

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 POPKIN
(DBP/USPS-488 THROUGH 518)
(August 28, 2006)

The United States Postal Service hereby provides its institutional responses to the above-listed interrogatories, filed on August 11, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998, Fax -5402
michael.t.tidwell@usps.gov

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

DBP/USPS-488. Please refer to your response to Interrogatory DBP/USPS-295. The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

RESPONSE:

A copy of the survey instructions provided to the interviewers is attached.

FOREVER STAMPS- #35260

INTERVIEWER INSTRUCTIONS

April 27, 2006

Please review with all interviewers the following general instructions:

- 1) In the text to a question, if words are in lower case and in parentheses, they may be read if the respondent seems confused and needs a further explanation. They should not be read if there is no questioning on the part of the respondent. Example: Been treated by a physician for a peptic ulcer of any type. (This includes duodenal, and/or gastric ulcers) -- The part in parentheses should only be read for clarification, if necessary.
- 2) In the answer list to a question, where the whole list is in caps, it is not to be read. If one word or two in a sentence are in caps, they are for emphasis and should be read.
- 3) In the answer list to a question, where the whole list is in lower case, it should be read. If there is an instruction to "read list," the items should be read. Please note that in a "read list," there may be initials, such as NBC and CBS that should be read.
- 4) There are two different ways to read answer lists:
 - a. If the answer list is a single response or record one answer only, read the entire list before accepting one response.
 - b. If the answer list is a "Record as many as apply," be sure to pause for a response after reading each item, before reading the next item. THIS IS VERY IMPORTANT.

CTF Schedule:

Start interviewing - Thurs. 4/27/06

End interviewing – Mon 5/1/06

SAMPLE

Sample is RDD

Introduction/screener to survey:

S1- this question simply confirms that we have reached a household
Record gender

Core of questionnaire:

A1- This screen determines whether or not they will get the core of this study. We are expecting around 75% to get the entire questionnaire.

A2 – Record one answer.

A3 – Record as many as apply.

A4 and A5 – Record one answer. Do NOT read the list, unless respondent says DON'T KNOW, or is having trouble.

A6-A15 – Record one answer.

A16 – Open-end. Probe for specifics and other answers until respondent is done.

A17 – Record yes or no for each.

Description after A17 – Read CAREFULLY.

A18-A21 – There are 4 separate versions, but each respondent will only get one.

A18 – Record one answer.

A19 and A20 – Open-ends. Probe for specifics and other answers until respondent is done.

A21 – Record one answer for each time period.

A22 – Record yes or no for each.

A23 - Record one answer.

A24 – Record agree or disagree for each.

A25– Record one answer. Do NOT read the list, unless respondent says DON'T KNOW, or is having trouble. The respondent's answer from A4 will be insert in the question wording here.

A26-A27 – There are 3 separate versions, and each respondent will get the same one they got in the A18-A21 series.

A26-A27 - Record one answer.

Demographics – same as Caravan

Please review with all interviewers the following general instructions:

**** **VERY IMPORTANT** ******VERY IMPORTANT** **** **VERY IMPORTANT** ****

- 1) **There are two different ways to read answer lists:**
 - a. **If the answer list is a single response or record one answer only, read the entire list before accepting one response.**
 - b. **If the answer list is a "Record as many as apply," be sure to *pause for a response after reading each item to get a yes or no response before reading the next item. THIS IS VERY IMPORTANT.***
- 2) In the text to a question, if words are in lower case and in parentheses, they may be read if the respondent seems confused and needs a further explanation. They should not be read if there is no questioning on the part of the respondent. Example: Been treated by a physician for a peptic ulcer of any type. (This includes duodenal, and/or gastric ulcers) -- The part in parentheses should only be read for clarification, if necessary.
- 3) In the answer list to a question, where the whole list is in caps, it is not to be read. If one word or two in a sentence are in caps, they are for emphasis and should be read.
- 4) In the answer list to a question, where the whole list is in lower case, it should be read. If there is an instruction to "read list," the items should be read. Please note that in a "read list," there may be initials, such as NBC that should be read.
- 5) Probing is critical in open-ended questions. Open ends are included when our clients want to hear/see actual responses or not package responses with pre-coding. While some respondents will give full answers initially, most do not or do not really provide the information asked for. Keep in mind that our clients pay extra for the additional time and effort that open ends require. (Please note that instructions to record answers verbatim do not require the interviewer to capture the "ums", "ahs", "Let me think", etc. that people use in conversation.)

The exact phrasing of a probe will vary, but there are some general rules.

