

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

STAMPED STATIONERY AND STAMPED CARDS
CLASSIFICATIONS

Docket No. MC2006-7

RESPONSES OF POSTAL SERVICE WITNESS YEH
TO INTERROGATORIES OF DAVID B. POPKIN
(DBP/USPS-T1-32-39)

The United States Postal Service hereby provides the responses of witness Yeh to the following interrogatories of the David B. Popkin, filed on April 3, 2007:
DBP/USPS-T1-32-39.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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

DBP/USPS-32 Please refer to your responses to Interrogatories DBP/USPS-1 and 2.

[a] Please confirm that the Number Printed/Number Sold/Number Sold SFS entries that are blank are that way because the information is not available.

[b] For any of the blank entries, please provide any estimates that are available as approximate numbers, ranges of numbers, or approximate percentages, such as "approximately 50,000" or "30,000 to 40,000" or "approximately 75% sold" etc.

RESPONSE:

a. That is my understanding.

b. My understanding is that there is no information available.

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DBP/USPS-33 Please refer to your response to Interrogatory DFC/USPS-T1-1.

[a] Please discuss that concept of "philatelic value" as it applies to the pricing of Premium Stamped Stationery and Cards.

[b] Please confirm, or explain if you are unable to confirm, that a similar concept of "philatelic value" would apply to the existence of regular postage stamps, especially commemorative stamps.

[c] Please confirm, or explain if you are unable to confirm, that all of the regular postage stamps, including commemorative stamps, are sold at the face value appearing on the stamp regardless of the "philatelic value" of that stamp.

RESPONSE:

a. I have not used the term in my testimony.

b.-c. It is my understanding that all stamp issuances may have value to collectors, but the Postal Service does not establish this value, nor is it reflected in the price of a First-Class Mail stamp, for instance, which reflects the price of First-Class Mail service, not the value of the stamp to collectors.

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DBP/USPS-34 Please refer to your response to Interrogatory DFC/USPS-T1-4.

[a] Please confirm, or explain if you are unable to confirm, that the Premium Stamped Stationery and Premium Stamped Cards are not philatelic items.

[b] Please explain how items that are not philatelic items can have philatelic value.

RESPONSE:

I have not used that term in my testimony. Please see my response to DBP/USPS-T1-

33.

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DBP/USPS-35 Please refer to your response to Interrogatory OCA/USPS-T1-13.

[a] Please provide details on how the revenue figure of not exceeding \$2,700,000 was calculated.

[b] Please provide the corresponding expenses that were incurred that matches the revenue figure of not exceeding \$2,700,000. Please provide details on how this response was calculated.

[c] Please provide the corresponding value of the postage stamps that were on all of the items that were sold for a revenue figure of not exceeding \$2,700,000. Please provide details on how this response was calculated.

[d] Please advise the percentage of the value provided in response to subpart b above that represents the cost of providing postal services to the mailing of the referenced items. Please provide details on how this response was calculated.

RESPONSE:

(a) I have been provided with the following information:

Series	No. Sold	Price per Pack	Total Revenue
Holiday Music Makers (\$9.75)	13,234	\$ 9.75	\$ 129,032
Old Glory (\$9.75)	18,153	\$ 9.75	\$ 176,992
Cloudscapes (\$9.75)	30,881	\$ 9.75	\$ 301,090
Southeastern Lighthouses (\$9.75)	15,495	\$ 9.75	\$ 151,076
Art of Disney:Friendship Postal Cards (\$9.75)	36,303	\$ 9.75	\$ 353,954
Art of Disney:Celebration Postal Cards (\$9.75)	20,653	\$ 9.75	\$ 201,367
Sporty Cars Postal Cards (\$9.75)	16,157	\$ 9.75	\$ 157,531
Let's Dance Postal Cards (\$9.75)	10,834	\$ 9.75	\$ 105,632
Art of the American Indian (\$9.75)	22,047	\$ 9.75	\$ 214,958
Baseball Sluggers (\$9.95)	9,615	\$ 9.95	\$ 95,669
DC Comic Super Heroes (\$9.95)	18,897	\$ 9.95	\$ 188,025
Art of Disney: Romance Postal Cards (\$9.95)	9,461	\$ 9.95	\$ 94,137
So. Florida Wetlands Postal Cards (\$7.95)	7,763	\$ 7.95	\$ 61,716
Art of Disney: Friendship Stationery (\$14.95)	16,832	\$ 14.95	\$ 251,638
Garden Bouquet Stationery (\$14.95)	10,956	\$ 14.95	\$ 163,792
TOTAL			\$ 2,646,609

