1.10.

[e] The Postal Service does not place any recordkeeping requirements on users of semipostals.

[f] In the hypothetical case given, this would be true if the postage value of the semipostal were 39 cents.

[g] The semipostal stamps are intended for use as postage. The amount of postage is equal to the First-Class Mail single piece first-ounce letter rate.

Semipostal stamps may be used for postage on any type of mail for which postage stamps are acceptable postage. If postage is more than the value of the semi postal stamp, the customer should add additional postage to cover the correct price.

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

RESPONSE to DBP/USPS-336 (continued):

[h] Non-denominated stamps may be used on international mail. See Postal Bulletin #21985 (11/9/98). Also, please see IMM 152.2d:

d. Nondenominated postage stamps (except for those that bear uniquely domestic markings, such as First-Class Presort, Bulk Rate, Presorted Standard, or Nonprofit Organization) may be affixed to postal items that are sent to foreign countries. The value of such stamps is linked to either a current or a former domestic rate (e.g., the "H" stamp has a postage value of \$0.33). Since the international postage rates are always higher than the comparable domestic postage rates, mailers who affix a single nondenominated postage stamp to their outbound mailpieces must add additional postage to comply with the international rate schedule. **Note:** The nondenominated *Breast Cancer Research* semipostal stamp, which has a postage value that is equivalent to the domestic rate for a 1-ounce letter, may be used for international mailing purposes.

[i] Not applicable.

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

DBP/USPS-337. Please confirm, or explain if you are unable to confirm, that in addition to the first ounce letter rate non-denominated stamps listed in response to Interrogatory DBP/USPS-332, there were other non-denominated stamps or postal stationery issued for the make-up difference requirement or for the post card rate.

RESPONSE:

Confirmed, see DMM Quick Service Guide, Section 604a.

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

DBP/USPS-338. Please confirm, or explain if you are unable to confirm, that each of the stamps or postal stationery referred to in Interrogatories DBP/USPS-332 and DBP/USPS-337 has a fixed postage value. This does not include the three semi-postal stamps noted in Interrogatory DBP/USPS-336. The various Presort stamps that may not be utilized by a mailer on a single piece mailing other than under a pre-cancelled stamp permit need not be considered in the response.

RESPONSE:

Confirmed.

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

DBP/USPS-339. This relates to the various non-denominated stamps or postal stationery referred to in Interrogatory DBP/USPS 338.

[a] May these stamps be utilized to pay the postage on any mailpiece at their postage value? For example, can two non-denominated Lady Liberty and Flag stamps with a postage value of 39¢ each be utilized together with 9¢ in other postage to pay the 87¢ postage presently required on a 3-ounce letter? Please explain and discuss any exceptions.

[b] Is the ability to utilize these stamps as noted in subpart a above limited to any specific service, such as First-Class Mail, or may they be used on any class of mail that may otherwise be paid for with denominated stamps? For example, can five non-denominated Lady Liberty and Flag stamps with a postage value of 39¢ each be utilized together with 12¢ in other postage to pay the \$2.07 postage presently required on a 2-pound Media Mail Single-Piece? Please explain and discuss any exceptions.

[c] May these stamps be utilized to pay the postage on mail destined to an international destination? For example, can two non-denominated Lady Liberty and Flag stamps with a postage value of 39¢ each be utilized together with 6¢ in other postage to pay the 84¢ postage presently required on a 1-ounce letter to Great Britain? Please explain and discuss any exceptions.

[d] Please explain the rationale for any negative responses.

RESPONSE:

[a] Yes.

[b] Mailers may use denominated and nondenominated stamps in the method you describe. They are acceptable to use to pay postage on a 2-pound Media Mail piece.

[c] Yes. There are no exceptions.

[d] Not applicable.

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

DBP/USPS-340.

[a] With respect to the proposed Forever Stamp, will the use of the stamp be limited to only paying the postage for the first ounce of a single-piece First-Class Mail letter rate regardless of the postage value in effect at the time of mailing?

[b] Please explain the rationale for the response to subpart a.

RESPONSE:

[a, b] No. As indicated in the proposed new DMCS Section 241, the Forever Stamp is intended for single-piece First-Class Mail letters weighing up to an ounce. However, mailers will no doubt, in some instances, use the stamp in other postal applications. The Postal Service wishes to avoid punishing these mailers by not giving them credit for the stamp they have affixed (and cannot remove and reaffix to a one-ounce letter). Therefore the Postal Service is considering giving postage credit for such applications, though not at the “forever value” (*i.e.*, the contemporaneous first-ounce rate for single-piece First-Class Mail letters), but rather at the original purchase price of the stamp.