- Do not accept responses such as "I do/don't like it." The follow-up should be what do/don't you like about it. If the answer is "I don't know," politely prod the respondent: "Is there any reason you can think of?"
- After the respondent finishes, generally ask, "What else?" until the respondent says, "Nothing," unless the interviewing instructions or questionnaire state otherwise.

- 6) Other (Specify) should be used carefully. First, only record responses that answer the question. If an answer is non-responsive, re-read the question. Also, "all of the above" should NOT appear in "other (specify)." In the case of a multi-punch question, if a respondent says "all of the above," then punch all responses. On the other hand, if it is a single punch question, **probe**, "If you had to choose one, which would it be?" Finally, if "none" or "don't know" is in the answer list, DO NOT record it in other specify.

New introduction: ADDED FOR 714448 and going forward...

“Now, may I please speak to the youngest (male/female) 18 years of age or older who lives in this household.”

Subcontractors have used this introduction and get more 18-24 year olds with this version. This will be used for the year. We expect to see an increase in the number of younger respondents reached in each wave. They are about 10% of the adult population and we expect about 100 out of CARAVAN of 1,000. PLEASE KEEP STRESSING THE IMPORTANCE OF ASKING FOR THE YOUNGEST PERSON AGE 18 OR OLDER WHO IS AT HOME.

The returns are no better.

New gender check introduction...

Right after the gender question, we have a new introduction

First of all (sir/ma'am).....

This is a check to make certain the interviewer has coded the gender correctly. If not back up and fix the gender.

Incidence and Refusal Issues

SB -- Internet use and access should be about 65-70% combining home, work, school, other.

SS – Have cable and or satellite TV should be 78-80%

S8 – Age – less than 2% refusal. **Please note that with 715018 we are asking the age question differently. We are not asking ranges any longer but simply asking someone what is their age. IF they refuse then the ranges are to be read.**

S10 -- Income – less than 18% refusal

S11 -- How many total telephone numbers does your household have? Please do not include extension phones, just different telephone numbers.

Respondents often ask if this includes cell phones. It does not. If they ask you may say “no.” It also might help to repeat the second sentence.

Reading Responses

A safe rule of thumb is any answer category in lower case must be read and any one in upper case must not be read. Some clients are now asking us to read responses such as “Any Other” or “None” Pay careful attention to these situations and read them if they are in lower case.

Some response lists are “wait for yes or no for each.” Please pause after each and get a response. Some response lists are “read entire list before accepting one response.” Do not accept an answer until; the entire list has been read.

Forever Stamps – Small Business -- 1 – Section A

A1- This screen determines whether or not they will get the core of this study.

A2 – Record one answer.

A3 – Record as many as apply. Wait for yes or no for each.

A4 and A5 – Record one answer. Do NOT read the list, unless respondent says DON'T KNOW, or is having trouble. Use list to prompt.

A6-A15 – Record one answer.

A16 – Open-end. Probe for specifics and other answers until respondent is done.

A17 – Record yes or no for each.

Description after A17 – Read CAREFULLY.

A18-A21 – There are 4 separate versions, but each respondent will only get one.

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A21 – Record one answer for each time period.

A22 – Record yes or no for each.

A23 - Record one answer.

A24 – Record agree or disagree for each.

A25– Record one answer. Do NOT read the list, unless respondent says DON'T KNOW, or is having trouble. The respondent's answer from A4 will be insert in the question wording here.

A26-A27 – There are 3 separate versions, and each respondent will get the same one they got in the A18-A21 series.

A26-A27 - Record one answer.

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

DBP/USPS-489. Please refer to your response to Interrogatory DBP/USPS-296. The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

RESPONSE:

The telephone script consisted of the introductory statement provided in the response to DBP/USPS-295, along with the survey questionnaires that were included in USPS-LR-L-152.

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

DBP/USPS-490. Please refer to your response to Interrogatory DBP/USPS-297.

The term "participants" was meant to refer to the employees/contractors of Opinion Research Corporation. Please reanswer the Interrogatory with the originally intended concept.

RESPONSE:

The computer screen shots are no longer in Opinion Research Corporation's data systems. However, the survey questionnaires (with embedded instructions) included in USPS-LR-L-152 are representative of what appeared on the interviewer's screen during the interview. One question at a time appeared on the screen.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-491. Please refer to your response to Interrogatory DBP/USPS-300.

[a] Please define and explain the meaning of the phrase "On a weighted basis" and show any calculations that were made to arrive at the number 199 respondents.

[b] How many of the 2059 respondents that were contacted actually indicated that they were the owner or manager of a small business?

