

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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MAILING ONLINE EXPERIMENT

Docket No. MC2000-2

REQUEST OF THE UNITED STATES POSTAL SERVICE
FOR A RECOMMENDED DECISION ON AN EXPERIMENTAL
CLASSIFICATION AND FEE SCHEDULE MAILING ONLINE

UNITED STATES POSTAL SERVICE
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Documents relating to this request may be served upon Mr. Foucheaux at the address above.

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**REQUEST OF THE UNITED STATES POSTAL SERVICE FOR
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Introduction. Pursuant to chapter 36 of Title 39, United States Code, the United States Postal Service has determined that the creation of an experimental classification and fee schedule for Mailing Online service is in the public interest and in accordance with the policies and applicable criteria of that Title. Accordingly, the Postal Service requests that the Postal Rate Commission submit to the Governors of the Postal Service a recommendation enabling the establishment of a Mailing Online experiment, as described below and in the accompanying testimony and materials.

Description. The proposed Mailing Online service is substantially similar to Mailing Online as it was offered to the public in market test form pursuant to Commission Docket No. MC98-1, and conforms in all essential respects with the Mailing Online experiment also addressed in that docket. It is designed to combine recent advances in electronic communications through the Internet, 'state of the art' printing technologies, and conventional postal functions to create a new integrated service for the production, processing and delivery of mail. In essence, it constitutes a channel through which customers may cause Express Mail, First-Class Mail and Standard Mail (A) to be printed and entered into the mailstream using a personal computer with Internet access and a Web browser. A typical mailer would compose a

document using conventional desktop publishing or word processing software; access a postal Web site and select various printing, finishing, and payment options; submit a mailing list for standardization, complete submission of the job by sending the electronic version of the document to the Web site, and pay for the entire job including applicable postage and a fee for pre-mail processing.¹ The Postal Service would then batch all submitted jobs and send them via dedicated lines to one or more digital printing contractors, who would print the documents, finish and place them in letter or flat envelopes, and enter them as mail at local postal facilities.

In Docket No. MC98-1, the Postal Service requested, the Commission recommended, and the Governors placed into effect a market test of Mailing Online; it was in operation from October 30, 1998 through October 29, 1999. That market test was to have been superseded by an experiment that was requested as part of the conjoined Mailing Online request filed on July 15, 1998.

On May 3, 1999, faced with wholesale changes in the structure of the Postal Service's presence on the Internet that rendered inaccurate the cost foundation underlying the request for a Mailing Online experiment, the Board of Governors, in Resolution No. 99-5, directed the withdrawal of the request for an experiment. Accordingly, the experiment never supplanted the market test.

This new request for a Mailing Online experiment reflects the use of a new channel for providing postal information and services through the Internet, USPS.com, the web site through which Mailing Online is to be made available nationwide. The Request reflects experience gained during the market test, including the ability to handle

¹ The term "pre-mail" processing is used purely in a descriptive, rather than technical, sense to refer to the processing of documents and mailing lists – primarily printing – that occurs prior to the induction of matter as mail.

thousands rather than single-digit counts of simultaneous users, and the need for a stable, fault tolerant platform.

The experiment now requested differs in only a few respects from the one previously requested – and litigated almost to conclusion. First, the web site for access is USPS.com, rather than PostOffice Online. While PostOffice Online constituted a channel strategy for access to various services and sources of information, it offered access only to Shipping Online (for packages using services already defined under the Domestic Mail Classification Schedule) and Mailing Online. USPS.com will be far broader in its scope, reflecting greater centralization of the Postal Service's Internet presence. Second, many of the service options planned for implementation during the original experiment will now be available at the outset.² Third, the current request is for a three-year rather than a two-year experiment.

The change in requested duration constitutes a new effort to match up the fact that implementation of e-commerce strategies is replete with rapid change before maturity is reached, and that a mature Mailing Online experiment should provide the best data for the Commission to consider if a permanent service is later requested. In particular, the Postal Service plans to have its full network of 25 print sites in place near the middle of the second year of the experiment. While preparation of a request for a permanent service likely would not have to begin until soon after that time, much better data should be available than would be after only one year (when a permanent request to follow a two-year experiment might need to be ready). The requested three-year duration also

² As explained by witness Garvey (USPS-T-1), exceptions may include access for nonprofit mailers and some special services. Also, the FASTForward part of address hygiene is providing difficult technical challenges owing to the extreme sensitivity of the address information it contains and Y2K-related resource and software constraints.

continues the Postal Service effort to make flexible use of the Commission's Rules of Practice, an approach the Commission supported in Docket No. MC98-1.

As indicated above, the Postal Service expects that any permanent form of Mailing Online service would involve approximately 25 geographically-dispersed areas, each served by one or more local printers. Printers would accept jobs originating from anywhere in the country for local entry and subsequent delivery. Accordingly, a job destinating in more than one area could ultimately be printed by two or more printers and physically entered in two or more postal facilities. The purpose of this approach is to capitalize upon existing cost savings strategies and drive costs from the system through use of automation compatibility, presortation, and destination entry.

Mailing Online targets smaller customers – even mailers of individual pieces – by offering convenience and extending access to the benefits of automation. Many of these customers are expected to be drawn largely from the small office/home office (SOHO) market, who have expressed strong interest in Mailing Online based on convenience and ease-of-use. Such customers typically mail today either not at all, or in small mailings entered at single-piece rates. Larger mailers have existing, more economic options for entering their mailings through use of premailing service providers and discounts deeper than the basic automation presort ones requested for Mailing Online.

Experimental Service. Mailing Online service qualifies for consideration as an experiment under the Commission's applicable Rules of Practice, 39 C.F.R. § 3001.67(b).³ First, it is novel in that no other completely electronic means of presenting

³ This is the seventh time the Postal Service has filed a case designated as experimental pursuant to 39 C.F.R. § 3001.67. See PRC Docket Nos. MC2000-1, MC99-1, MC98-1, MC97-1, MC96-1, and MC86-1.

documents for entry as mail is currently offered by the Postal Service.⁴ This request for Mailing Online essentially stands in the shoes of the previous request for a Mailing Online experiment, which the Commission properly treated as such. See PRC Order No. 1217 (August 21, 1999); see also, Presiding Officer's Ruling No. 10/MC98-1 (October 14, 1999). Moreover, the magnitude of Mailing Online service, as measured by impacts upon postal costs and revenues, and the costs and practices of mailers, is quite modest, which makes it well suited to an experiment.