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

DBP/USPS-341. This Interrogatory refers to the Forever Stamp and at a time when the one ounce single-piece letter rate is 45¢. The other rates for the examples have been assumed.

[a] May these stamps be utilized to pay the postage on any mailpiece at their current postage value? For example, can two Forever Stamps be utilized together with 5¢ in other postage to pay the 95¢ postage required on a 3-ounce letter? Please explain and discuss any exceptions.

[b] Is the ability to utilize these stamps as noted in subpart a above limited to any specific service, such as First-Class Mail, or may they be used on any class of mail that may otherwise be paid for with denominated stamps? For example, can five Forever Stamps be utilized together with 25¢ in other postage to pay the \$2.50 postage required on a 2-pound Media Mail Single-Piece? Please explain and discuss any exceptions.

[c] May these stamps be utilized to pay the postage on mail destined to an international destination? For example, can two Forever Stamps be utilized together with 5¢ in other postage to pay the 95¢ postage required on a 1-ounce letter to Great Britain? Please explain and discuss any exceptions.

[d] Please explain the rationale for any negative responses.

RESPONSE:

[a-d] Assuming the Forever Stamps were purchased at less than 45 cents, the answer is negative. The Forever Stamp is intended as 1st ounce postage for a First-Class Mail letter shaped piece. However, the Postal Service recognizes that, in some instances, a mailer may affix a Forever Stamp to First-Class mail pieces of different weights or different shapes, or to retail mail pieces in other mail classes. In those instances, the value of the forever stamp will not be the prevailing rate for 1st ounce First-Class Mail, rather the value will be based on the original purchase price of the Forever Stamp. The Forever Stamp is not meant to be “forever postage” for all classes of mail. Also, please see the response to DBP/USPS-340.

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

DBP/USPS-342. If a Forever Stamp may be utilized for other than paying the postage requirement of the first ounce of a single-piece First-Class Mail letter, please explain how the proposed DMCS wording of Section 241 and 3030 will allow for this use.

RESPONSE:

Those DMCS sections do not specifically prohibit postage applications other than the first ounce of single-piece First-Class Mail letters. Please see the responses to DBP/USPS-340 and DBP/USPS-341.

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

DBP/USPS-343.

[a]. Please confirm, or explain if you are unable to confirm, that under the proposed rates, there will be three separate first ounce rates for First-Class Mail [letters, flats, and parcels].

[b] Please discuss and explain the considerations that this may result in confusion to a potential user of the Forever Stamp and the action taken to reduce the possibility of confusion.

RESPONSE:

[a] Confirmed, for single-piece First-Class Mail.

[b] Although implementation and communication plans have not yet been formulated, the Postal Service will publicize the Forever Stamp as applying specifically to single-piece First-Class Mail letters weighing up to an ounce.

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

DBP/USPS-344. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp proposal be approved, the proposed new DMCS Section 241 and the proposed modification of Section 3030 would become effective at the same time as the first ounce, single-piece letter rate for First-Class Mail would be increased to 42¢ [assuming it is approved].

RESPONSE:

Confirmed.

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

DBP/USPS-345.

- [a] Please advise why it is proposed to issue the Forever Stamp a short time before the rates are increased.
- [b] Please confirm, or explain if you are unable to confirm, that the price for these stamps sold prior to the effective date would still be 42¢ [assuming that rate is approved].
- [c] Please advise the authority to sell these stamps when the DMCS does not authorize their use.
- [d] Please advise why you believe that the sale of these stamps at the new rate prior to the rate change would be in compliance with the provisions of 18 USC 1721.
- [e] Please confirm, or explain if you are unable to confirm, that the great majority of the use of the Forever Stamp during the period between the time the stamp is sold up to the time that the new rates become effective would be to overpay the postage on a one ounce single-piece First-Class Mail letter.
- [f] Please explain why you believe that the scenario described in subpart e above would be fair and appropriate.
- [g] Please explain what postal or customer need will be served by selling 42¢ stamps at a time when the postage rate is 39¢.
- [h] Please describe the publicity that will be provided to advise mailers that the use of the Forever Stamp prior to the rate change will result in overpayment of postage.

