

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PLUNKETT TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-19-22)

The United States Postal Service hereby provides the responses of witness Plunkett to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T1-19-22, 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



Kenneth N. Hollies

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January 10, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE PLUNKETT
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T[1-19. In Docket No. MC98-1, witness Rothschild responded to many interrogatories about her survey in a similar vein, e.g.:

OCA/USPS-T-4-12. When conducted, this research was not designed as support for a Commission filing. A specific level of reliability was neither requested nor recommended, and no precise level of statistical reliability was calculated.

OCA/USPS-T-4-13. a. When conducted, this research was not designed as support for a Commission filing, but as business planning research. Our goal was to determine if there was "enough" volume to warrant further development, not what the total volume of NetPost would be. . . b. Again, let me reiterate that for business planning purposes, the objective was to determine if there was enough volume among the most likely users to warrant further evaluation of NetPost, not to estimate total volume. (Emphasis supplied)

OCA/USPS-T-4-8. Did the sample design for the quantitative phase of the NetPost study produce a statistically significant sample?

Response: The initial (and primary) purpose for this research was to support business planning activities, not to be submitted as testimony before the Postal Rate Commission. Our goal, as stated in page w of the library reference, was to provide an indication of whether there was sufficient interest to justify further evaluation of NetPost. To that end, a probability sample was drawn, interviews conducted and standard errors produced to provide an estimate of the range of NetPost pieces that could be expected based upon the survey results.

Do these statements still reflect the intent and belief of the Postal Service with respect to Ms. Rothschild's survey and its resulting volume estimates? If not, please provide an update.

Response.

This question falsely implies that witness Rothschild's understanding of the reasons for which her research was conducted also constitute the Postal Service's intent and belief in relying upon her estimates for purposes of projecting market test and experimental Mailing Online volume.

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The Postal Service has not offered, and does not plan to offer, any revisions to the volume estimates provided witness Rothschild and relied upon by the Postal Service in Docket No. MC98-1. While a more rigorous volume projection would be appropriate in a request for a permanent service, her estimates are more than sufficient as a basis for authorizing the conduct of an experiment – which itself will provide information that permits determination of whether Mailing Online constitutes an appropriate permanent service offering.

The central assumptions upon which witness Rothschild's estimates are based; that use of the Internet by small businesses would increase, and that as designed Mailing Online constitutes a service that such businesses will find valuable, appear to have been borne out by actual experience.

In a recent Harris poll, for example, the number of Internet users has soared from 9% to 56% of U.S. adults since 1995. (This was reported online at [http://vr.harrispollonline.com/register/.](http://vr.harrispollonline.com/register/)) Hence, my current belief is that witness Rothschild's projections actually understate the volume the experiment will generate. While I understand some may not agree, that is why the Postal Service is proposing to conduct the experiment.

The Postal Service's position remains the same: further study of potential demand can provide little additional insight into whether Mailing Online should be a permanent service, and would instead delay implementation of the experiment that the Postal Service believes should be conducted to assess the viability of Mailing Online.

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OCA/USPS-T[1]-20. Given the original purpose of the study as detailed in question OCA/USPS-T[1]-19] above, the fact that her survey asked about a Next Day service when, in fact, MOL uses regular First-Class Mail service, and the experience gathered from the market test with respect to volumes of MOL, do you believe that Ms. Rothschild's volume estimates may be significantly overstated? If so, do you have any estimate of how overstated they may be? If not, please explain why you do not believe that the estimates are overstated.

Response.

As stated in my response to OCA/USPS-T1-19, I believe that witness Rothschild's estimates are appropriate for use in supporting the Request for authorization to conduct a Mailing Online experiment. Witness Rothschild's estimates are the best available, and that they constitute compelling evidence supporting the instant request for an experimental service.

Witness Rothschild's inquiry into next day service was a reasonable proxy for Mailing Online, since a mature printing network will involve entry of mail in First-Class Mail next day delivery areas.

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OCA/USPS-T[]1-21. Please provide copies of any advertising materials that were developed and/or utilized during the MOL Market Test that are not already on file in Docket No. MC98-1.

RESPONSE:

Copies of three additional advertising sheets are attached.

Chicago
NPF
1999

NetPost-Mailing Online™
Internet Services



Fact Sheet

*Prepare
mailings
without
leaving
your
desk.*

NetPost-Mailing Online™ is the quick and easy way to prepare your First-Class® Mail and Standard (A)™ Mail. It's like having a post office and a professional printing-and-mailing service inside your personal computer — and it's open 24 hours a day, 7 days a week. NetPost-Mailing Online is slated to appear on www.usps.com, the official website of the United States Postal Service® in early 2000.

NetPost-Mailing Online is efficient.