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(b) My understanding is that specific costs relating to each Premium Stamped Stationery and Card series are not available.

(c) I have been provided with the following information:

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Series	Postage	Items/Pack	No. Packs Sold	Postage Revenue	Price per Pack	Total Revenue	Non-Postage Revenue
Holiday Music Makers (\$9.75)	0.23	20	13,234	60,876	9.75	129,032	68,155
Old Glory (\$9.75)	0.23	20	18,153	83,504	9.75	176,992	93,488
Cloudscapes (\$9.75)	0.23	20	30,881	142,053	9.75	301,090	159,037
Southeastern Lighthouses (\$9.75)	0.23	20	15,495	71,277	9.75	151,076	79,799
Art of Disney:Friendship Postal Cards (\$9.75)	0.23	20	36,303	166,994	9.75	353,954	186,960
Art of Disney:Celebration Postal Cards (\$9.75)	0.24	20	20,653	99,134	9.75	201,367	102,232
Sporty Cars Postal Cards (\$9.75)	0.24	20	16,157	77,554	9.75	157,531	79,977
Let's Dance Postal Cards (\$9.75)	0.24	20	10,834	52,003	9.75	105,632	53,628
Art of the American Indian (\$9.75)	0.23	20	22,047	101,416	9.75	214,958	113,542
Baseball Sluggers (\$9.95)	0.24	20	9,615	46,152	9.95	95,669	49,517
DC Comic Super Heroes (\$9.95)	0.24	20	18,897	90,706	9.95	188,025	97,320
Art of Disney: Romance Postal Cards (\$9.95)	0.24	20	9,461	45,413	9.95	94,137	48,724
So. Florida Wetlands Postal Cards (\$7.95)	0.39	10	7,763	30,276	7.95	61,716	31,440
Art of Disney: Friendship Stationery (\$14.95)	0.37	12	16,832	74,734	14.95	251,638	176,904
Garden Bouquet Stationery (\$14.95)	0.37	12	10,956	48,645	14.95	163,792	115,148
TOTAL				1,190,736		2,646,609	1,455,873

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(d) N/A. Please see the response to part (b).

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DBP/USPS-36 Please refer to your response to Interrogatory OCA/USPS-T1-1.

[a] Please confirm, or explain if you are unable to confirm, that the average unit retail price as shown was determined by adding up the total cost of one of each of the items listed and dividing by the total number of items.

[b] For each of the nineteen items that are listed, please advise whether the item was sold as a single item or was sold in a multiple pack. If sold in a multiple pack, please provide details of the number of articles in the package and the total price, such as 12 sets for \$19.99 which would then be shown in the table as \$1.666.

[c] For each of the Stationery items 1 through 10, please indicate whether they would be considered to be a "normal" greeting card such as one that might be sent to wish someone a happy birthday or would be considered to be a note card which are designed for writing a complete message such as would be the same as writing on the Premium Stamped Stationery.

[d] Please confirm that the physical characteristics of Stationery items 11 through 14 are identical and only differ in the printing.

[e] Please explain in detail why it is believed that the quality of the available letter sheets is much lower than the quality of PSS. Please provide specific details including the type of paper, surface of the paper, thickness of the paper, quality of the printing, etc. Please provide an illustration of the front and rear side of these items.