RESPONSE:

- [a] This would permit dispensing with the traditional need for a non-denominated First-Class Mail stamp, issued at the impending new rate just prior to the rate change (e.g., the Lady Liberty and U.S. Flag stamp, valued at 39 cents, issued on December 8, 2005, one month before the first-ounce, single-piece rate was hiked from 37 to 39 cents).
- [b] Confirmed.
- [c-d] These questions call for the statement of legal conclusions, not statements of fact or policy. The Postal Service's powers under the Postal Reorganization Act [title 39, United States Code] authorize the sale of stamps as postage.
- [e] Confirmed, though no differently than has been the case for non-denominated stamps issued shortly before rate changes (see the response to subpart [a]).

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

RESPONSE to DBP/USPS-345 (continued):

- [f] Customers benefit from having lead time to purchase stamps with a postage value equal to the impending new rate.

- [g] Please see the response to subpart [f]. The Postal Service also benefits from having demand for new stamps spread out rather than concentrated when new rates are implemented.

- [h] Publicity and communication plans for the Forever Stamp have not yet been formulated.

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

DBP/USPS-346.

[a] Please discuss whether you believe that the potential for confusion that will exist with mailers about the availability and use of the Forever Stamp will be more than, less than, or about the same as the potential for confusion that has existed in past rate cases with respect to the availability and use of the non-denominated stamps.

[b] Please discuss whether you believe that the amount of publicity that will be required to avoid the potential for confusion that will exist with mailers about the availability and use of the Forever Stamp will be more than, less than, or about the same as the amount of publicity that was required in past rate cases with respect to the availability and use of the non-denominated stamps.

[c] Please provide the rationale for the responses to subparts a and b.

RESPONSE:

[a] In the beginning, there may be slightly more confusion than in the past because the Forever Stamp is a new concept with which mailers will need to become familiar. In the long run — *e.g.*, after one or two rate cycles — there is likely to be less confusion than in the past because the Forever Stamp will be an enduring product with fixed, and known, qualities and attributes. Product permanency and consistency are conducive to minimizing confusion.

[b] In the beginning, perhaps more than, because new products like the Forever Stamp typically require accompanying publicity. Eventually, less than, for the reason cited in subpart [a].

[c] Please see the responses to subparts [a] and [b].

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

DBP/USPS-347. Please advise whether the Postal Service is planning to issue a "standard" non-denominated stamp or stamps for the one ounce letter rate for the rate ultimately adopted in Docket R2006-1.

[b] Please advise whether the Postal Service is planning to issue a make-up nondenominated stamp for the one ounce letter rate for the rate ultimately adopted in Docket R2006-1.

[c] Please provide the rationale for the decisions provided in response to subparts a and b.

RESPONSE:

No. Please see the response to DBP/USPS-345[a].

[b] It depends on the inventory of the make-up stamp denomination/postage value. Sufficient stamp inventory may already exist, in which case this would not be necessary.

[c] In the first instance, the stamp would be redundant to the Forever Stamp. In the second instance, mailers will need to make up the difference from 39-cent stamps that they still hold, but inventory must factor into the way in which the Postal Service will meet this need.

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

DBP/USPS-348. Please confirm, or explain if you are unable to confirm, that once the rates proposed for Docket R2006-1 become effective there will be no financial reason for a customer who needs a stamp for the first ounce, single-piece First-Class Mail letter rate not to purchase a Forever Stamp as opposed to purchasing a denominated stamp or a nondenominated stamp [if issued].

RESPONSE:

Confirmed.

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

DBP/USPS-349. Please confirm, or explain if you are unable to confirm, that once the rates proposed for Docket R2006-1 become effective some of the non-financial reasons that a customer who needs a stamp for the first ounce, single-piece First-Class Mail letter rate will choose to purchase a denominated or non-denominated stamp are:

[1] the desire to utilize a semi-postal stamp

[2] the desire to utilize a stamp with a particular design or topic

[3] the unavailability of a desired format, such as a coil stamp, in the Forever Stamp.

Please provide any other non-financial reasons that may exist.

RESPONSE:

Confirmed, for [1], [2] and [3]. Another non-financial reason would be lack of knowledge about the Forever Stamp.

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

DBP/USPS-350.

[a] Please confirm, or explain if you are unable to confirm, that many individual customers and small business customers will purchase the first ounce letter rate in the coil format, particularly the coil of 100 stamps.

[b] Please advise why the Postal Service has chosen not to issue the Forever Stamp in coils of 100.

