

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

RECEIVED
JAN 7 4 05 PM '00

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

MAILING ONLINE EXPERIMENT

Docket No. MC2000-2

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LIM TO INTERROGATORIES OF
MAIL ADVERTISING SERVICE ASSOCIATION INTERNATIONAL
(MASA/USPS-T3-1-7)

The United States Postal Service hereby provides the responses of witness Lim
to the following interrogatories of Mail Advertising Service Association International:

MASA/USPS-T3-1-7, filed on December 28, 1999.

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



David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986 Fax -5402
January 7, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM
TO INTERROGATORIES OF THE MAIL ADVERTISING
SERVICE ASSOCIATION INTERNATIONAL**

MASA/USPS-T3-1. Referring to your testimony at page 9, lines 18-19:

- a. Identify all products in addition to MOL with respect to which the Help Desk will provide assistance.
- b. Are the products listed in response to subpart a the same as the products with respect to which the Help Desk provided assistance during the market test of MOL? Describe any differences.
- c. If there are differences as set forth in subpart b, how did you account for those differences in developing the 25% cost driver you used to allocate a portion of Help Desk costs to MOL?
- d. Describe generally any differences in the way the Help Desk will operate during the experimental period on the USPS.com platform compared to the way the Help Desk operated on the Post Office Online platform.

RESPONSE:

- a. The Help Desk is planned to provide assistance to users of a number of current and future Postal Service Internet applications. These applications include but are not limited to Mailing Online, Shipping Online Client, Application Program Interfaces, Direct Mail, PosteCS, and Priority Mail.
- b. During the market test, the Help Desk provided assistance to Mailing Online, Shipping Online Browser, PostOffice Online, and PosteCS.
- c. The 25% ratio is based on a conservative approach. As stated in my testimony, I used the number of calls and email inquiries received by the Help Desk during the market test. The ratio is calculated by dividing the number of MOL inquires by total inquires. Since the Help Desk will provide assistance to additional applications during the experiment the calculated ratio should actually overstate the portion of Help Desk costs caused by MOL. Notwithstanding, it is the best available driver for estimating Mailing Online's costs during the experiment.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM
TO INTERROGATORIES OF THE MAIL ADVERTISING
SERVICE ASSOCIATION INTERNATIONAL

- d. During the experiment, the Help Desk will provide assistance to additional applications as outlined in my response to part (a). Support procedures for MOL itself will essentially remain the same.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM
TO INTERROGATORIES OF THE MAIL ADVERTISING
SERVICE ASSOCIATION INTERNATIONAL**

MASA/USPS-T3-2. In your testimony (at 10 lines 1-3), you state that to develop the Help Desk cost driver you "used the number of calls and e-mail inquiries received by the help desk during the market test," and that "this may not correspond directly to the experimental period under USPS.com."

- a. Confirm that the number of calls and e-mail inquiries you refer to is equal to the total number of such telephone calls and e-mail inquiries received over the entire life of the market test until its termination in May 1999. If you cannot confirm, explain why not.
- b. How many (i) calls and (ii) e-mail inquiries were received by the Help Desk during the market test?
- c. Explain in what ways the market test numbers "may not correspond" to the experimental period under USPS.com.

RESPONSE:

- a. The number of market test calls and email inquiries from which the proportion of Mailing Online related Help Desk costs was derived for my testimony corresponds to the duration of the market test. While no data were available from the first week of the market test, their absence likely had no impact upon the resulting proportions of Help Desk requests.
- b. The total number of calls logged by the Help Desk during the market test was 5,063, while email inquiries during that time totalled 2,694.
- c. Given that the Help Desk will provide assistance to additional applications beyond those supported during the market test, as stated in my testimony and response to MASA/USPS-T3-1(a), I expect that the Mailing Online portion during the experiment may well be smaller. Since it is difficult to predict how much assistance additional applications will require, I use the market test proportion as the best available cost driver to generate a conservatively high estimate of help desk costs expected during the experiment.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM
TO INTERROGATORIES OF THE MAIL ADVERTISING
SERVICE ASSOCIATION INTERNATIONAL**

MASA/USPS-T3-3. Confirm that in your testimony in MC98-1, you accounted for what you called Technical Help Desk costs, and did not attribute the expenses associated with fielding other, non-technical, inquiries from customers or prospective customers of MOL that would have been handled by the Post Office Online help Desk.

- a. Are the Help Desk costs quantified at Workpaper C page 8 entirely the result of "Technical Help Desk" costs, that is, they do not include any costs incurred by the Postal Service for customer inquiries about MOL of a non-technical nature?
- b. Confirm that Technical Help Desk inquiries are inquiries of a technical nature about how the software and Internet connection works. If you cannot confirm, explain what is included in and excluded from your definition of Technical Help Desk calls.
- c. Have you accounted for "non-technical" customer inquiries? If so, how?
- d. If you have not accounted for non-technical customer inquiries, confirm that such inquiries will occur, that they will be handled by the USPS.com help desk, and give your best estimate of the number of such inquiries that can be expected.

