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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

May 14, 1999

Hon. Margaret P. Crenshaw, Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001

Dear Ms. Crenshaw:

In accordance with the Commission's Opinion and Recommended Decision on Market Test in Docket No. MC98-1, I have enclosed a copy of the Mailing Online Accounting Period Report for A/P 7.

Please note that ongoing changes in Mailing Online have delayed the collection and provision of weekly and bi-weekly data. We are in the process of revising data collection procedures in light of these changes and are endeavoring to provide the data to the Commission as soon as we are able.

Sincerely,

Scott L. Reiter
Acting Chief Counsel, Ratemaking

Enclosure

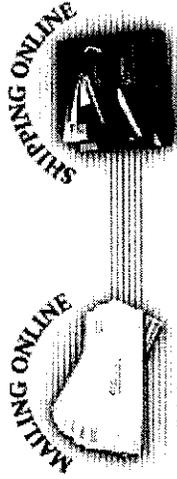
cc: Participants of record
in Docket No. MC98-1





PostOffice Online

PRICEMATERHOUSECOOPERS 



Postal Rate Commission
Mailing Online AP Report (AP 7: February 27 to March 26 1999)

MOL AP 7 Report

AP 7 (February 27 to March 26 1999)

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Guide to reading the reports

MOL-Specific Costs: Costs that would disappear in their entirety if MOL did not exist

Shared Costs: Costs that include MOL components and would not disappear if MOL did not exist but would change if the MOL components were no longer needed

Non-MOL Costs: Costs that would stay the same regardless of whether MOL existed or not

Table 1

Advertising and Marketing Costs

AP 7 (February 27 to March 26 1999)

Total Advertising and Marketing Costs

Category	Week Beginning 3/1/99	Week beginning 3/8/99	Week Beginning 3/15/99	Week Beginning 3/22/99	Total
MOL-Specific Costs					
None	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total MOL Specific Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Shared Costs					
<i>Advertising Costs</i>					
Media Costs *	\$84,196.00	\$0.00	\$9,843.00	\$0.00	\$94,039.00
Creative Costs **	\$67,622.44	\$0.00	\$7,905.45	\$0.00	\$75,527.89
Production Costs ***	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<i>Customer Service Marketing</i>					
None	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Shared Costs	\$151,818.44	\$0.00	\$17,748.45	\$0.00	\$169,566.89
Non-MOL Costs					
None	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total Non-MOL Costs	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Total	\$151,818.44	\$0.00	\$17,748.45	\$0.00	\$169,566.89
Market test to Date					\$4,477,026.97

* Media Costs: Costs for airtime, display space, purchasing address lists for direct mail and related postage

** Creative Costs: Costs to design the advertising and manage the account

*** Production Costs: Costs to print, retouch, and otherwise process the ads. For the ads to be used during the market test, the costs were incurred in AP 2.



Table 2

Help Desk Costs

AP 7 (February 27 to March 26 1999)

Total Help Desk Costs

Category	Total
MOL-Specific Costs	
<i>Set-up Costs</i>	
None	\$0.00
<i>Ongoing Costs</i>	
None	\$0.00
Total MOL Specific Costs	\$0.00
Shared Costs	
<i>Set-up Costs</i>	
None	\$0.00
<i>Ongoing Costs</i>	
Labor - Management	\$129,293.96
Labor - Non-Management	\$63,854.55
Labor - System Development V3 *	\$147,686.30
Facilities Costs **	\$1,551.98
Voice and Fax Charges	\$1,734.21
Total Shared Costs	\$344,121.00
Non-MOL Costs	
<i>Set-up Costs</i>	
None	\$0.00
<i>Ongoing Costs</i>	
None	\$0.00
Total Non-MOL Costs	\$0.00
Total	\$344,121.00
Market Test to Date	\$1,385,484.79

* Represents programming costs to prepare Support Center systems to handle V3 volumes