Instead of spending hours addressing your First-Class Mail and Standard (A) Mail, printing each piece, stuffing envelopes, applying postage and doing the mailing, you'll be able to have someone else do it for you. Create your mail on Windows® 95 (or Windows NT® or Macintosh), using a variety of word processing and design programs, then send it electronically — along with your mailing list — to the U.S. Postal Service. We'll send it all to a USPS-approved printing-and-mailing service, which will take care of the rest of the work.

NetPost-Mailing Online is convenient.

With NetPost-Mailing Online, you can prepare and send mail without leaving your desk.

- Create, print and send First-Class Mail and Standard (A) Mail via the World Wide Web
- Prepare your advertising mail, correspondence, even your invoices today, and have them in the mail tomorrow
- Personalize documents with mail merge capabilities
- Have your addresses standardized automatically for more effective delivery
- Navigate quickly and easily with point-and-click menus
- Store frequently used documents, mailing lists and return addresses
- Estimate mailing and production costs beforehand with a built-in calculator
- Accepts Novus™/Discover®, MasterCard®, VISA® or American Express®

NetPost-Mailing Online adds impact.

NetPost-Mailing Online creates mail that makes an impression.

- Give your mail impact with highlight color and graphics
- Give your mail a professional touch with quality printing

NetPost-Mailing Online™

Fact Sheet

How does NetPost-Mailing Online™ automatically standardize my mailing lists for more efficient mailing?

Each time you upload a mailing list through NetPost-Mailing Online, it's checked against the U.S. Postal Service's National Address Management System to standardize your addresses, including abbreviations, directionals and ZIP Codes®. Unverifiable addresses are extracted and returned for review and correction.

How sophisticated can I get with my mailpiece designs?

NetPost-Mailing Online accepts software packages that offer you a variety of mailpiece design options. Your choice of highlight color includes red, blue, green or magenta.

What word processing or design software can I use?

You can mail most documents created in Microsoft® Word 6.0 or later, WordPerfect® 6.0 or later, PageMaker® 6.5 or later, VENTURA™ 7.0, or QuarkXPress™ 4.0 or later.

What mailing list (spreadsheet or database) software can I use?

You can submit mailing lists created in Microsoft Word 6.0 or later, WordPerfect 6.0 or later, Microsoft Access® 95 or later, Excel® 5.0 or later, or in an ASCII Tab Delimited text file.

Can I really send invoices too?

NetPost-Mailing Online lets you use the Mail Merge feature of either Microsoft Word or WordPerfect. You can use the Mail Merge feature to personalize each mailpiece. Then simply send your document and data file to NetPost-Mailing Online. We will take care of the rest.

NetPost-Mailing Online™

San Antonio
NPF
1999

Mailing Online™
Internet Services

Fact Sheet



Prepare mailings without leaving your desk.

Mailing Online™ is the quick and easy way to prepare your First-Class® Mail and Standard (A)™ Mail. Mailing Online is available at www.postofficeonline.com, our new Web site for small businesses. It's like having a post office and a professional printing-and-mailing service inside your personal computer—and it's open 24 hours a day, 7 days a week.

Mailing Online is efficient.

Instead of spending hours addressing your First-Class Mail and Standard (A) Mail, printing each piece, stuffing envelopes, applying postage and doing the mailing, you'll be able to have someone else do it for you. Create your mail on Windows® 95 (or Windows NT®), using a variety of word processing and design programs, then send it electronically—along with your mailing list—to the U.S. Postal Service. We'll send it all to a USPS-approved printing-and-mailing service, which will take care of the rest of the work.

Mailing Online is convenient.

With Mailing Online, you can prepare and send mail without leaving your desk.

- Create, print and send First-Class Mail and Standard (A) Mail via the World Wide Web
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Mailing Online™
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Mailing Online™



ONE CLICK AND IT ALL STARTS TO CLICK.™
www.postofficeonline.com

Xplor 1999

NetPost-Mailing Online™
Internet Services

Fact Sheet

Business opportunities for both small-volume mailers and printing and mailing service providers.

NetPost-Mailing Online™ will be a state-of-the-art service for small businesses, available soon on our website — www.usps.com.

Using virtually any of the leading word-processing or page-layout programs, small businesses will create documents on Windows 95 or NT (Mac compatibility is in the works). Then, they'll click on our website to create a job ticket and send it all electronically—including their mailing list—to the U.S. Postal Service. We'll route them to U.S. Postal Service-contracted printing and mailing services that will take care of the rest of the work.

NetPost-Mailing Online will foster business opportunities for both small-volume mailers and printing and mailing service providers.

