

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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Docket No. MC2000-2

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS TAKIS TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T4-1-4)

The United States Postal Service hereby provides the responses of witness Takis to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T4-1-4, filed on December 29, 1999.

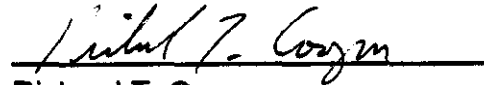
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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January 10, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAKIS
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T4-1, page 1 of 1

OCA/USPS-T4-1. Will various services of USPS.com such as those listed in witness Garvey's testimony at page 14, e.g., ZIP Code lookup, change of address services, post office locator service, rate information, and tracking and delivery confirmation, use the "USPS.com registration and payment functions?" If not, please describe all of the current and known future services that will use these functions.

RESPONSE:

Please see Witness Plunkett's response to MASA/USPS-T3-9(b).

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OCA/USPS-T4-2, page 1 of 2

OCA/USPS-T4-2. If MOL and other services like Shipping Online use the USPS.com *registration and payment functions*, but services such as those listed in interrogatory OCA/USPS-T-4-1 do not, please explain why some portion of the costs of registration and payment should not be allocated to MOL.

RESPONSE:

One way to conceptualize the payment and registration function that may shed some light on this issue is to think of the payment and registration function as a “shared infrastructure within a shared infrastructure”. Specifically, it is my understanding that the registration and payment shared infrastructure resides within the overall USPS.com shared infrastructure. Throughout my testimony, I consistently state that in any shared infrastructure environment, only the costs of the infrastructure that are caused by specific products should be allocated to those products. Any shared costs that are not caused by specific products should be recovered by all products offered through the infrastructure (but not by any one product in particular). This same general principle can be applied in the “shared infrastructure within a shared infrastructure” contemplated by this question.

To better understand what I mean by a “shared infrastructure within a shared infrastructure”, assume that the products offered through the USPS.com channel can be divided into two categories: those that use the payment and registration function (products a_1, a_2, \dots, a_n) and those that do not (products b_1, b_2, \dots, b_m). It

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is my understanding that none of the individual products contained in the group that uses the payment and registration function (products a_1, a_2, \dots, a_n) causes the function to exist. Therefore, none of the costs associated with the payment and registration function (the "shared infrastructure within the shared USPS.com infrastructure") should be allocated individually to any of the products in the group (products a_1, a_2, \dots, a_n) that use the payment and registration function, but should be recovered by the group as a whole. If any one product did cause a portion of the costs associated with the payment and registration function to exist, then that portion of costs should be allocated directly to that product. Of course, no portion of the costs associated with the payment and registration infrastructure should be allocated to products that do not use that infrastructure (products b_1, b_2, \dots, b_m).

Please also see Section V (pages 27 through 29) of my testimony for a complete discussion of how costs that are allocated to individual products and costs that are shared by several products should be recovered (as opposed to allocated).

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OCA/USPS-T4-3, page 1 of 1

OCA/USPS-T4-3. Please provide an estimate of the costs of redesigning and making USPS.com more dynamic.

RESPONSE:

I cannot respond to this question as I do not understand what it means.

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OCA/USPS-T4-4, page 1 of 1

OCA/USPS-T4-4. Please explain, in detail, to what services that are accessed through USPS.com, and in what manner, the Postal Service plans to allocate the costs of redesigning USPS.com.

RESPONSE:

The answer to this interrogatory is beyond the scope of my testimony as I am not privy to Postal Service plans regarding the allocation of the costs of "redesigning" USPS.com. In terms of general costing principles, I would recommend that the Postal Service follow the principles for cost allocation in a shared infrastructure/channel environment that I present in my testimony.

DECLARATION

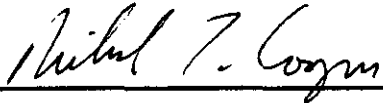
I, William M. Takis, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

W M Takis

Dated: 1/10/00

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.


Richard T. Cooper

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