[f] Please explain why the quality of the current PSS and PSC issues is comparable to the higher quality items as indicated by the higher unit prices. Please also indicate therefore why the quality of the current PSS and PSC issues is of a higher quality than the lower quality items as indicated by the lower unit prices. Please provide specific details including the type of paper, surface of the paper, thickness of the paper, quality of the printing, etc.

[g] Please confirm, or explain if you are unable to confirm, that the average unit retail price is subject to a large change if there is a change in the make-up of the sample items particularly since there is such as variability of prices, namely a 13.41 to one for stationery and 4.18 to one for postcards and since there is only a small sample size.

[h] Please specifically advise how the specific items were chosen for the samples.

RESPONSE:

a. Confirmed.

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b. & c.

Sample of Stationery

No.	Description	Unit Retail Price	Dimensions	Sold as:	Total Package Price	"Normal" or Notecard
1*	Eiffel Tower card and envelope by Papyrus	\$2.950	5" x 7"	Single	\$2.95	Notecard
2	Wendi Wing card and envelope by Studio One Hundred	\$2.290	5" x 7"	Single	\$2.29	Notecard
3*	Shoebox card and envelope by Hallmark	\$2.290	4 3/4" x 6 3/4"	Single	\$2.29	Normal
4	White House card and envelope by Autumn Publishing, Inc.	\$2.250	5" x 7"	Single	\$2.25	Notecard
5	Gallery Note card and envelope by American Greetings Corp.	\$1.120	3 1/4" x 7"	Box of 8 cards and envelopes	\$8.95	Notecard
6	Simple Spells for Love card and envelope by Galison	\$1.000	5" x 6 3/4"	Pack of 10 cards and envelopes Box of 20 sheets and envelopes	\$10.00	Notecard
7*	Bohemian stationery with envelope by Papyrus	\$0.948	5 7/8" x 8 1/4"	envelopes	\$18.95	Letter sheet
8	Candystripes (LANG) note cards and envelope by The Lang Companies	\$0.870	4" x 5"	Pack of 8 cards and envelopes	\$6.95	Normal
9	Spring Visitor (LANG) note cards and envelope by Bookmark, LTD.	\$0.610	4 1/8" x 5"	13 cards in a box	\$7.95	Notecard
10	Romance note cards and envelope by Galison Books	\$0.400	3 1/2" x 5"	20 cards in a box	\$7.95	Notecard
11	Amazing Spider-man fold and mail stationery by Chronicle Books	\$0.220	7" x 10"	Pad of 40 sheets	\$8.95	Letter sheet
12	Mutts fold and mail stationery by Chronicle Books	\$0.220	7" x 10"	Pad of 40 sheets	\$8.95	Letter sheet
13	Wonder Woman fold and mail stationery by Chronicle Books	\$0.220	7" x 10"	Pad of 40 sheets	\$8.95	Letter sheet
14*	Superman fold and mail stationery by Chronical Books	\$0.220	7" x 10"	Pad of 40 sheets	\$8.95	Letter sheet
	Average unit retail price of sample of stationery	\$1.115				

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Sample of Postcards

No.	Description	Unit Retail Price			
1*	Natural Wonders postcard by Papyrus	\$0.831	3 3/4" x 5 3/4"	Box of 18 cards	\$14.95
2	Greetings from Virginia (oversized) postcard by Shin Sung Souvenir Co.	\$0.600	5" x 7"	Single	\$0.60
3	National Mall postcard by L.B. Prince Co.	\$0.458	5" x 6 1/2"	Pack of 12 cards	\$5.50
4	Greetings from Virginia (regular) postcard by Shin Sung Souvenir Co.	\$0.400	4 1/8" x 6 7/8"	Single	\$0.40
5	Washington, D.C. postcard by L.B. Prince Co.	\$0.199	3 1/2" x 7 3/4"	Booklet of 40 cards	\$7.95
	Average Unit Retail Price of sample of postcards	\$0.498			

Note: All samples were supplied by USPS Stamp Services in December 2006 with the exception of those annotated with an asterisk that were part of my personal collection.