The challenge of preparing information suitable to support a request for permanent classification changes is a critical reason for the Postal Service's determination to proceed under the experimental rules. This lack of information is common for new initiatives of this type.

Request. In accordance with the Commission's Rules of Practice and Procedure (39 C.F.R. §§ 3001.54, 3001.64, and 3001.67 - 67d, the Postal Service files with this Request the prepared direct evidence on which it proposes to rely, which consists of five pieces of testimony and includes exhibits. The page following this Request is an index of Attachments. The testimony and exhibits of each witness have been marked for identification as shown in Attachment D, which also lists the name and phone number of the attorney assigned to each witness. Further data submitted for informational purposes or in response to specific sections of the Rules of Practice are included in the other Attachments. The Postal Service is also filing under separate cover two library references that are inappropriate for inclusion in the testimony. The Postal Service is scheduling a technical conference on the entire case for the afternoon

⁴ The Postal Service previously offered a service called E-COM, which then shared the novel attribute of pure electronic mail induction. As evidenced by this request and supporting materials, E-COM and Mailing Online differ markedly with respect to technology, postal purpose and policy, target market, and financial risk.

of December 2, 1999, and may schedule additional technical conferences as appropriate for specific witnesses. Requests for technical conferences (or any other informal discovery) should be addressed to the attorney assigned to the respective witness listed in Attachment D.

WHEREFORE, the United States Postal Service, pursuant to 39 U.S.C. §§ 3622(a) and 3623(b), hereby requests that the Postal Rate Commission make and submit a recommended decision to the Governors recommending the proposed revisions to the Domestic Mail Classification Schedule and the attendant fee schedules set forth in Attachments A and B to this Request.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

IC 2 Hollies
Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Kenneth N. Hollies
Scott L. Reiter
David H. Rubin
Richard T. Cooper

CERTIFICATE OF SERVICE

Pursuant to 39 C.F.R. 3001.173(c), I hereby certify that the foregoing document, and all related documents filed today, are being hand delivered or mailed by Express Mail to all persons registered under 39 C.F.R. 3001.173(b) and to participants of record in Docket No. MC98-1.

IC 2 Hollies
Kenneth N. Hollies

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November 16, 1999

INDEX OF ATTACHMENTS TO REQUEST, MC2000-1

Attachment A:	Experimental Domestic Mail Classification Schedule Language
Attachment B:	Experimental Rate and Fee Schedules
Attachment C:	Certification
Attachment D:	Index of Testimonies, Exhibit Titles, and Associated Attorneys
Attachment E:	Compliance Statement

REQUESTED CHANGES IN THE DOMESTIC MAIL CLASSIFICATION SCHEDULE

In the previous Commission consideration of Mailing Online, separate Domestic Mail Classification Schedule (DMCS) language was proposed to implement a market test and an experiment. Since the latter was expected to supplant the former – an event that never occurred – termination of the market test after one year left in place DMCS language applicable to the Mailing Online market test. The changes requested herein effectuate the necessary residual changes while also proposing language needed for a Mailing Online experiment. In some instances market test language should be retained as is for the experiment; such language is marked “PRESERVE:” and surrounded by square brackets. Where changes are requested, new text is underlined and deleted text is ~~lined through~~.

**EXPRESS MAIL
CLASSIFICATION SCHEDULE**

* * * * *

160

* * * * *

e. Mailing Online

981

**FIRST-CLASS MAIL
CLASSIFICATION SCHEDULE**

* * * * *

PRESERVE with indicated change:

[221.31

* * * * *

- a. Is prepared in a mailing of at least 500 pieces, or is provided for entry as mail using Mailing Online ~~service~~, pursuant to section 981;]

* * * * *

222.41

* * * * *

- a. Is prepared in a mailing of at least 500 pieces, or is provided for entry as mail using Mailing Online, pursuant to section 981;

* * * * *

PRESERVE:

[260

The following services may be obtained in conjunction with mail sent under this classification schedule upon payment of applicable fees:

* * * * *

- I. Mailing Online 981]

**STANDARD MAIL
CLASSIFICATION SCHEDULE**

PRESERVE with indicated change:

- [321.231 a.** Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces, or is provided for entry as mail using Mailing Online service, pursuant to section 981;]

- 321.431 a.** Is prepared in a mailing of at least 200 addressed pieces or 50 pounds of addressed pieces, or is provided for entry as mail using Mailing Online, pursuant to section 981;

364 Regular

~~The following service may be obtained in conjunction with mail sent under this classification schedule upon payment of the appropriate fees:~~ Regular subclass mail will receive the following additional services upon payment of the appropriate fees:

Service	Schedule
a. Mailing Online	981

365 Nonprofit

Nonprofit subclass mail will receive the following additional services upon payment of the appropriate fees:

<u>Service</u>	<u>Schedule</u>
a. <u>Mailing Online (starting on a date to be specified by the Postal Service)</u>	<u>981</u>

SPECIAL SERVICES CLASSIFICATION SCHEDULE

* * * * *

980 ACCEPTANCE ALTERNATIVES

981 MAILING ONLINE

981.1 Definition

981.1 Mailing Online is a service that allows mailers to submit electronic documents, with address lists, for subsequent conversion into hard copy form, entry as mail, and delivery.

981.2 ~~Description of Service~~Availability

981.21 Mailing Online is available for documents submitted in an electronic form, along with an address list, to be entered under the following classification schedules:

a. Express Mail;

~~a-b.~~ First-Class Mail;

~~b-c.~~ Regular and Nonprofit subclasses of Standard Mail.

