

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 THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-1, 5-12, 18)

The United States Postal Service hereby provides the responses of witness Yeh to the following interrogatories of the Office of the Consumer Advocate, filed on February 27, 2007: OCA/USPS-T1-1, 5-12, 18.

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 THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-1. Please refer to your worksheet PSSPSC-WP3 in Attachment A of your testimony which indicated the unit market price of products comparable to Premium Stamped Stationery and Premium Stamped Cards without postage is \$1.12. Please also please refer to page 5 of your testimony referring to that unit market price as based on “a sample of such products and used them to calculate the price points depicted in worksheet PSSPSC-WP3 of Attachment A.”

- a. Please explain why you do not determine separate unit market prices for letter sheets and cards.
- b. How many samples did you obtain, at what prices, when and where did you obtain the samples?
- c. Did you assume the full retail price (or recommended retail price) in your calculations? If not, please explain.
- d. Did you obtain samples of both cards and letter sheets? Please show your calculations to determine the unit market price of stationery of \$1.12.
- e. Please describe the examples you obtained, particularly the size of the letter sheets and cards, whether envelopes were included in the price, and the quality of the stock of each of the samples as compared to the quality of the stock in the current issues of Premium Stamped Stationery and the Premium Stamped Cards.

RESPONSE:

- a. I did. Please refer to the Notice of Correction filed on March 14, 2007.
- b. Please see the table below.
- c. Yes, I assumed the full retail price in estimating the market prices.
- d. Yes, the samples included cards and letter sheets. It also included card and envelope sets, since the quality of the available letter sheets was much lower than the quality of PSS. The calculation is shown in the table.
- e. Please see the table below. The samples were of various quality, with differences in quality generally reflected in the unit price differences. The quality of current PSS and PSC issues is comparable to the higher quality items among the samples.

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Sample of Stationery

No.	Description	Unit Retail Price	Dimensions
1*	Eiffel Tower card and envelope by Papyrus	\$2.950	5" x 7"
2	Wendi Wing card and envelope by Studio One Hundred	\$2.290	5" x 7"
3*	Shoebox card and envelope by Hallmark	\$2.290	4 3/4" x 6 3/4"
4	White House card and envelope by Autumn Publishing, Inc.	\$2.250	5" x 7"
5	Gallery Note card and envelope by American Greetings Corp.	\$1.120	3 1/4" x 7"
6	Simple Spells for Love card and envelope by Galison	\$1.000	5" x 6 3/4"
7*	Bohemian stationery with envelope by Papyrus	\$0.948	5 7/8" x 8 1/4"
8	Candystripes (LANG) note cards and envelope by The Lang Companies	\$0.870	4" x 5"
9	Spring Visitor (LANG) note cards and envelope by Bookmark, LTD.	\$0.610	4 1/8" x 5"
10	Romance note cards and envelope by Galison Books	\$0.400	3 1/2" x 5"
11	Amazing Spider-man fold and mail stationery by Chronicle Books	\$0.220	7" x 10"
12	Mutts fold and mail stationery by Chronicle Books	\$0.220	7" x 10"
13	Wonder Woman fold and mail stationery by Chronicle Books	\$0.220	7" x 10"
14*	Superman fold and mail stationery by Chronicle Books	\$0.220	7" x 10"
	Average unit retail price of sample of stationery	\$1.115	

Sample of Postcards

No.	Description	Unit Retail Price	Dimensions
1*	Natural Wonders postcard by Cavallini & Co.	\$0.831	3 3/4" x 5 3/4"
2	Greetings from Virginia (oversized) postcard by Shin Sung Souvenir Co.	\$0.600	5" x 7"
3	National Mall postcard by L.B. Prince Co.	\$0.458	5" x 6 1/2"
4	Greetings from Virginia (regular) postcard by Shin Sung Souvenir Co.	\$0.400	4 1/8" x 6 7/8"
5	Washington, D.C. postcard by L.B. Prince Co.	\$0.199	3 1/2" x 7 3/4"
	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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OCA/USPS-T1-5. Please confirm that the Premium Postal Stationery currently sells for \$0.8558 per sheet (\$14.95 for 12 sheets less \$4.68 postage). If you do not confirm, please explain.

RESPONSE:

Confirmed.

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OCA/USPS-T1-6. Please provide the cost coverage (without postage) for the Garden Bouquet Premium Stamped Stationery at the current rate of \$14.95 for a package of 12 cards. Please show your calculations.

RESPONSE:

Given the unit price of Garden Bouquet Stationery per sheet (without postage) of \$0.8558 and the total approximated unit cost range (without postage), as explained on pages 5-6 of my testimony, of \$0.36 ($\$0.36 + \$0.00135 + \0.0002) to \$0.41 ($\$0.36 + \$0.00207 + \0.0515), the resulting approximated cost coverage range would be from 209 percent ($\$0.8558 \div \0.41) to 238 percent ($\$0.8558 \div \0.36).

