

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 DOUGLAS F. CARLSON
(DFC/USPS-T1-7-10, 12-16)

The United States Postal Service hereby provides the responses of witness Yeh to the following interrogatories of the Douglas F. Carlson, filed on April 3, 2007: DFC/USPS-T1-7-10, 12-16. Additional time is required to respond to DFC/USPS-T1-11.

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 12, 2007

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-7. Please refer to your response to DFC/USPS-T1-3. Please identify all cost coverages over 200 percent that the Commission has recommended in the past and on which the Postal Service may rely in supporting the cost coverages proposed for premium stamped stationery and premium stamped cards.

RESPONSE:

I am neither proposing fees based on cost coverages nor relying on past cost coverages to support my proposal. Please see my response to OCA/USPS-T1-23.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-8. Please provide the invoice for production costs for *The Art of Disney: Friendship* stamped stationery.

RESPONSE:

Please see the attachment.

SENNETT SECURITY PRODUCTS

4212-A Technology Court
Chantilly, VA 20151-1214

Invoice

6969

(703) 803-8880 FAX (703) 803-8884

INVOICE NO.	INVOICE DATE
6969	06/15/04

SOLD TO:

Stamp Acquisition & Distribution
US Postal Service HDQ
475 L'Enfant Plaza, SW
Washington, DC 20260-6810



Total Pads Ordered	40,000
Amount Shipped Previously	7,070
Amount Shipped This Invoice	32,930
Balance Pads To Be Shipped	0

PURCHASE ORDER NUMBER	DATE ORDERED	PAYMENT DATE	SALESPERSON
2ASPRI-04-P-3578	03/09/04	07/15/04	
TERMS	NOTES		
Net 30	Contract No. 2ASPRI-03-Q-4342		

REFERENCE	DESCRIPTION	Price	AMOUNT
Disney Friendship Stamped Stationery	32,930 Pads of 12 Shipped 06/08/04 32,930 Lot # 566794 (04) 5-26	\$2.6300 each	\$86,605.90
	Backer Board Reprint		\$14,745.00

I certify that goods or services described have been received and that the invoice is correct and proper for payment.

Diiane Dalsing
Signature
DIANE DALRING
Printed or typed name and title
USPS Hdqtrs 67-1470
Postal facility Finance number

MESSAGE:

2ASPRI-04-P-3578 52442
Order or contract number Account number
6/16/04
A/C (local payments) Date goods or services received
6/16/04 6/16/04
Date certified for payment Date invoice received
703-292-3827
Phone number

SUBTOTAL	
SALES TAX	
SHIPPING	
TOTAL	\$101,350.90

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-9. Please refer to your response to OCA/USPS-T1-1. Please identify the number of products that were reviewed and that were not included in the calculation of the average retail price of “comparable” commercially available products.

RESPONSE:

None. However, I am aware of the existence of commercially available stationery and cards that I would not deem comparable to PSS and PSC, such as hand-crafted stationery, plush fabric postcards, and custom designed stationery, to name a few.

These would have supported a higher maximum.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-10. Please refer to your response to DFC/USPS-T1-2. Please explain why window-service selling costs are a reasonable proxy for Stamp Fulfillment Services sales costs.

RESPONSE:

My understanding of the two fulfillment processes is that they are similar enough to conclude that window-service selling costs are a reasonable proxy for Stamp Fulfillment Services sales costs. The orders at the Stamp Fulfillment Services are taken through the toll free number, online or from paper forms. When a customer calls in to place an order, the sales clerk takes the order from the customer for the product they intend to buy and/or answers questions relating to other types of products that the customer is interested in. When the customer orders online, the fulfillment of the order requires processing time of the sales clerk. Similarly, when the orders come through the paper form, the sales clerk has to process the order.

Furthermore, window service selling costs used as a proxy are calculated by dividing the total window service cost by the total stamped envelope volumes, not by the volume of stamped envelopes actually sold at the window as opposed to through some other channel. Therefore, the "window service selling cost per piece" figure used is probably somewhat understated for the cost of pieces actually sold at the window.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-12. What is "quality stock paper"?

RESPONSE:

The term "quality stock paper" was the term used by the Commission in Order No. 1475, apparently based on the Postal Service's answer to paragraph 7 of the complaint in Docket No. C2004-3, that "Disney stationery is printed on superior paper stock."

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-13. Please refer to your response to OCA/USPS-T1-1. Please explain why a 19.9-cent Washington, DC, post card should be afforded equal weight in your average as an 83.1-cent Natural Wonders post card.

RESPONSE:

Based on my observation of the sample post cards, I concluded that all of them are equally comparable to Premium Stamped Cards and that it is appropriate to assign equal weight in the average sample price.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-14. Please refer to your response to OCA/USPS-T1-8. Please explain why the Commission should recommend a potential cost coverage of 317 percent to 389 percent.

RESPONSE:

Please see my responses to DFC/USPS-T1-7 and OCA/USPS-T1-23.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-15. Please refer to your response to OCA/USPS-T1-9. Please explain why the Commission should recommend a potential cost coverage of 532 percent to 559 percent.

RESPONSE:

Please see my responses to DFC/USPS-T1-7 and OCA/USPS-T1-23.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS YEH
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T1-16. Please explain why your testimony included the invoice for the Garden Bouquet stamped stationery but not the invoice for *The Art of Disney: Friendship* stamped stationery.

RESPONSE:

As stated on page 5 of my testimony, “The identifiable production and distribution costs of one example of PSS and one of PSC are portrayed in worksheets PSSPSC-WP4 and PSSPSC-WP5 of Attachment A, respectively.” The purpose of including the Garden Bouquet PSS invoice is to support the cost figures for this specific example. For illustrative purposes, I used Garden Bouquet PSS, as opposed to The Art of Disney: Friendship PSS because it is the most current of the two PSS issuances.