RESPONSE:

[a] Confirmed, some customers purchase stamps in coils of 100.

[b] Please see USPS-T-48, at 6, lines 11 - 15; and from page 15, line 15 to page 16, line 2.

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

DBP/USPS-351. Please confirm, or explain if you are unable to confirm, that once the Forever Stamp is implemented that as time goes by, more and more mailers will become aware of the stamp and its use will increase.

RESPONSE:

Confirmed, that is likely to be the case.

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

DBP/USPS-352. Please confirm, or explain if you are unable to confirm, that for many, if not all, of the recent different First-Class Mail single-piece letter rates, there has been a single design that has been the "workhorse" of the many non-commemorative or special purpose stamps that were available for that rate [usually the flag stamp].

RESPONSE:

Confirmed.

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

DBP/USPS-353. Please advise if you expect the Forever Stamp to become the "workhorse" stamp for the first ounce letter rate. Please provide the rationale for your response.

RESPONSE:

Since there is no financial reason to use an alternative stamp, the Forever Stamp could very well become the "workhorse" stamp for the first-ounce, single-piece First-Class Mail letter rate.

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

DBP/USPS-354. During the discussions for the introduction of the Forever Stamp, one of the considerations was to charge a premium over the postage value for the stamp. Ultimately it was decided not to charge a premium. Please advise the advantages and disadvantages of charging or not charging a premium and the various amounts considered and the ultimate reasons for adopting the final decision of not charging a premium.

RESPONSE:

The Postal Service was encouraged by the experiences of Royal Mail and La Poste. Neither post reported adverse financial impacts from their versions of the Forever Stamp, despite not charging a premium. In the market research (USPS-LR-L-152), hypothetical premiums of 1 cent, 3 cents and 6 cents were tested. Significant mailer price sensitivity was found (see USPS-T-48, at 14 and 15). This also supported the Postal Service's decision not to charge a premium. Potential financial consequences of not charging a premium are discussed in USPS-T-48, Section VII, Financial Effects.

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

DBP/USPS-355. During the discussions for the introduction of the Forever Stamp, one of the considerations was to limit the time when the stamp would be available for sale. Please advise the sale times that were considered. Ultimately it was decided to make the stamp available for sale at all times. Please advise the advantages and disadvantages of limiting or not limiting the sale time and the ultimate reasons for adopting the final decision of not limiting the sale time.

RESPONSE:

In the market research (USPS-LR-L-152), alternatively limiting sales to the two months preceding a rate change, and no purchase time restrictions, were tested. Making the stamp always available will smooth out production, distribution and sales. The Postal Service was also motivated to keep the stamp for sale at all times by the results of USPS-LR-L-152, Insight #15, which showed a certain degree of mailer aversion to purchase restrictions (*e.g.*, mailers are more willing to pay a one-cent premium than to have sales restricted to the two months leading up to a rate change).

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

DBP/USPS-356. During the discussions for the introduction of the Forever Stamp, one of the considerations was to limit the quantity of stamps that could be purchased at one time. Please advise the quantities that were considered. Ultimately it was decided not to limit the quantities that could be purchased. Please advise the advantages and disadvantages of limiting or not limiting the purchase quantity and the ultimate reasons for adopting the final decision of not limiting the purchase quantity.

RESPONSE:

In the market research (USPS-LR-L-152), alternatively limiting sales to 20 stamps or fewer per transaction, and no purchase quantity restrictions, were tested. Allowing the stamp to be sold in unlimited quantities will cut down on costly (at least at the retail window) stamp transactions. The Postal Service was also motivated to allow unlimited purchase quantities by the results of USPS-LR-L-152, Insight #15, which showed a certain degree of mailer aversion to purchase restrictions (e.g., mailers are more willing to pay a one-cent premium than to have sales limited to 20 stamps or fewer).

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

DBP/USPS-357. Please advise if the Forever Stamp will be a self adhesive stamp. Please provide the rational for your response.

RESPONSE:

The stamps will be self-adhesive because self-adhesive stamps are a more cost-effective alternative than water-activated stamps.

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

DBP/USPS-358.

[a] Please provide the reasons why the Postal Service abandoned the use of letters to identify the non-denominated stamps utilized at rate case implementations after going from A through H.

[b] Please confirm, or explain if you are unable to confirm, that the use of letters in alphabetical order corresponding to rate increases in order provides a convenient method to evaluate the value of a particular stamp in the series particularly over the long period of time.