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OCA/USPS-T1-7. Please provide the cost coverage (without postage) for the Garden Bouquet Premium Stamped Stationery if priced at the maximum proposed unit fee of 3 times the (1) current letter rate and (2) the Commission's Docket No. R2006-1 recommended letter rate. Please show your calculations.

RESPONSE:

(1) The resulting approximated cost coverage range for Garden Bouquet PSS (without postage) at 3 times the current letter rate of \$0.39 would be from 285 percent ($\$1.17 \div \0.41) to 325 percent ($\$1.17 \div \0.36).

(2) The resulting approximated cost coverage range for Garden Bouquet PSS (without postage) at 3 times the recommended Docket No. R2006-1 letter rate of \$0.41 would be from 300 percent ($\$1.23 \div \0.41) to 342 percent ($\$1.23 \div \0.36).

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OCA/USPS-T1-8. Please provide the cost coverage (without postage) for the Disney Friendship Premium Stamped Stationery at the current rate of \$14.95 for a package of 12 cards. Please show your calculations.

RESPONSE:

Given the unit price of Disney Friendship PSS per sheet (without postage) of \$0.8558, and the total approximated unit cost range (without postage) of \$0.22 to \$0.27 (which consists of printing and packaging costs (shown on the attachment) of \$2.63 per pad, or \$0.22 per sheet, plus the proxy cost ranges given on page 6 my testimony), the resulting approximated cost coverage range would be from 317 percent ($\$0.8558 \div \0.27) to 389 percent ($\$0.8558 \div \0.22).

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OCA/USPS-T1-9. Please provide the cost coverage (without postage) for the Disney Friendship Premium Stamped Stationery if priced at the maximum proposed unit fee of 3 times the (1) current letter rate and (2) the Commission's Docket No. R2006-1 recommended letter rate. Please show your calculations.

RESPONSE:

(1) The resulting approximated cost coverage range for Disney Friendship PSS (without postage) at 3 times the current letter rate of \$0.39 would be from 433 percent ($\$1.17 \div \0.27) to 532 percent ($\$1.17 \div \0.22).

(2) The resulting approximated cost coverage range for Garden Bouquet PSS (without postage) at 3 times the recommended Docket No. R2006-1 letter rate of \$0.41 would be from 456 percent ($\$1.23 \div \0.27) to 559 percent ($\$1.23 \div \0.22).

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OCA/USPS-T1-10. Please confirm that the Art of Disney-Romance Premium Stamped Cards currently sell for \$0.2575 per card. (\$9.95 for a booklet of 20 cards less \$4.80 postage/20). If you do not confirm, please explain.

RESPONSE:

Confirmed.

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OCA/USPS-T1-11. Please provide the cost coverage (without postage) for the Art of Disney-Romance Premium Stamped Cards sold at the current price of \$9.95 for 20 cards. Please show your calculations.

RESPONSE:

Given the unit price of Art of Disney-Romance PSC per card (without postage) of \$0.2575 and the total approximated unit cost range (without postage), as explained on pages 5-6 of my testimony, of \$0.14 ($\$0.14 + \$0.00135 + \0.0002) to \$0.19 ($\$0.14 + \$0.00207 + \0.0515), the resulting approximated cost coverage range would be from 136 percent ($\$0.2575 \div \0.19) to 184 percent ($\$0.2575 \div \0.14).

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OCA/USPS-T1-12. Please provide the cost coverage (without postage) for the Art of Disney-Romance Premium Stamped Cards if priced at the maximum proposed unit fee of 3 times the (1) current card rate and (2) the Commission's Docket No. R2006-1 recommended card rate. Please show your calculations.

RESPONSE:

(1) The approximated cost coverage range for Art of Disney-Romance PSC (without postage) at 3 times the current card rate of \$0.24 would be from 379 percent ($\$0.72 \div \0.19) to 514 percent ($\$0.72 \div \0.14).

(2) The approximate cost coverage range for Art of Disney-Romance PSC (without postage) at 3 times the Commission's recommended Docket No. R2006-1 card rate of \$0.26 would be from 411 percent ($\$0.78 \div \0.19) to 557 percent ($\$0.78 \div \0.14).

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OCA/USPS-T1-18. Is the cost to the Postal Service of the Disney Friendship stationery greater than the cost of the Garden Bouquet stationery? If so, please explain the cost differences.

RESPONSE:

No, based on the cost information available to me, and the calculations of approximated unit costs shown in my responses to OCA/USPS-T1-6 and 8.