RESPONSE:

[a] In representative, probability-based samples such as CARAVAN®, the basis of the weighting is the inverse of the selection probability. Then, weighting adjustments are frequently made to reduce the potential for biases that may be present due to incomplete frame coverage and survey non-response — both inherent in all telephone surveys. These adjustments may take advantage of geographic, demographic and socioeconomic information that are known for the population as well as measured in the sample surveys. The adjustments reduce potential bias to the extent that the survey respondents and non-respondents (non-contacts, refusals, etc.) with similar geographic, demographic and socioeconomic characteristics are also similar with respect to the survey statistics of interest. In other words, post-survey weighting adjustments reduce bias if the weighting variables are related to (correlated with) the survey measures and the likelihood of survey participation.

With respect to CARAVAN®, the post-survey weighting adjustments leverage population-based estimates as reported by the Current Population Survey (CPS). This form of weighting is referred to as *calibration weighting* in that survey respondents are assigned weights that are calibrated to reflect the population. The calibration weighting in CARAVAN® is based on an iterative series of ratio adjustments called iterative proportional fitting, or *raking*, which was first introduced by Deming and Stephan for use in the 1940 U.S. Census. The CARAVAN®

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RESPONSE TO DBP/USPS-491 (continued):

ratio adjustments calibrate the survey data to the population for age, sex, race/Hispanic origin, and Census region.

The entire sample of 2,059 interviews was weighted to the U.S. adult population (not households) and then balanced to an overall weighted target of 2,000. Each respondent was assigned his/her own weight. After weighting, 199 respondents said they were the owner or manager of a small business.

[b] 220.

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DBP/USPS-492. Please refer to your response to Interrogatory DBP/USPS-301.

[a] Please explain why the study chose the only contact residential homeowners as the basis for their study and then utilize those residential homeowners who just happened to be the owner or manager of a small business for data for a separate study of small businesses as opposed to contacting small businesses directly.

[b] Please explain why that method will produce equally valid results.

[c] In the Library Reference USPS-LR-L-152 there appear to be two versions of the questionnaire, namely, the Small Business Version and the Consumer Version. Both of these appear to start off at question number 1 assuming that the respondent was already determined to be either a small business owner or not. Please advise how the Opinion Research Corporation employee/contractor was able to make that determination and provide copies of the appropriate script.

RESPONSE:

[a,b] CARAVAN® is an ongoing, twice-weekly representative sample of U.S. households. Piggybacking on CARAVAN® eliminated the need for a dedicated survey panel, and thus was efficient from a design and cost standpoint. A filter was used to identify owners and managers of small businesses from among the household respondents. The resulting small business sample was also considered to be representative under the reasonable assumption that all small business owners and managers belong to a household.

[c] Your interpretation of question number 1 in the survey is incorrect. In the Small Business Version, no assumption is made that the respondent is already a small business owner or manager. Rather, question number 1 pursues the matter directly: The respondent is asked whether he/she is a small business owner or manager. If the answer is negative, then the interview is terminated. Such a direct question quite effectively allowed Opinion Research Corporation to make a determination whether the respondent was a small business owner/manager. Please see the survey questionnaires included in USPS-LR-L-152, question number 1.

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DBP/USPS-493. Please refer to your response to Interrogatory DBP/USPS-310.

[a] Please look at the question that was asked to the consumer in the survey and explain what word or words in the question would indicate that the survey question was referring to purchasing the forever stamp "today" as opposed to sometime in the future when it became necessary to purchase stamps.

[b] What do you believe is the intent of the question?

[c] Is the real intent of the question as follows, "The next time that you make a purchase of stamps to mail one ounce letters and you are given the choice of purchasing either a 39¢ denominated stamp that will always be worth 39¢ and should the postal rates for one ounce letters increase in the future you will be required to add additional postage to your letter or to purchase a Forever Stamp for the same 39¢ that should the postal rates for one ounce letters increase in the future you will not be required to add additional postage to your letter, which would you choose?"

[d] If not, why not?

[e] What proportion of the 20 to 26 percent of the respondents who would not want to purchase the Forever Stamp misunderstood the question and would purchase it at a later time vs. those that preferred denominated stamps for philatelic purposes?

[f] Do you believe that the 20 to 26 percent of the respondents who would not want to purchase the Forever Stamp is a valid indication of the real intent of the question?

[g] If so, please explain why?