981.22 Except as provided in section 981.23, dDocuments presented through Mailing Online are eligible for only the following rate categories:

a. Express Mail Next Day Service and Second Day Service

~~a-b.~~ First-Class Mail Letters and Sealed Parcels Automation Letters Basic

~~b-c.~~ First-Class Mail Letters and Sealed Parcels Automation Flats Basic

d. First-Class Mail Cards Automation Basic

e. First-Class Mail Single-Piece Priority Mail

~~e-f.~~ Standard Mail Regular Automation Basic Letters

~~d-g.~~ Standard Mail Regular Automation Basic Flats

h. Standard Mail Nonprofit Automation Basic Barcoded (starting on a date to be specified by the Postal Service)

i. Standard Mail Nonprofit Automation Basic Barcoded Flats (starting on a date to be specified by the Postal Service)

981.23 That portion of a Mailing Online mailing consisting of addresses that cannot be made to meet Postal Service addressing requirements is not eligible for any Automation Basic rate categories, but instead may be sent, at the option of the

Mailing Online customer, at single-piece rates for either First-Class Mail Letters and Sealed Parcels or First-Class Mail Cards.

981.3 Requirements of the Mailer

981.31 Documents and address lists must be presented in electronic form, as specified by the Postal Service, through the ~~Postal Service's Mailing Online~~ internet site specified by the Postal Service. Documents must be prepared using application software approved by the Postal Service.

981.4 Other Special Services

Other special services that are available in conjunction with the subclass of mail chosen by the Mailing Online customer are available for Mailing Online pieces only as specified by the Postal Service.

981.45 Fees

981.451 The fees for Mailing Online ~~service~~ are described in Fee Schedule 981.

981.56 Duration of Experimental Service Period

981.561 The provisions of schedule 981 expire the later of:

- (a) three years after the implementation date specified by the Postal Service Board of Governors, or
- (b) if, by the expiration date specified in (a), a proposal to make Mailing Online permanent is pending before the Postal Rate Commission, the later of:
 - (1) three months after the Commission takes action on such proposal under section 3624 of Title 39, or
 - (2) – if applicable – on the implementation date for a permanent Mailing Online.

REQUESTED CHANGES IN RATE AND FEE SCHEDULES

In conjunction with the requested changes in the Domestic Mail Classification Schedule (DMCS) set forth in Attachment A, the Postal Service also is requesting that the Commission recommend corresponding changes in the attendant rate and fee schedules. In the previous Commission consideration of Mailing Online, separate rate and fee schedule changes were proposed to implement a market test and an experiment. Since the latter was expected to supplant the former – an event that never occurred – termination of the market test after one year left in place rate and fee schedule language applicable to the Mailing Online market test. The changes requested herein effectuate the necessary residual changes while also proposing language needed for a Mailing Online experiment. In some instances market test language should be retained as is for the experiment; such language is marked “PRESERVE:” and surrounded by square brackets. Where changes are requested, new text is underlined and deleted text is lined through.

**FIRST-CLASS MAIL
SCHEDULE 221 NOTES**

* * * * *

PRESERVE (with indicated changes):

- [³ Rates apply to bulk-entered mailings of at least 500 letter-size pieces, which must be delivery point barcoded and meet other preparation requirements specified by the Postal Service and, for the Basic Presort rate, documents provided for entry as mail using Mailing Online ~~service~~, pursuant to Fee Schedule 981.]
- [⁸ Rates apply to bulk-entered mailings of at least 500 flat-size pieces, each of which must be delivery point barcoded or bear a ZIP+4 barcode, and must meet other preparation requirements specified by the Postal Service, and, for the Basic Presort rate, to documents provided for entry as mail using Mailing Online ~~service~~, pursuant to Fee Schedule 981.]

**FIRST-CLASS MAIL
SCHEDULE 222 NOTES**

* * * * *

- ² Rates apply to bulk-entered mailings of at least 500 pieces, which must be barcoded and meet other preparation requirements specified by the Postal Service, and, for the Basic Presort rate, to documents provided for entry as mail using Mailing Online, pursuant to section 981.

Replace existing Fee Schedule 981 with the following:

SPECIAL SERVICES

* * * * *

FEE SCHEDULE 981

MAILING ONLINE

Fees are calculated by multiplying the Mailing Online cost coverage of 130 percent times the sum of printer contractual costs for the particular mailing and 0.1 cents per impression for other Postal Service costs. This provision expires the later of:

- (a) three years after the implementation date specified by the Postal Service Board of Governors, or
- (b) if, by the expiration date specified in (a), a proposal to make Mailing Online permanent is pending before the Postal Rate Commission, the later of:
 - (1) three months after the Commission takes action on such proposal under section 3624 of Title 39, or
 - (2) -- if applicable -- on the implementation date for a permanent Mailing Online.

CERTIFICATION

I, Lynn Malcolm, Manager, Activity-Based Management, Finance, United States Postal Service, am familiar with the attached Request of the United States Postal Service for a Recommended Decision on an Experimental Classification and Fee Schedule for Mailing Online together with the accompanying direct testimony and exhibits.

Pursuant to Rule 54(p) of the Postal Rate Commission's Rules of Practice and Procedure, 39 C.F.R. § 3001.54(p) (1998), I hereby certify that I have read the Request, that the cost statements and supporting data submitted as part of that Request, which purport to reflect the books of the Postal Service, accurately set forth the results shown by such books, and that, to the best of my knowledge, information, and belief, every statement contained in the Request is proper.