RESPONSE:

- a. The costs reported in Workpaper C include both technical and non-technical inquiries.
- b. Technical Help Desk costs account for Technical Help Desk time spent responding to Help Desk inquiries involving questions about the operations or status of the MOL system. Help Desk personnel interact with the Technical Help Desk and also respond back to the customer.
- c. Yes, non-technical inquiries are accounted for in Workpaper C, including the cost for the Help Desk personnel (Services Labor (Line 28)), and in the associated Hardware, Software, and Services costs.
- d. Not applicable.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM
TO INTERROGATORIES OF THE MAIL ADVERTISING
SERVICE ASSOCIATION INTERNATIONAL**

MASA/USPS-T3-4. In MC98-1, Postal Service witness Stirewalt estimated total Help Desk call hours (LR 1, Attachment 1), based on an assumption that the first call from a customer would last an average of .5 hours, and the subsequent calls would last an average of .1 hours. Describe how, if at all, you have relied on or changed these assumptions of witness Stirewalt.

- a. How many call hours do you estimate will be required for MOL Technical Help Desk inquires during the experimental period?
- b. How many call hours do you estimate will be required for USPS.com help desk inquiries during the experimental period?

RESPONSE:

This interrogatory evidently arises from a fundamental misunderstanding of my testimony. Unlike witness Stirewalt, I do not rely upon assumed durations or total call hours of Help Desk inquiries. They are unnecessary to my estimation methodology and do not appear in my testimony. My estimates of Help Desk costs are instead based upon resources such as hardware and staff which increase over time. See also my response to MASA/USPS-T3-5.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM
TO INTERROGATORIES OF THE MAIL ADVERTISING
SERVICE ASSOCIATION INTERNATIONAL

MASA/USPS-T3-5. Confirm that you would expect Help Desk usage to increase as MOL usage increases.

REPOSE:

Confirmed. It is expected that Help Desk usage will increase as the number of new MOL users increases. Increases in Help Desk usage as the experiment progresses are accounted for in additional hardware, software, reports, development, and labor costs shown in my Workpaper C.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM
TO INTERROGATORIES OF THE MAIL ADVERTISING
SERVICE ASSOCIATION INTERNATIONAL**

MASA/USPS-T3-6. With respect to your estimates of Help Desk usage associated with MOL:

- a. How many Help Desk (i) calls and (ii) e-mails did you assume would be required for MOL by transaction and by volume (per impression) over the life of the experiment?
- b. How many Help Desk (i) calls and (ii) e-mails did the Postal Service handle for MOL by transaction and by volume (per impression) over the life of the market test?
- c. If you did not make the above calculations in preparing your testimony, make the calculations required to answer subparts a & b.

RESPONSE:

- a. No such assumptions were necessary to my testimony. Please see the response to interrogatories MASA/USPS-T3-4, 5 and 7.
- b. This information was unnecessary to develop the estimates in my testimony, and such study was not done. My response to interrogatory MASA/USPS-T3-2(b) could probably be used in conjunction with the market test data reports to develop some feel for the answer, although I understand witness Garvey does not believe the raw numbers on market test activity are especially good proxies for what should be expected during the experiment.
- c. Since the estimates demanded by this subpart in no way support or inform my testimony, and appear to reflect a misunderstanding of it, I have not attempted to perform them. However, I understand that anybody who believes such calculations are useful for some constructive purpose can nonetheless attempt them from data already available.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM
TO INTERROGATORIES OF THE MAIL ADVERTISING
SERVICE ASSOCIATION INTERNATIONAL**

MASA/USPS-T3-7. Did you consider allocating Help Desk costs as a function of the MOL volume or transactions expected during the experimental period? Explain why you decided not to use an allocation methodology based on number of Help Desk inquiries as a function of volume and/or transactions.

RESPONSE:

I considered but rejected reliance upon volume or transactions. The correlation between Mailing Online volume or transactions with Help Desk cost is weak.

The main reason is that one experienced user with large volume transactions may have no need to contact the Help Desk. Conversely, a large number of small volume users may contact the help desk repeatedly, especially when first using the service. The best available driver for Help Desk costs is the proportion of calls and inquiries processed by the market test Help Desk. The resulting estimate is also conservatively high, because the Help Desk during the experiment will support additional services. Also, implicit in the projected increases over time in the hardware, software, staffing, etc. of the Help Desk is an allowance for increasing volume.

DECLARATION


I, Chong Bum Lim, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: JANUARY 7, 2000
~~DECEMBER~~

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in cursive script that reads "David H. Rubin". The signature is written in black ink and is positioned above a solid horizontal line.

David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986 Fax -5402
January 7, 2000