Thanks to NetPost-Mailing Online and the Internet, mail preparation for low-volume mailers is undergoing a transformation that will make the process of initiating a small mailing faster and more convenient for everyone.

NetPost-Mailing Online will give small business owners what they desire — convenient, online access to the U.S. Postal Service, including integrated professional printing and mailing services. What's more, it will demonstrate the benefits of distributed-on-demand digital printing and mailing services.

The way it works is simple. Instead of spending their time printing, stuffing and addressing First-Class® and Standard (A)™ Mail, then applying postage, sorting the mailpieces and delivering them to the post office, mailers will be able to go online and have it all done for them. Even first-time mailers will find it to be quick, easy and effective.

We're aiming to make the U.S. Postal Service more convenient and cost-effective for small businesses by integrating high-quality printing and mailing services into our Internet services.

Your company could be a participant in this exciting new service, either as a registered user of NetPost-Mailing Online or as a printing and mailing service provider. The U.S. Postal Service expects a large number of customers for NetPost-Mailing Online when it launches nationwide and we will be seeking regional commercial printing and mailing services to participate in this service.

For more information, contact:

Lee Garvey
nmailing@email.usps.gov
(202) 268-3436 — PHONE
(202) 268-4399 — FAX

NetPost-Mailing Online™

Is the U.S. Postal Service getting into the printing business?

No. We are providing convenient links for small-volume customers to utilize postal services via the Internet, including access to the services of participating commercial printing and mailing companies nationwide.

Who should participate?

For small-volume mailers, it's an opportunity to reduce costs and streamline the business communications process. For printing and mailing service providers, it's a competitive opportunity to gain additional business.

How are NetPost-Mailing Online™ jobs routed and distributed?

Mailpieces are electronically routed to destination print facilities, based on their final geographic destination. We expect to have over two dozen regional vendors with similar capabilities providing the services.

What are the basic requirements for participation as a vendor?

NetPost-Mailing Online vendors must have digital printing, inserting and intelligent addressing capabilities. They must be able to prepare bulk mailings and operate in an electronic environment.

The U.S. Postal Service will provide the network interface needed for the NetPost-Mailing Online service.

How can I participate as a vendor?

Solicitations (RFPs) will be conducted independently for each geographic area. To be notified of the solicitation in your area, fax your company information to:

**NetPost-Mailing Online
Solicitation
(202) 268-4399**

The U.S. Postal Service encourages all qualified companies to apply. Smaller companies are encouraged to form partnerships and submit joint proposals.

NetPost-Mailing Online™

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OCA/USPS-T[]1-22. Advertising expenditures are reported in Table(s) 1 of several of the A/P reports filed pursuant to the Market Test Data Collection and Reporting System. Please explain in detail the purpose of these expenditures.

Response.

Costs reported in the A/P reports up to Fiscal Year 1999 A/P 10 were incurred to support the PostOffice Online market test. The marketing campaign involved all five market test sites in two waves of advertising and several different media types. The first wave began upon commencement of the market test and ended in 1998. The second wave began in mid-January and was largely completed by mid-February.

The purpose of the campaign was twofold: first, to generate awareness amongst the target audience that a new service -PostOffice Online- was available; and second, to drive the target audience to visit the PostOffice Online web site. As such, the advertising was not designed specifically to increase registration or usage by visitors. All advertising was designed to promote the PostOffice Online web site rather than any particular component. This is consistent with the fact that the marketing campaign did not involve any live sales force.

Costs reported in Table 1 for A/Ps 11 and A/P 12 reflect development of NetPost-Mailing Online promotional materials. Most of these materials were distributed to interested persons who visited the Postal Service booth at the National Postal Forum in San Antonio.

Costs reported for A/P 13 represent PostOffice Online corporate relations account management costs and PostOffice Online corporate relations materials from the fourth quarter. Costs incurred during FY 2000 A/P 1 reflect development of PostOffice Online promotional materials for distribution to interested persons who

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visited the Postal Service booth at the National Postal Forum in Chicago. Although NetPost-Mailing Online product specific promotional materials were distributed, the cost is reported as a shared cost because it includes materials for other Postal Service products. No breakdown for this cost is available.

Costs incurred during FY 2000 A/P 2 represent the costs incurred to develop PostOffice Online promotional materials for distribution at the Xplor trade show. Although NetPost-Mailing Online product specific promotional materials were distributed, the cost is reported as a shared cost because it includes materials for other Postal Service products. No breakdown for this cost is available. Copies of these materials are provided in response to interrogatory OCA/USPS-T1-21.

DECLARATION


I, Michael K. Plunkett, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Dated: 1/10/00

Michael K. Plunkett

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.



Kenneth N. Hollies
Kenneth N. Hollies

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Washington, D.C. 20260-1137
January 10, 2000