Lynn Malcolm

INDEX OF TESTIMONIES: DOCKET NO. MC2000-1

WITNESS	TESTIMONY	EXHIBIT TITLE	EXHIBIT NUMBER	WORKPAPERS	ATTORNEY
Mr. Garvey	USPS-T-1				Kenneth Hollies 202-268-3083
Mr. Poellnitz	USPS-T-2	Mailing Online Cost Model	USPS-2A		David Rubin 202-268-2986
Mr. Lim	USPS-T-3			Workpapers A — E	David Rubin 202-268-2986
Mr. Takis	USPS-T-4				Richard Cooper 202-268-2993
Mr. Plunkett	USPS-T-5	Mailing Online Volumes Mailing Online Unit Costs Mailing Online Printer Costs Mailing Online Cost and Revenue Summary Mailing Online Sample Fees Mailing Online Postage Revenues	USPS-5A USPS-5B USPS-5C USPS-5C USPS-5D USPS-5E		Scott Reiter 202-268-2999

ATTACHMENT E

COMPLIANCE STATEMENT

This Attachment contains a statement of the manner in which the Postal Service has supplied the information requested in sections 54, 64, and 67 of the Commission's Rules of Practice and Procedure, 39 C.F.R. §§ 3001.54, 3001.64, and 3001.67. Where requested information is not included in direct testimony or exhibits of the Postal Service's witnesses, it is contained in the Request or in other Attachments to the Request, or has been incorporated by reference in the testimony, exhibits, Request, or attachments made available to the Commission in the instant docket or in Docket No. R97-1.

Filed contemporaneously with the Request is a motion seeking designation of witness Rothschild's testimony (USPS-T-4) and cross-examination from Commission Docket No. MC98-1 (Mailing Online) as evidence in this proceeding.

RULE: 64(b)(1), (2), (3), (4)

INFORMATION REQUESTED:

These subsections request, for every classification change proposed:

- (1) copies of the currently-effective Domestic Mail Classification Schedule and the proposed changes thereto;
- (2) specification of the rules, regulations and practices that establish the conditions of mailability and standards of service;
- (3) a statement of the degree of economic substitutability between the various classes and subclasses; and
- (4) an identification of all nonpostal services.

1. *Present and Proposed Classification Schedule And Rate and Fee Schedule Provisions.*

Attachment A contains the affected provision(s) of the Domestic Mail Classification Schedule, with the proposed additions underlined.

2. *Rules, Regulations and Practices that Establish Conditions of Mailability and Standards of Service.*

The Postal Service's current rules and regulations that specifically govern the provision of domestic mail services are published in the Domestic Mail Manual, which is incorporated by reference in the Code of Federal Regulations, 39 C.F.R. § 111, and incorporated here by reference. The Postal Service will promulgate rules and regulations consistent with the proposed experimental classification, and rate and fee schedule changes pursuant to its statutory authority. See 39 U.S.C. § 401(2).

3. *Degrees of Economic Substitutability.*

The proposed implementation of Mailing Online is expected to cause a very minor degree of substitution between the Regular Single-Piece and Automation Basic Presort rate categories of First-Class Mail, and between the Regular Presort Basic and Regular Automation Basic DBMC rate categories of Regular and Nonprofit Standard Mail. Information pertinent to this rule is addressed in the testimony of witness Plunkett (USPS-T-5) with respect to Mailing Online. For other information, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Data to develop elasticity estimates are not available.

4. *Identification of nonpostal services.*

Nonpostal services include: alien registration, sale of philatelic products, sale of food stamps, sale of passports, sale of migratory-bird hunting and conservation stamps, sale of miscellaneous products, Mailgram,¹ photocopy service, vending stands and vending machines, postmasters in Alaska serving as notaries public, and post office assistance to the Office of Personnel Management and the Selective Service System. From time to time, the Postal Service may offer other nonpostal services. Some of these nonpostal services may be provided on a limited or trial basis.

^{1/} Although not a service, Mailgram is included here in recognition of its nonpostal nature.

RULE: 64(c)(1), (2), (3)

INFORMATION REQUESTED:

This rule asks for information regarding the users of the Postal Service, the nature of the items mailed and the methods of mailing used. Specifically, this section requests the following:

- (1) an identification of the characteristics of the mailer and the recipient, and a description the contents of items mailed within each class and subclass;
 - (2) identification of the physical attributes of the items mailed by class and subclass, including shape, weight and distance; and
 - (3) to the extent it is not provided under paragraph (b)(2), a summary statement that describes special service arrangements provided to, or requested or required of, mailers by the Postal Service that affect the cost of service or its value to the mailer or recipient.
1. *Characteristics of the mailer, recipient, and the content of items mailed.*

The testimonies of witnesses Garvey (USPS-T-1) and Plunkett (USPS-T-5) provide information responsive to this subsection with respect to Mailing Online.² Information pertinent to other subclasses is provided in the response to this rule on Docket No. R97-1 and in the Commission's Opinion and Recommended Decision in Docket No. R97-1, incorporated here by reference.

2. *Physical attributes of the items mailed by class and subclass.*

Information pertaining to the physical attributes of Mailing Online is provided in the testimonies of witnesses Garvey (USPS-T-1), Poellnitz (USPS-T-2), and Plunkett (USPS-T-5); related information also appears in the

^{2/} The direct testimony of witness Rothschild (USPS-T-4) from PRC Docket No. MC98-1, which the Postal Service is moving for designation as evidence in this docket, is also responsive here.

Commission's Opinion and Recommended Decision on the Mailing Online market test, PRC Op. at 2-7. Information pertinent to other subclasses is provided in the response to this rule in Docket No. R97-1 and in the Commission's Opinion and Recommended Decision in Docket No. R97-1, incorporated here by reference.

3. *Summary statement of special service arrangements.*

The qualification requirements for Mailing Online are described in the testimonies of witnesses Garvey (USPS-T-1) and Plunkett (USPS-T-5). Information pertinent to other subclasses is provided in the response to this rule in Docket No. R97-1, in the Commission's Opinion and Recommended Decision in Docket No. R97-1, and in the *Domestic Mail Manual*, which are incorporated here by reference.

RULE: 64(d)

INFORMATION REQUESTED:

This rule requests that the effects of the change on cost assignments, total costs, and total revenues be provided, both before and after the change.

The testimonies of witnesses Poellnitz (USPS-T-2), Lim (USPS-T-3), and Plunkett (USPS-T-5) provide information responsive to this subsection with respect to Mailing Online. With respect to the effects of changes on cost assignments, total costs and total revenues, however, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's cost assignments, total costs and total revenues, either in the present fiscal year or a "rollforward" analysis in a future test year.