[c] Please confirm, or explain if you are unable to confirm, that the present system of having one or more non-denominated stamps will present a much harder way to remember the values associated with which stamps particularly over the long period of time due to the need to describe a given stamp design and the lack of an orderly progression of designs with respect to values.

[d] Are there any plans to return to the lettered system of non-denominated stamps [assuming they will still exist and not be replaced by the Forever Stamp]?

[e] If not, please explain the reasons.

RESPONSE:

[a] More attractive transition stamps were designed.

[b] Confirmed.

[c] Unable to confirm. The Postal Service does not know what might be considered "much harder."

[d] There are currently no such plans.

[e] N/A

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

DBP/USPS-359.

[a] Please confirm, or explain if you are unable to confirm, that there are numerous organizations, such as supermarkets, that sell stamps at face value to the public that are received on consignment.

[b] Please describe any procedures that will be implemented to preclude arbitrage gains by the organization.

RESPONSE:

[a] Confirmed. Consignment vendors are prohibited from selling stamps above face value; however, they may sell them at less than face value. There are no similar restrictions on non-consignment vendors.

[b] As with other stamps purchased from the Postal Service on a non-consignment basis, the sales price charged by third-party vendors is not regulated by the Postal Service.

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

DBP/USPS-360. Please refer to footnote 14 on page 22 of Witness Taufique's July 14, 2006, Testimony.

[a] Please advise what percentage of the roughly 40 billion pieces of single-piece First-Class Mail pieces in a year have the postage paid for by means of adhesive postage stamps.

[b] Please advise how the conversion was made from 40 billion pieces per year and about 330 million pieces a month.

[c] Please advise how the conversion was made from 3¢ per piece and 330 million pieces a month to a total of \$100 million a month.

[d] Please advise the approximate potential revenue that will be subject to loss by utilization of the Forever Stamp.

RESPONSE:

[a] Approximately 55 percent of single-piece volume in FY 2005 had postage paid with stamps.

[b] The 330 million was in error. Correct monthly volume is 3.3 billion (40 billion ÷ 12).

[c] 3 cents x 3.3 billion (corrected) = \$99 million (approx. \$100 million).

[d] The example cited in footnote 14 was \$100 million (per rate case).

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

DBP/USPS-361. Please refer to page 23 of Witness Taufique's July 14, 2006, Testimony as it relates to a potential of some concern with respect to the philatelic program.

[a] Please list and describe the specific concerns that may exist that could affect the philatelic program.

[b] Please explain why there is a greater concern with respect to the program because of the Forever Stamp as opposed to any of the many non-denominated stamps that have been issued over the past years?

[c] What actions and modifications to both the Forever Stamp program and the philatelic program are either being made or considered to reduce the effects. Please explain why you believe that the specific action or modification will have the desired effect.

RESPONSE:

[a] None has yet been determined. This depends on how the public accepts the Forever Stamp.

[b] The Forever Stamp is likely to be used more extensively than previous non-denominated stamps.

[c] The Postal Service has not yet formulated plans for any such potential actions and/or modifications.

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

DBP/USPS 362. Are there any plans to issue a commemorative stamp in a Forever Stamp version? Please explain the rationale for your response.

RESPONSE:

No such plans have yet been formulated, one way or the other.

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

DBP/USPS-363.

- [a] Please confirm, or explain if you are unable to confirm, that the introduction of the Forever Stamp will have an effect on the reduction of window service hours.
- [b] Please provide a best estimate of the dollar savings.

RESPONSE:

- [a] Confirmed that the Forever Stamp has the potential to reduce the number of window transactions. Please see USPS-T-48, at 21, lines 2 - 4, including footnote 13.
- [b] Please see the footnote cited in subpart [a].

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

DBP/USPS-364. Please describe how the Forever Stamp concept will be handled in future years down the road should there be a change in the rate structure for First-Class Mail. For example, what would have happened in R2006-1 due to the introduction of three separate first ounce rates for First-Class Mail had the Forever Stamp been introduced in a previous Docket. In this instance, a Forever Stamp that I bought in 2005 would have been good for the first ounce of a letter, flat, or parcel and now when R2006-1 is implemented it would not be valid for the first ounce of a flat or parcel.

RESPONSE:

The Postal Service will make its best effort to accord the Forever Stamp its due consideration, just as it does for relevant rate categories and classifications whenever a change to the rate structure is proposed.

It is impossible to know “what would have happened” in circumstances that did not materialize.