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d. Not confirmed. My understanding is that stationery items 11 through 14 differ in subject matter, design, artist, paper, trademark and license.

e. I am not an expert on paper quality, however to the naked eye the quality of the available letter sheets in my sample appears to be lower than the quality of PSS in respect to paper, packaging, printing, and durability. For example, the Garden Bouquet PSS sheets consist of a thick tri-fold glossy finished paper, high resolution artwork printed with light fast durable inks, and removable liner for adhesive. Letter sheets such as those in stationery items 11 through 14 appear to consist of a thin bi-fold matte paper and exposed water activated glue. These sample sheets appear to be flimsy and less durable in comparison to PSS. The front sides feature various artworks and a space for address and the back side contains lines for message.

f. As I stated on page 5 of my testimony, the samples consists of “commercially available products that might serve as substitutes for the stationery and cards if they were not stamped.” It is not my testimony that the current PSS and PSC issues are entirely comparable to any particular item in the sample. Some items in the sample are more comparable to PSS and PSC in terms of quality, design, or distinctiveness. Others are more comparable to PSS and PSC in terms of concept, such as the fold-and-mail stationery items 11 through 14.

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DBP/USPS-37 Please refer to your response to Interrogatory OCA/USPS-T1-1.

[a] Please advise whether the dimensions shown for Stationery items 1 through 10 are the size of the card or the size of the envelope. If it is the dimension of the card, please advise the dimension of the envelope. If it is the dimension of the envelope, please confirm, or explain if you are unable to confirm, that the card is designed to fit into the envelope and is no more than one-half inch less in length and width than the envelope.

[b] Please advise the dimensions of the items shown in Stationery items 11 through 14 after they are folded for mailing.

[c] Please advise the postage that would be required to mail each of the nineteen items shown in the chart based on the size and characteristic of the mailpiece assuming that the weight is less than an ounce and the thickness is less than 0.25 inches. If the mailpiece is not mailable, so state.

RESPONSE:

- a. The dimensions reported in response to interrogatory OCA/USPS-T1-1 reflect those imprinted on the packaging of the piece and measurements I took of the card.
- b. The dimensions of stationery items 11 through 14 after they are folded for mailing are approximately 6 $\frac{3}{8}$ by 4 $\frac{1}{2}$.
- c. Assuming that the weight is less than one ounce and the thickness is less than 0.25 inches, stationery items 1 through 14 would qualify for the First-Class Mail first ounce letter rate and postcard items 1 would qualify for the First-Class Mail card rate and postcard items 2 through 5 would qualify for the First-Class Mail first ounce letter rate because their length exceeds 6 inches.

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DBP/USPS-38 Please refer to your response to Interrogatory OCA/USPS-T1-1. Please explain why you believe that the lowest price for a postcard that is mailable at the post card postage rate is 83.1¢.

RESPONSE:

My response to interrogatory OCA/USPS-T1-1 does not state or suggest such a belief.

My sample of commercially available postcards comparable to PSC include postcards priced as low as 19.9 cents.

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DBP/USPS-39 Please refer to your response to Interrogatory DBP/USPS-15. Please specifically comment on the following characteristics of the latest Premium Stamped Cards as to their design with respect to mailability.

[a] The proportion of the front of the card that is divided between the address part on the right side and the message part on the left side.

[b] The effect that the vertical dividing line on the front of the card with respect to the reading of the Postnet barcode.

[c] The surface of the front of the card with respect to the reading of the Postnet barcode and the cancellation.

[d] The surface of the rear of the card with respect to the reading of the RBCS code.

Response:

My understanding is that the designs have been approved, as indicated in DBP/USPS-15. I have no information regarding these details nor did I need to consider them in making my proposal.