RESPONSE:

[a] The word in the survey questionnaires (both consumer and small business) conveying that the reference was to purchasing the Forever Stamp *today* (as opposed to sometime in the future) was "today." Question number 19 alternately asked "If you could buy the Forever Stamp *today* at 39 cents," and "If you could buy the Forever Stamp *today* with a [XX] cent premium." (Emphasis added.) However, respondents were certainly free to interpret "today" as today, or perhaps the next time that stamps are purchased in the normal course of business or running errands.

[b] The intent could reasonably be construed as either of the interpretations in subpart [a].

[c] That is one reasonable interpretation of the intent.

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RESPONSE TO DBP/USPS-493 (continued):

[d] N/A.

[e] This is not known. Negative (no-purchase) responses were not tabulated in the survey.

[f,g] Yes. The Postal Service has no reason to believe that the responses do not reflect what was inquired: "If you could buy the Forever Stamp today....."

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DBP/USPS-494. Please refer to your response to Interrogatory DBP/USPS-311.

[a] Do you believe that the 27 to 29 percent of the respondents who indicated that they would purchase the Forever Stamp at a 45¢ price misunderstood the question and did not realize that in order to achieve the hedge against future rate increases it would take probably two rate increases and six years on average to receive that benefit and in any case they could always purchase the Forever Stamp at a 39¢ price up until the new rate actually went into effect and could, in all likelihood, purchase it at an intermediate price between 39¢ and 45¢ if they missed out on the first opportunity.

[b] If not, please explain.

[c] Do you believe that the 27 to 57 percent of the respondents who indicated that they would purchase the Forever Stamp at a premium price misunderstood the question and did not realize that in order to achieve the hedge against future rate increases they could still purchase the Forever Stamp once the proposed rate increase and its magnitude were announced.

[d] If not, please explain.

RESPONSE:

[a,b] The Postal Service has no reason to believe that any of the survey questions were generally misunderstood. Clearly, survey respondents will not understand the true intent of questions 100 percent of the time. But there is no way of knowing in the instant survey how questions may have been interpreted, when they were not interpreted in the way intended. The Postal Service also believes that when presented in survey question number 19 with the option to purchase the Forever Stamp at a premium ranging up to 6 cents, respondents were not likely to assume that the stamp would at any time in the future be available at a premium other than the one posed in the question (*e.g.*, if the stamp is available at 45 cents when First-Class Mail postage is 39 cents, then it will become available at 48 cents when, hypothetically, First-Class Mail postage increases to 42 cents).

[c,d] No. There was no suggestion in survey question number 19 that the stamp could not also be purchased at some point in the future, including after the next rate change is announced.

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DBP/USPS-495. Please refer to your response to Interrogatory DBP/USPS-312. The original Interrogatory was not answered. The question was why were the responses to each of the various Insights tabulated against the premium prices that were likely to be paid as opposed to just tabulating them individually or tabulating them against some other parameter as the number of stamps the participant had on hand or for that matter the first letter of the respondent's last name.

RESPONSE:

The question was answered. Repeating that answer (partially): “the cross-tabulations enable cross-comparisons at the different rate-premium tiers.”

Clearly, the survey results could not have been summarized according to all of hundreds of potential cross-tabulations. The rate-premium tiers were chosen as one (hopefully) useful cross-tabulation — certainly more useful than the first letter of the respondent’s last name.

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DBP/USPS-496. Please refer to your response to Interrogatory DBP/USPS-314. While the data may have been obtained that way and may be available in the Library Reference, please explain why it is not included that way in the Report.

RESPONSE:

The detailed tabulations, included in USPS-LR-L-152, comprised over 200 pages. Ultimately, some things had to be pared for the summary results appearing at the beginning of the Library Reference (“Market Research Report”). In any event, both the Market Research Report and the detailed tabulations showing the desired breakout by number of stamps purchased appear in the Library Reference.

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DBP/USPS-497. Please refer to your response to Interrogatory DBP/USPS-315.

Please provide any data that the Postal Service has to indicate in the period following the rate increase to 39¢ the percentage of one ounce letters that only had a 37¢ stamp affixed.

RESPONSE:

The Postal Service has no data from which it could derive an estimate of that percentage during the time frame to which you appear to refer. Even without knowing that percentage or being able to offer a “best estimate,” one would expect the percentage to decline as the rate change recedes further into the past.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-498. Please refer to your response to Interrogatory DBP/USPS-316 subpart d. A specific numerical best estimate response is desired to this Interrogatory subpart.

RESPONSE:

The Postal Service is unable to offer a “best estimate” based on two unknown variables that would be anything other than a wild guess. The original question is the equivalent of asking for an estimate of the percentage of drivers operating vehicles over the speed limit at any given moment who would be observed by the police and cited for speeding.

