

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

MAILING ONLINE EXPERIMENT

Docket No. MC2000-2

MAIL ADVERTISING SERVICE ASSOCIATION
INTERNATIONAL STATEMENT OF ISSUES
(December 21, 1999)

Pursuant to Order No. 1272, Mail Advertising Service Association International ("MASA") provides this Statement of Issues. MASA has identified the following disputed factual issues at this time:

1. Does the Mailing Online ("MOL") proposal impermissibly use the Postal Service's monopoly in mail delivery to foreclose competition in the market served by Mailing Online, or have any other anticompetitive effect?
2. Does the MOL proposal inappropriately involve the Postal Service in providing for a fee non-postal services such as printing and presenting mail to the Postal Service for processing and delivery, and thereby constitute unfair competition?
3. How reliable are the market research testimony and the conclusions the Postal Service witnesses draw from it, including conclusions regarding (a) the market most likely to use MOL; (b) the percentage of the projected volume expected to come from mailings that would not otherwise have been made in the absence of MOL; (c) the percentage of the projected volume expected to come from mailings that would have

been made even in the absence of MOL; (d) the assertion that so-called “long run” print jobs would be less likely to use MOL; and (e) the apparent assumption that the market research is still a valid basis for estimating the usage of Mailing Online, notwithstanding the passage of time, increasing acceptance of and familiarity with the internet, the additional options and capabilities included in the new Request, and the greater duration of the experimental period?

4. Will mail using MOL receive favorable treatment within the Postal Service as compared to other mail that is presented at the same rates as MOL?

5. Will the Postal Service be providing certain services (such as list cleaning) to MOL customers without charge in a manner that discriminates against other Postal Service customers?

6. Has the Postal Service properly identified and estimated all costs caused by MOL, and attributed them to MOL during the experiment. Specifically, has the Postal Service improperly excluded fixed technology costs, shared advertising and marketing expenses, revenue leakage, and credit card and other payment expenses associated with MOL?

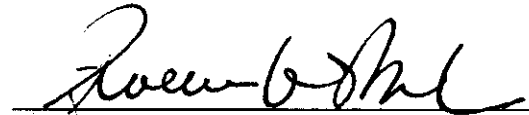
7. What is the basis for the Postal Service's determination of the necessary markup, and the portion of the costs to which it should be applied?

8. Will the Postal Service make improper use of market sensitive information supplied by customers in the normal course of presenting mailings?

9. Should MOL be exempt from minimum volume requirements to qualify for First Class and Standard A basic automation discounts, and if so, in what circumstances should such exemptions be made available to other users of the mail?

MASA further reserves the right to address the issues identified by Pitney Bowes, Inc. and the Postal Service in their Statements of Issues, and to supplement this list as additional issues come to light in discovery and other proceedings in this docket.

Respectfully submitted,

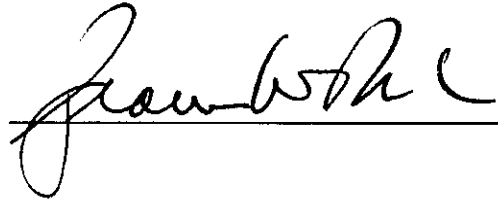
A handwritten signature in black ink, appearing to read "Graeme W. Bush", written over a horizontal line.

Graeme W. Bush
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December 21, 1999

CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing Mail Advertising Service Association International Interrogatories to United States Postal Service Witness Lee Garvey was served upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice this 21st day of December, 1999.

A handwritten signature in cursive script, appearing to read "James White", is written over a horizontal line.