RULE: 64(e)

INFORMATION REQUESTED:

This subsection requires that, whenever the Postal Service proposes to reassign a portion of one existing class or subclass of mail or service to another existing class or subclass of mail or service, the request must include a comparison of the before and after costs and revenues of handling the relevant classes or subclasses, and before and after costs and revenues of the portion that is to be reassigned.

This rule does not apply to this request because the Postal Service is not proposing that a portion of one existing class or subclass of mail or service be reassigned to another existing class or subclass of mail or service.

RULE: 64(f)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide a complete statement of the reasons and bases for the proposed changes.

The testimonies of witnesses Garvey (USPS-T-1) and Plunkett (USPS-T-5), provide the reasons and bases for the proposed experimental classification.

RULE: 64(g)

INFORMATION REQUESTED:

This rule sets forth the requested format and filing requisites for workpapers.

Calculations of costs and revenues with respect to Mailing Online are in the testimonies and exhibits of witnesses Poellnitz (USPS-T-2), Lim (USPS-T-3) and Plunkett (USPS-T-5) in the instant docket. Witness Lim's Workpapers A—E are being filed in conformity with Rule 64(g).

RULE: 64(h)

INFORMATION REQUESTED:

This rule calls for compliance with subsections (b) through (h), (j) through (l) and (o) through (p) of Rule 54, together with statements responsive to paragraphs (q) and (r) of Rule 54, when the Postal Service proposes a change in the mail classification schedule having a rate, fee or total cost change implication.

The Rule 54 compliance statements, which include the response to this requirement, are incorporated here by reference. Other pertinent information is provided in the response to this rule in Docket No. R97-1 and in the Commission's Opinion and Recommended Decision in that docket; these materials are incorporated by reference. A motion setting forth grounds for waiver of portions of Rule 54 accompanies this Request. See Motion of the United States Postal Service for Expedition, and for Waiver of Rule 161 and Certain Provisions of Rule 64(h). The criteria of sections 3622 and 3623 are addressed in the testimony of witness Plunkett (USPS-T-5).

RULE: 54(b)(1), (2), (3), (4)

INFORMATION REQUESTED:

These rules provide that each request must include schedules of the existing effective postage rates and fees for all postal services, and those rates and fees as proposed to be changed or adjusted. The schedules must:

- (1) show the full rates and, where applicable, the phased rates under section 3626 of title 39, U.S.C., and any proposed adjustment to such phased rates under section 3627 of title 39, U.S.C., indicated by the circumstances known at the time of the filing;
- (2) be presented in a summary fashion and a tariff-like form, specifying those rules, regulations and practices which establish the conditions of mailability and the standards of service. Specifically, they must address such functions as mail pickup and delivery, processing and other similar functions;
- (3) contain a statement of the degree of economic substitutability between the various classes and subclasses; and
- (4) be accompanied by an identification of all nonpostal services.

Attachment B contains the affected rate and fee schedules proposed for the experiment with proposed additions underlined. Other information responsive to this rule is provided in response to Rule 64(b), incorporated here by reference.

RULE: 54(c)

INFORMATION REQUESTED:

This rule requires that each request identify the characteristics of the mailer and the recipient, and describe the contents of items mailed within each class and subclass.

Information pertinent to this rule is identified in response to Rule 64(c)(1), incorporated here by reference.

RULE: 54(d)

INFORMATION REQUESTED:

This rule requires that requests identify physical attributes of items mailed by class and subclass, including the shape, weight and distance.

Information pertinent to this rule is identified in the response to Rule 64(c)(2), incorporated here by reference.

RULE: 54(e)

INFORMATION REQUESTED:

To the extent that such information is not included within material supplied under Rule 54(b)(2), this rule requires that each request describe the "special service arrangements provided to, or requested or required of, mailers by the Postal Service which bear upon the cost of service or the value of the mail service to both the sender and the recipient, e.g., services relating to mailer preparations in excess of requirements specified by the [*Domestic Mail Manual*], pick-up and delivery, expedited or deferred processing, and other similar activities performed.

Information pertinent to this Rule is identified in the response to Rule

64(c)(3), incorporated here by reference.

RULE: 54(f)(1)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide in each request "the total actual accrued costs during the most recent fiscal year for which they are reasonably available."

Actual accrued costs for FY 1998 are presented in the Cost and Revenue Analysis (CRA) Report on file with the Commission.

RULE: 54(f)(2)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide the following in each request:

- (1) the Postal Service's estimated total accrued costs for the fiscal year in which the filing is made, assuming existing rates and fees;
- (2) the Postal Service's estimated total accrued costs for the fiscal year in which the filing is made, assuming the proposed rates and fees;
- (3) the Postal Service's estimated total accrued costs for a fiscal year beginning not more than 24 months subsequent to the filing date of the formal request, assuming existing rates and fees; and
- (4) the Postal Service's estimated total accrued costs for a fiscal year beginning not more than 24 months subsequent to the filing date of the formal request, assuming the proposed rates and fees.

The testimonies of witnesses Poellnitz (USPS-T-2), Lim (USPS-T-3), and Plunkett (USPS-T-5) provide information responsive to this subsection with respect to Mailing Online. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs, either in the present fiscal year or a "rollforward" analysis in a future test year.

RULE: 54(f)(2) (Methods and Procedures)

INFORMATION REQUESTED:

For the estimated total accrued costs specified in this provision, the rule requires an explanation of the methods and procedures used for the cost projections, including:

- an explanation of the projection of total volumes;
- an explanation of the effect of the projected volume levels on estimated total costs;
- specification of the cost savings which will be realized from gains and improvements in total productivity, indicating such factors as operational and technological advances and innovations;
- identification of abnormal costs which are expected to be incurred in the test year.

The testimonies of witnesses Poellnitz (USPS-T-2) and Plunkett (USPS-T-5) provide information responsive to this subsection with respect to Mailing Online.³ Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and in the Commissions Opinion and Recommended Decision in that docket. However, with respect to the effects of changes on total costs and total volumes, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs and total volumes, either in the present fiscal year or a "rollforward" analysis in a future test year.