In both cases, in the imperfect world in which we live, it is the Postal Service’s “best guess” that some unknown percentage less than 100 would be caught and cited.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-499. Please refer to your response to Interrogatory DBP/USPS-323. Please confirm, or explain if you are unable to confirm, that should the Forever Stamp and other proposed rates be approved and implemented as a result of the action in Docket R2006-1 that while the Forever Stamp will be sold prior to the effective date of the 42¢ one ounce letter rate it will be sold for 42¢ and not the 39¢ rate that would normally apply if the Forever Stamp concept was fully implemented.

RESPONSE:

Confirmed, that the Forever Stamp will initially be sold for 42 cents. Also confirmed, that in future rate case cycles, the Forever Stamp will always be sold at the contemporaneous first-ounce letter rate (if that is what is meant by full implementation of the "Forever Stamp concept).

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DBP/USPS-500. Please refer to your response to Interrogatory 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 including the implementation of the Forever Stamp policy in a manner [such as making the appropriate DMCS changes effective prior to the rest of the rates and changes and selling the Forever Stamp for 39¢ prior to the change to the 42¢ rate] that would allow mailers to take full advantage of this concept at this time as opposed to having to wait for the next rate case to take full advantage of the concept.

RESPONSE:

If, pursuant to Docket No. R2006-1, the Forever Stamp is recommended by the Postal Rate Commission and approved by the USPS Governors, the introductory rate will be equated with the rate following from Docket No. R2006-1 for single-piece First-Class Mail one-ounce letters, which has been proposed by the Postal Service at 42 cents. That is the concept that the USPS Board of Governors directed postal management to request approval of this docket. Accordingly, postal planning is focused on that concept.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-501. Please refer to your response to Interrogatory DBP/USPS-336 subpart a.

[a] Did the Breast Cancer stamp ever have a postage value of 33 or 34 cents?

[b] If so, please provide full details.

RESPONSE:

[a,b] Yes. While the purchase price was 40 cents, the postage value did increase along with rate changes from 32 cents to 33 cents, and again from 33 cents to 34 cents. Also, as correction to the response to DBP/USPS-336[a], the purchase price was increased to 45 cents on March 23, 2002, not June 30 of that year. From March 23 to June 30, the postage value was 34 cents.

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DBP/USPS-502. Please refer to your response to Interrogatory DBP/USPS-336 subpart b.

[a] Does the last sentence of the Postal Bulletin excerpt mean that at the present time the Postal Service must assume that the Breast Value stamp will have a postage value of 39¢ regardless of its purchase date and corresponding postage value on that date?

[b] If not, please explain.

RESPONSE:

[a] Unless there is some other indication (e.g., mailer proclamation to the contrary, or the application of additional postage implying postage value at an earlier rate), yes.

[b] N/A

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-503. Please refer to your response to Interrogatory DBP/USPS-336 subpart b. The next to the last sentence of the Postal Bulletin excerpt states that there is no easy way to determine the purchase date and therefore the corresponding postage value of a semi-postal stamp. Please provide any way [i.e. a non-easy way] that the Postal Service may make this determination.

RESPONSE:

There is no way, easy or non-easy.

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DBP/USPS-504. Please refer to your response to Interrogatory DBP/USPS-336 subpart c. Please explain how the DMM Quick Service Guide, Section 604a will allow the Postal Service to determine whether the postage value of a Breast Cancer stamp is 32, 33, 34, 37, or 39 cents and therefore whether a one ounce letter with a Breast Cancer stamp is fully paid or requires an additional 2, 5, 6, or 7 cents postage.

RESPONSE:

There is no way to determine from DMM Quick Service Guide, Section 604a. The response to DBP/USPS-336[b] was in error. It should have said, "Please see the response to subpart [b], above."

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-505. Please refer to your response to Interrogatory DBP/USPS-336 subpart e. If a purchaser of semi-postal stamps does not keep "records" of their purchases and also assuming that they purchase the stamp at various times when the postage value was not the same, please explain how they would know the purchase date and corresponding postage value of a specific stamp that was placed on a mailpiece.

RESPONSE:

They would probably not know, and the assumption described in the last sentence of the Postal Bulletin excerpt provided in response to DBP/USPS-336[b] would apply.