** Facilities Costs are the cost of renting the premises



Table 3

Hardware and Software Costs

AP 7 (February 27 to March 26 1999)

Total Hardware, Software, Development and Coding Costs

Category	Description	Cost
MOL-Specific Costs		
<i>Hardware</i>		
Production	None	\$0.00
Test	None	\$0.00
<i>Software</i>		
	None	\$0.00
<i>Development and Coding *</i>		
	Certification and Accreditation	\$4,741.72
	Development and Coding V2	\$23,993.64
	Development and Coding V3	\$581,254.47
Total MOL Specific Costs		\$609,989.83
Shared Costs		
<i>Hardware</i>		
Production	None	\$0.00
Test	None	\$0.00
<i>Software</i>		
	Commercial Software	\$0.00
<i>Development and Coding *</i>		
	Certification and Accreditation	\$0.00
	Development and Coding V2	\$0.00
	Development and Coding V3	\$921,860.22
Total Shared Costs		\$921,860.22
Non-MOL Costs		
<i>Hardware</i>		
Production	None	\$0.00
Test	None	\$0.00
<i>Software</i>		
	None	\$0.00
<i>Development and Coding *</i>		
	Certification and Accreditation	\$0.00
	Development and Coding V2	\$0.00
	Development and Coding V3	\$0.00
Total Non-MOL Costs		\$0.00
Grand Total		\$1,531,850.05
Market Test to Date		\$7,553,241.73

* Development and Coding represents the costs incurred to have contractors develop the system architecture, write code, and test and integrate the PostOffice Online system

Table 4

Communications Costs**AP 7 (February 27 to March 26 1999)****Total Communications Costs**

Category	Cost
MOL-Specific Costs	
<i>Set-up Costs</i>	
None	\$0.00
<i>Ongoing Costs</i>	
T1 Line to the Print site	\$5,200.00
Total MOL specific Costs	\$5,200.00
Shared Costs	
<i>Set-up Costs</i>	
DS-3 Lines	\$56,451.14
<i>Ongoing Costs</i>	
POL Payment Line	\$326.22
DS-3 Lines to Internet Service Provider *	\$32,406.00
Total Shared Costs	\$89,183.36
Non-MOL Costs	
<i>Set-up Costs</i>	
None	\$0.00
<i>Ongoing Costs</i>	
None	\$0.00
Total Non-MOL Costs	\$0.00
Total	\$94,383.36
Market Test to Date	\$157,612.94

* Lines to Internet Service Provider support all USPS Internet initiatives, not just PostOffice Online.

Two DS-3 Lines were installed in AP 7.



Table 5

Print Site Costs**AP 7 (February 27 to March 26 1999)****Total Print Site Costs**

Category	Quantity	Total
MOL-Specific Costs		
<i>Printing</i>		
8.5*11 Paper	44,103	\$207.28
8.5*14 Paper	0	\$0.00
8.5*11 Simplex Impressions	40,108	\$794.14
8.5*11 Duplex Impressions	7,990	\$158.20
8.5*14 Duplex Impressions	0	\$0.00
8.5*14 Duplex Impressions	0	\$0.00
Spot Color	17,632	\$176.32
<i>Envelope</i>		
Letter	15,015	\$225.23
Flat	0	\$0.00
<i>Finishing</i>		
Stapling	12	\$0.10
Folding	88,206	\$882.06
Inserting Letter	15,015	\$204.20
Inserting Flat	0	\$0.00
Mailback Postage	0	\$0.00
Total MOL Specific Costs		\$2,647.53
Shared Costs		
None	0	\$0.00
Total Shared Costs		\$0.00
Non-MOL Costs		
None	0	\$0.00
Total Non-MOL Costs		\$0.00
Total		\$2,647.53
Market Test to Date		\$9,867.83

* Note: Represents site visits by USPS Raleigh Network Information Systems supervisors for the market test to date