^{3/} The testimony of witness Rothschild (USPS-T-4) from PRC Docket No. MC98-1, which the Postal Service is moving for designation as evidence in this docket, is also responsive here.

RULE: 54(f)(3)(i) and (ii) (Operating Costs)

INFORMATION REQUESTED:

For the basic cost submissions required in Rule 54(f)(1) and (2), this rule requires a statement and explanation of:

- operating costs in detail as to their accounting and functional classifications;
- the cost amounts for depreciation on capital facilities and equipment, debt service, contingencies, and extraordinary or nonrecurring expenses.

The testimonies of witnesses Poellnitz (USPS-T-2), Lim (USPS-T-3), and Plunkett (USPS-T-5), provide information responsive to this subsection with respect to *Mailing Online*. Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. With respect to the effects of changes on operating and depreciation costs, however, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's operating and depreciation costs, either in the present fiscal year or a "rollforward" analysis in a future test year.

RULE: 54(f)(3)(iii) (Cost Assignment and Distribution)

INFORMATION REQUESTED:

For the basic cost submissions required in Rule 54(f)(1) and (2), this rule requires, assignment and distribution of costs to each of the functions comprising "the mail process." This presentation shall include:

- an itemization of costs by the major accounts as reflected by the Service's books of accounts for all cost segments;
- an itemization of costs by functions such as collection, acceptance, general overheads, etc.;
- an assignment and distribution of the costs by account, together with related mail volumes, for each function;
- an assignment and distribution of the costs by account, together with related mail volumes, to "such subfunctions within each category for which information is available or can be developed;
- an explanation of the method by which the costs by accounts are assigned and distributed to functions.

The testimonies of witnesses Poellnitz (USPS-T-2), Lim (USPS-T-3), and Plunkett (USPS-T-5) provide information responsive to this subsection with respect to Mailing Online. Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. With respect to the effects of changes on functional costs, however, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. Because of the experimental nature of the service being proposed and its limited effect, the

Postal Service has not prepared a full analysis of on the Postal Service's functional costs, either in the present fiscal year or a "rollforward" analysis in a future test year.

RULE: 54(g)

INFORMATION REQUESTED:

This rule requires that the each request for changes in rates and fees provide, in a form consistent with the filing required by Rule 54(f), "the total actual accrued costs for each fiscal year since the last filing pursuant to this section."

Actual accrued costs for FY 1998 are presented in the Cost and Revenue Analysis (CRA) Report on file with this Commission.

RULE: 54(h)(1)

INFORMATION REQUESTED:

This rule requires the separation of actual and estimated total costs, for the fiscal years specified in Rule 54(f), as between postal services (including international mail) and nonpostal services. "The presentation shall show the methodology for separating postal costs as between postal services and nonpostal services, and shall be in sufficient detail to allow a determination that no nonpostal costs have been assigned or allocated to postal services."

The testimonies of witnesses Poellnitz (USPS-T-2), Lim (USPS-T-3), and Plunkett (USPS-T-5) provide information responsive to this subsection with respect to Mailing Online. Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs, either in the present fiscal year or a "rollforward" analysis in a future test year.

RULE: 54(h)(2) and (3) (Separation of costs by functions)

INFORMATION REQUESTED:

For the actual and estimated total costs presented for the years specified in Rule 54(f), these rules require the costs to be separated as follows:

- those direct costs which can be attributed to each class of mail or type of mail service;
- those indirect costs which can be attributed to each class of mail or type of mail service;
- any other costs of the Service which can be reasonably assigned to each class of mail or type of mail service;
- any other costs of the Postal Service which cannot be attributed or reasonably assigned.

The methodology used to derive these costs is required to be set forth in detail.

The testimonies of witnesses Poellnitz (USPS-T-2) and Lim (USPS-T-3) provide information responsive to this subsection with respect to Mailing Online. Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs, either in the present fiscal year or a "rollforward" analysis in a future test year.

RULE: 54(h)(4), (12)

INFORMATION REQUESTED:

This rule applies to the costs identified in Rule 54(h)(2). It requires that these costs be separately attributed to mail classes, subclasses, and special services. It also requires identification of the methodology used in attribution and an analysis of the effect of costs on the following:

- volume;
- peaking patterns;
- priority of handling;
- mailer preparations;
- quality of service;
- the physical nature of the item mailed;
- expected gains in total productivity, indicating such factors as operational and technological advances and innovations;
- any other factor affecting costs.

The data relevant to the analyses of the effect on costs of these factors must also be provided.

The testimonies of witnesses Poellnitz (USPS-T-2), Lim (USPS-T-3), and Plunkett (USPS-T-5) provide information responsive to this subsection with respect to Mailing Online. Other pertinent information is provided in the *response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision* in that docket, incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being

proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs, either in the present fiscal year or a "rollforward" analysis in a future test year.

RULE: 54(h)(5) – (h)(10) (“Roll-Forward” model)

INFORMATION REQUESTED:

These provisions generally specify particular items which must be included in the presentation of the process by which base year costs are rolled-forward to test-year costs, such as listings of the forecasting factors, piggyback factors, interim period workpapers, and an overall summary cost table. Rules 54(h)(6) and (7) require an explanation of the attributable cost final adjustments and the “other services” adjustments.

The testimonies of witnesses Poellnitz (USPS-T-2) and Plunkett (USPS-T-5) provide information responsive to this subsection with respect to Mailing Online. Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission’s Opinion and Recommended Decision in that docket, incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service’s total costs, either in the present fiscal year or a “rollforward” analysis in a future test year.

RULE: 54(h)(11) (Nonattributed costs)

INFORMATION REQUESTED:

This rule applies to costs that are identified as “nonattributed or unassigned” pursuant to Rule 54(h)(2). It requires an explanation as to why such costs cannot be attributed or assigned. It further requires the identification, to the extent possible, of all such costs which benefit more than one class of mail or type of service (but not all classes or types), together with the mail classes or types of services so benefitted.