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DBP/USPS-506. Please refer to your response to Interrogatory DBP/USPS-336 subpart f. If the Breast Cancer stamps were purchased at a time when the postage value was only 37¢ and a 3-ounce letter with two of these [37¢ postage value] Breast Cancer stamps already affixed was presented [at a time when the postage rate is 39¢] to a Postal Service retail window clerk to weigh and affix any necessary postage, please confirm, or explain if you are unable to confirm, that the clerk would affix only 9¢ in additional postage when the correct value of additional postage would be 13¢ and that would only occur if the mailer was aware of the postage value of the stamps and made the retail clerk aware of that information.

RESPONSE:

The scenario you describe is likely, and confirmed that mailer input would be required to impute correct additional postage of 13 cents.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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DBP/USPS-507. Please refer to your response to Interrogatory DBP/USPS-336 subpart g.

[a] Please confirm that all three semi-postal stamps that have been issued have the words "First-Class" incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the Breast Cancer stamp may be utilized to pay the postage on Media Mail, that the First-Class indicia on the Breast Cancer stamp will not preclude its use on mail classes [all classes of mail to which regular denominated postage stamps may be utilized] including other than First-Class Mail.

RESPONSE:

[a] Confirmed.

[b] Confirmed.

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

DBP/USPS-508. Please refer to your response to Interrogatory DBP/USPS-339 subpart b.

[a] Please confirm that many of the non-denominated stamps that have been issued have the words "First-Class" incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the non-denominated stamp may be utilized to pay the postage on Media Mail, that the First-Class indicia on the non-denominated stamp will not preclude its use on mail classes [all classes of mail to which regular denominated postage stamps may be utilized] including other than First-Class Mail.

RESPONSE:

[a] Confirmed.

[b] Confirmed.

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DBP/USPS-509. Please refer to your response to Interrogatory DBP/USPS-336 subpart c.

[a] Please confirm that some of the non-denominated stamps that have been issued have the words "Domestic Use", or words of similar import, incorporated in the design.

[b] Please confirm, or explain if you are unable to confirm, that since you have indicated that the non-denominated stamp may be utilized to pay the postage on International Mail, that the words "Domestic Use", or words of similar import, on the non-denominated stamp will not preclude its use on International Mail.

RESPONSE:

[a] Confirmed. Those incorporations were prior to 1998 when it became possible to use non-denominated stamps for paying the postage on International Mail. See Postal Bulletin 21978, 8-13-98, at 20.

[b] Confirmed. See IMM Section 152.2d.

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DBP/USPS-510. Please refer to your response to Interrogatory DBP/USPS-340.

The following are the proposed changes that are being proposed for the DMCS:

241 FOREVER STAMP

Postage for the first ounce of a First-Class Mail Single Piece letter may be paid through the application of a Forever Stamp. The Forever Stamp is sold at the prevailing rate for Single Piece Letters, First Ounce, in Rate Schedule 221. Once purchased, the Stamp may be used for first ounce letter postage at any time in the future, regardless of the prevailing rate at the time of use.

3030 Payment of Postage and Fees

Postage must be fully prepaid on all mail at the time of mailing, except as authorized by law or this Schedule. The use of the Forever Stamp, as described in section 241, is considered full prepayment of postage for the first ounce of First-Class Mail, Single Piece Letters. Except as authorized by law or this Schedule, mail deposited without prepayment.....

SCHEDULE 221 NOTES

The price for Single Piece, First ounce, Letters also applies to sales of the Forever Stamp at the time of purchase.

[a] Please confirm, or explain if you are unable to confirm, that there are at least two possible ways that one could interpret the meaning of these proposed changes. The first interpretation that one could obtain from these proposed changes is that a Forever Stamp has one use, and one use only, and that would be to affix to a First-Class Mail letter, and not to a First-Class Mail flat or parcel, to cover the postage that was required for that letter and any other postage that was required, either for additional weight or other ancillary services, could not be paid for, in full or in part, with a Forever Stamp. The second interpretation would be that the Forever Stamp has a certain postage value [whether it is the postage value that existed at the time of purchase of the stamp or at the time of the use of the stamp need not be considered for response to this subpart] and that it may be used at its postage value on all classes of mail for which regular denominated postage stamps may be used.

[b] If there are any other possible interpretations of these proposed DMCS changes, please explain.

[c] Please confirm, or explain if you are unable to confirm, that a literal reading of the words in the proposed DMCS changes would lead one to adopt the first interpretation noted in subpart a above.

[d] Which interpretation provided in subparts a and b does the Postal Service intend to apply to the use of the Forever Stamp?

[e] If the response to subpart d above is other than the first interpretation provide in subpart a above, please explain how a literal reading of the proposed DMCS changes will provide for that interpretation.