The testimonies of witnesses Poellnitz (USPS-T-2) and Plunkett (USPS-T-5) *provide information responsive to this subsection with respect to Mailing Online*. Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission’s Opinion and Recommended Decision in that docket, incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service’s total costs, either in the present fiscal year or a “rollforward” analysis in a future test year.

RULE: 54(i)

INFORMATION REQUESTED:

This rule requires a statement of the criteria employed by the Postal Service in construction of the proposed rate schedule. The statement must include:

- the identification of the relationship between the revenues derived from the rates and fees for a particular class and subclass of mail or service, and the costs attributed and assigned to that class or subclass of service;
- the identification of the procedures and methods used to apportion (to postal services) that part of the total revenue requirement which is in excess of costs attributed;
- such other studies, information and data relevant to the criteria established by section 3622 of title 39, U.S.C., with appropriate explanations as will assist the Commission in determining whether or not the proposed rates or fees are in accordance with such criteria.

The testimony of witness Plunkett (USPS-T-5) in this docket provides information responsive to this subsection with respect to Mailing Online. Other pertinent information is provided in response to this Rule in Docket No. R97-1 and in the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. However, with respect to the effects of changes on total revenues and total costs, a motion to waive the requirements of this Rule, insofar as they apply to this proposal, has been filed with the Request. Because of the experimental nature of the service being proposed and its limited effect, the Postal Service has not prepared a full analysis of its impact on total costs in the present Fiscal Year or in a "rollforward analysis" for a future test year.

RULE: 54(j)(1), (2), (3), and (4)

INFORMATION REQUESTED:

These rules require specification of revenues for certain fiscal years, including the test year. Revenues must be submitted for:

- FY 1999, assuming prefiling (existing) rates and fees;
- FY 2000, assuming prefiling (existing) rates and fees;
- the portions of FY 2000-03 that are contemporaneous with the experimental period, assuming prefiling (existing) rates and fees;
- the portions of FY 2000-03 that are contemporaneous with the experimental period, assuming proposed rates and fees.

The actual and estimated revenues for these years must be shown in total and separately for each class and subclass of mail and postal service and for all other sources from which the Postal Service collects revenues.

Each revenue presentation must be supported by identification of the methods and procedures employed.

The testimony of witness Plunkett (USPS-T-5) provides information responsive to this subsection with respect to Mailing Online. Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. However, with respect to the effect of the changes on total revenues, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total revenues, either in the present fiscal year or a "rollforward" analysis in a future test year.

RULE: 54(j)(5) (volume estimates)

INFORMATION REQUESTED:

This rule requires that the Postal Service present for each class and subclass of mail and special service:

- for each postal quarter beginning with the first quarter of the most recent complete fiscal year and ending one year beyond the last quarter of the test year, actual or estimated mail volumes at the prefiled (existing) rates and fees;
- for each postal quarter beginning with the quarter in which the rates are assumed to become effective and ending one year beyond the last quarter of the test year, the estimated volume of mail assuming the effectiveness of the proposed rates.

The testimony of witness Plunkett (USPS-T-5) provides information responsive to this subsection with respect to Mailing Online, although quarterly data are not provided.⁴ Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. However, with respect to the effect of the changes on total volumes, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total volumes, either in the present fiscal year or a "rollforward" analysis in a future test year.

^{4/} The testimony of witness Rothschild (USPS-T-4) from PRC Docket No. MC98-1, which the Postal Service is moving for designation as evidence in this docket, is also responsive here.

RULE: 54(j)(5), (6), (7) (Demand study – methodology and documentation)

INFORMATION REQUESTED:

These rules require that the volume estimates provided pursuant to Rule 54(j)(5) must be derived from an econometric demand study relating postal volumes to their economic and noneconomic determinants, including postal rates, discounts and fees, personal income, business conditions, competitive and complementary postal services, competitive and complementary nonpostal activities, population, trend, seasonal patterns and other factors. The study must be furnished with the request, and any departure from the assumptions and specifications in the demand study made in estimating volumes of any class or subclass of mail must be explained.

For volume and revenue estimates, and subject to Rule 54(a)(2), the Postal Service must provide:

- a detailed explanation of the methodology employed to forecast volumes for each class and subclass of mail and postal service. Representative derivations of these forecasts from the econometric demand study must be presented in detail for two major mail classes, showing each intermediate value or factor employed. For remaining classes and subclasses of mail, such derivations may be summarizing, except where their derivations depart from the representative methods presented;
- a detailed explanation of the methodology employed to forecast changes in revenues for each class and subclass of mail and postal service resulting from changes in rates and fees;
- a computer implementation of the methodology employed to forecast volumes and revenues for each class and subclass of mail and postal service. The computer implementation must comply with Rule 31(k)(3), and must be able to compute forecasts of volumes and revenues compatible with those specified in Rules 54(j)(2), (3), and (5) for
 - any set of rates and fees within a reasonable range of the prefiled (existing) and the proposed rates,
 - any date of implementation within the range spanned by the assumed date of implementation and the start of the test year,

- alternative forecasts of the economic determinants of postal volumes, other than postal rates and fees, and
- alternative values of any parameters with assigned values that are based upon unverifiable judgments.

Subject to Rule 54(a)(2), the Postal Service must make available at the offices of the Commission, in a form that can be read directly by a standard digital computer, the following:

- all of the input files and programs needed to replicate the required econometric demand study;
- any input files and programs employed to derive a price index for any class or subclass of mail or postal service from postal rates, discounts, and fees;
- any input files and programs used to prepare data for the required econometric demand study.

The testimony of witness Plunkett (USPS-T-5) provides information pertinent to this subsection with respect to Mailing Online.⁵ Other pertinent information is provided in the response to this Rule in Docket No. R97-1 and the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference. With respect to a demand study, however, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total volumes, either in the present fiscal year or a "rollforward" analysis in a future test year.

^{5/} The testimony of witness Rothschild (USPS-T-4) from PRC Docket No. MC98-1, which the Postal Service is moving for designation as evidence in this docket, is also responsive here.