[f] Please confirm, or explain if you are unable to confirm, that the response to

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DBP/USPS-510 (continued):

Interrogatory DBP/USPS-340 could not be met by either the first or the second interpretation shown in subpart a above.

RESPONSE

[a,f] Confirmed.

[b] Another possible interpretation, which would be the correct one, is that the Forever Stamp is intended for use on single-piece First-Class Mail one-ounce letters. This excludes the first-ounce rate component of letters weighing more than one ounce. However, as acknowledged in the response to DBP/USPS-340, some mailers will at times use the Forever Stamp for an unintended purpose, whether a First-Class Mail flat or parcel, a First-Class Mail letter weighing more than one ounce, or another mail class altogether. The Postal Service is considering giving postage credit for such uses at the original purchase price, but a final determination has not yet been made. During the Forever Stamp's first rate cycle, from the time of its proposed inception when Docket No. R2006-1 rates are implemented, until rates are once again changed, there will be no difference between the stamp's value (proposed at 42 cents) and its purchase price (proposed at 42 cents). Therefore, how to value unintended postage uses will not be a (financial) issue. During the first rate cycle, the Postal Service will observe use of the Forever Stamp and develop a policy for unintended postage uses, which will become a financial issue in subsequent rate cycles (when the stamp's value may exceed its original purchase price).

[c] Not confirmed. The term "first ounce" is possibly ambiguous, and the proposed DMCS changes do not explicitly prohibit the use of Forever Stamps for postage applications other than single-piece First-Class Mail one-ounce letters.

[d] Neither. Please see the response to subpart [b], above.

[e] Please see the response to subpart [b], above.

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DBP/USPS-511. Please refer to your response to Interrogatory DBP/USPS-340. Please advise the significance of the use of the word "considering" on the seventh line of your response.

RESPONSE:

The Postal Service has not finalized all terms and specifications of the Forever Stamp. Use of the word signifies that no specific determination has yet been made yet to address the time frame beyond the R2006-1 rate cycle. See the response to DBP/USPS-510[b].

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DBP/USPS-512. Please refer to your response to Interrogatory DBP/USPS-340. Assume for purposes of this Interrogatory that the R2006-1 Docket was implemented in 2007 as proposed and a new Docket R2009-1 was introduced in 2009 and implemented in 2010. Further, assume that a mailer purchases a number of Forever Stamps in 2008 at 42¢ each and that the R2009-1 First-Class Mail letter rate is 45¢ for the first ounce and 25¢ each additional ounce.

[a] If this mailer has a 3-ounce letter to mail in 2011 and affixes two of the 2008-purchased Forever Stamps to the mail piece, please confirm, or explain if you are unable to confirm, that the required postage would be 95¢ and that one of the Forever Stamps would be considered to have a postage value of 45¢ to cover the first ounce of this mailpiece and the other Forever Stamp would have a postage value of only 42¢ since it is covering the rate for the additional ounces and not the first ounce rate of the letter. Therefore, this 3-ounce letter would require 8¢ in additional postage.

[b] Please confirm, or explain if you are unable to confirm, that the mailpiece noted in subpart a above will have two identical Forever Stamps affixed to the letter and that they will have two separate postage values.

[c] Please discuss the level of confusion that you expect to occur when the Postal Service has two separate and different values depending on the use that is made of the stamp for the same identical stamp [particularly when they appear on the same mailpiece].

RESPONSE:

[a,b] Unable to confirm. The Postal Service has not made a final determination about postage applications other than single-piece First-Class Mail one-ounce letters (*i.e.*, unintended postage applications). Please see the responses to DBP/USPS-510[b] and DBP/USPS-511.

[c] Not applicable.

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DBP/USPS-513. Please refer to your response to Interrogatory DBP/USPS-340.

Assume for purposes of this Interrogatory that the R2006-1 Docket was implemented in 2007 as proposed and a new Docket R2009-1 was introduced in 2009 and implemented in 2010. Further, assume that a mailer purchases a number of Forever Stamps in 2008 at 42¢ each and that the R2009-1 First-Class Mail letter rate is 45¢ for the first ounce; the flat rate is 70¢ for the first ounce; the parcel rate is \$1.10 for the first ounce; and additional ounces are 25¢ for all classes.

[a] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail flat to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 28¢ based on the 70¢ rate less the 42¢ postage value of the Forever Stamp [since it is not being utilized to pay the first ounce of a letter].

[b] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail article that has one or more of the non-machinable characteristics that would require it to pay the rate for a flat to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 25¢ based on the 70¢ rate less the 45¢ postage value of the Forever Stamp [since it is being utilized to pay the first ounce of a letter - albeit not a machinable letter].