RULE: 54(k)

INFORMATION REQUESTED:

This rule requests that the Postal Service provide, for the two fiscal years immediately preceding the year in which the request is filed, the Balance Sheet, the Statement of Income and Expense, basic statistical information, and the Statement of Income and Expense by budget category. This includes data with respect to the following:

- (1) the Balance Sheet and a supporting schedule for each item that appears thereon;
- (2) the Statement of Income and Expense and a supporting schedule for each item appearing thereon;
- (3) as appropriate, statistical data with respect to revenue, pieces (by physical attributes, showing separately amounts of mail identified as stamped, metered, and imprinted, or other), weight, distance, postal employees (number, total payroll, productivity, etc.), postal space, post offices (number, class, etc.), and any other pertinent factors which have been utilized in the development of the proposed rate schedule; and
- (4) the Statement of Income and Expense by cost segment.

In addition, this rule requires that the Postal Service provide a reconciliation of the budgetary information with the actual accrued costs for the most recent fiscal year. If the fiscal information for the immediately preceding fiscal year is not fully available on the date of filing, the Postal Service is required to make a preliminary or pro forma submittal, and file an updated report once the fiscal information is completed.

Financial information for FY 1997 and 1998 most recently was provided as Attachment D to the Request in Docket No. MC99-3, and is incorporated here by reference.

RULE: 54(I)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide:

- (1) a statement that shows for each class and subclass of mail and postal service the relevant billing determinants (the volume of mail *related to each rate element in determining revenues*) separately for the current rates and the proposed rates. The proposed changes in rate design and the related adjustments of billing determinants should be explained in detail.
- (2) for third-class bulk mail, this rule requires that every formal request must set forth separately for regular and preferred, by presort level, the base year volume by ounce increment for each shape (letter-size, flat, irregular parcels, parcels).

To the extent that Information on the billing determinants relating to Mailing Online is available, it is provided in the testimony of witness Plunkett (USPS-T-5).⁶ Billing determinants for FY 1998, the most recent available, were filed with the Commission on October 14, 1999. In all other respects, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request.

^{6/} The testimony of witness Rothschild (USPS-T-4) from PRC Docket No. MC98-1, which the Postal Service is moving for designation as evidence in this docket, is also responsive here.

RULE: 54(m)

INFORMATION REQUESTED:

This rule requests a statement, which can be in workpaper form, presenting detailed calculations of continuing appropriations according to 39 U.S.C. §2401(c) and phasing appropriations under 39 U.S.C. § 3626, any proposed adjustment to such phased rates under 39 U.S.C. § 3627 indicated by circumstances known at the time of filing. Calculation of all the phased rates for the entire applicable phasing period should be explained in detail.

Pertinent information is provided in the response to this rule in Docket No. R97-1, and in the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference.

RULE: 54(n)

INFORMATION REQUESTED:

This rule requests identification of any performance goals which have been established for the classes and subclasses of mail. The Request must identify the achieved levels of service for those classes and subclasses of mail and mail services for which performance goals have been set.

Pertinent information is provided in the response to this rule in Docket No.

R97-1 and in the Commission's Opinion and Recommended Decision in that docket, incorporated here by reference.

RULE: 54(o)

INFORMATION REQUESTED:

This rule sets forth the requirements for filing workpapers with the Commission, including their format, and the number to be filed.

Calculations of costs and revenues with respect to Mailing Online are in the testimonies and exhibits of witnesses Poellnitz (USPS-T-2), Lim (USPS-T-3) and Plunkett (USPS-T-5) in the instant docket.

RULE: 54(p)

INFORMATION REQUESTED:

This rule requests one or more certifications stating that the cost statements and supporting data submitted as part of the formal request, as well as the accompanying workpapers, which purport to reflect the books of the Postal Service, accurately set forth the results shown by such books. The requested certification is to be signed by one or more representatives of the Postal Service authorized to make such certification.

The requested certification is submitted as Attachment C to the instant Request.

RULE: 54(q)

INFORMATION REQUESTED:

This rule requests an opinion from an independent public accountant to the extent and as required by 39 U.S.C. § 2008(e).

An opinion from the independent accounting firm of Ernst & Young most recently was provided as Attachment D to the Request in Docket No. MC99-3 and is incorporated here by reference.

In addition to the information required by Rules 54 and 64, Rule 67 establishes specific requirements for experiments. Each requirement is listed below, followed by the response.

RULE: 67(b)(4)

INFORMATION REQUESTED:

The desired duration of the experiment as indicated by the Postal Service in its request and, specifically, in its proposed Domestic Mail Classification Schedule language.

Proposed classification provisions, including the desired duration of the experiment, are provided in Attachment A to the Instant Request.⁷

⁷ Unlike the Rules of Practice governing market tests (see 39 C.F.R. 3001.162(g)), the Rules of Practice governing experiments contain no provision permitting designation of features that cannot be modified without significantly impairing the value of the experiment. Notwithstanding, the basic approach and product design of the Mailing Online proposal, including the Postal Service's role and key relationships among the operational elements of the proposed service, embody strategic policy choices by the Board of Governors, pursuant to their authorities and responsibilities under the Postal Reorganization Act. While the Postal Service does not believe that operational features of its proposal, including specific technological configurations, are beyond the scope of inquiry in connection with evaluation of relevant rate and classification criteria, it firmly believes that fundamental redesign of the service is beyond the scope of its Request. As a practical matter, any recommendation constituting an election among competing product designs would tend to undermine the Board's policy judgments on a variety of operations, capital investment, and other matters. As an example, the Postal Service determined that it will contract for printing services, rather than build its own printing capacity and perform the printing itself. In this regard, we note that nothing about Mailing Online would preclude those customers who wish to choose other means of Internet-based mail generation from doing so or preclude third party providers from bundling value added services together with a reselling of Mailing Online.

RULE: 67c

INFORMATION REQUESTED:

A plan for data collection including designation of unavailable data called for by § 3001.64.

A proposed data collection plan for the experiment is contained in the testimony of witness Garvey (USPS-T-1).