[c] Please confirm, or explain if you are unable to confirm, that if in 2011 a mailer has a one ounce First-Class Mail parcel to which a 2008-purchased Forever Stamp has been affixed to mail that the required additional postage will be 68¢ based on the \$1.10 rate less the 42¢ postage value of the Forever Stamp [since it is not being utilized to pay the first ounce of a letter].

[d] Please discuss the level of confusion that might result from the existence of the above and similar scenarios.

RESPONSE:

[a-c] Unable to confirm. The Postal Service has not made a final determination about postage applications other than single-piece First-Class Mail one-ounce letters (*i.e.*, unintended postage applications). Please see the responses to DBP/USPS-510[b] and DBP/USPS-511.

[d] Not applicable.

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DBP/USPS-514. Please refer to your response to Interrogatory DBP/USPS-340.

[a] Please confirm, or explain if you are unable to confirm, that the main reason for choosing not to utilize the concept of "forever value" but rather utilizing the original purchase price of the stamp is to reduce the added loss of revenue.

[b] Please provide an estimate of the additional loss of revenue that would be expected to occur if that policy were changed.

[c] Please provide an estimate of the additional cost that would be expected to occur [due to the added confusion factor or other reasons] if that policy were not changed.

[d] Please provide the calculations and reasoning behind the estimates provided in response to subparts b and c above.

RESPONSE:

[a] Unable to confirm. The approach discussed in the response to DBP/USPS-340 is only under consideration. It has not been chosen.

[b] The Postal Service does not have such an estimate.

[c] The Postal Service does not have such an estimate.

[d] Not applicable.

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DBP/USPS-515. Please refer to your response to Interrogatory DBP/USPS-350. In the response to Interrogatories DBP/USPS-345[a] and DBP/USPS-347, it was indicated that for the implementation of this current Docket, the Forever Stamp will take the place of the usual non-denominated stamp that has been traditional for the past many rate changes.

[a] Please advise all of the formats that a 39¢ non-denominated stamp was issued in the past rate change.

[b] Since a standard non-denominated stamp will not be issued in a number of formats, including a coil of 100, please advise why mailers will not have the ability to obtain Forever Stamps in a coil format.

RESPONSE

[a] The nondenominated stamp with a postage value of 39 cents was issued in pane, coil, booklet, and “sheetlet” formats.

[b] As a correction to the Postal Service's responses to DBP/USPS-345(a) and 347, we are still in the process of evaluating the formats for the nondenominated First Class single piece one ounce letter rate for 2007.

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DBP/USPS-516. Please refer to your response to Interrogatory DBP/USPS-358 subpart a, Please confirm, or explain if you are unable to confirm, that placing a single letter on a stamp in place of a numerical value will not affect the ability to produce more attractive transition stamps.

RESPONSE:

By definition, non-denominated stamps do not show a “numerical value.”

Therefore, an identifying letter cannot be “in place of” a numerical value on a non-denominated stamp.

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DBP/USPS-517. Please refer to your response to Interrogatory DBP/USPS-358 subpart c, Please reanswer this Interrogatory after eliminating the word "much" from the original Interrogatory.

RESPONSE:

Both systems will require looking up the value of the stamp (assuming it is not committed to the Retail Associate's memory), and Quick Service Guide Section 604a, which graphically depicts all nondenominated stamps in descending chronological order, is not necessarily more difficult to cross-reference than a key to a letter scheme.

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DBP/USPS-518. Please refer to your response to Interrogatory DBP/USPS-361 subpart a. Please resolve the conflict between the response to subpart a which states that no concerns have been developed and lines 7 to 13 on page 23 of T-48 which states that there are concerns.

7 Accordingly, the Postal Service is concerned that its philatelic
8 programs may be subjected to some risk, as a result of the Forever Stamp. We
9 have similar concerns about unanticipated effects on our stamp programs
10 generally. Time and experience will tell whether these programs will be
11 affected
12 as a result of general availability of the Forever Stamp. In light of the
13 excellence
14 and high public appeal of our stamp programs, careful monitoring of Forever
15 Stamp usage merits close attention.

RESPONSE:

The response to DBP/USPS-361 indicated that at the current time, the Postal Service has no specific, identifiable concerns. USPS-T-48, at 23, lines 7 to 13, acknowledges that some *unanticipated* effects could materialize depending on how the mailing public takes to the Forever Stamp. (Emphasis added.) If these effects are unanticipated, they cannot presently be identified. Accordingly, there is no conflict to resolve.