

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Docket No. MC98-1

Mailing Online Service

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS STIREWALT TO INTERROGATORIES OF
OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T3-5-6)

The United States Postal Service hereby provides the response of witness
Stirewalt to the following interrogatories of Office of the Consumer Advocate:
OCA/USPS-T3-5-6, filed on July 31, 1998.

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

Respectfully submitted,

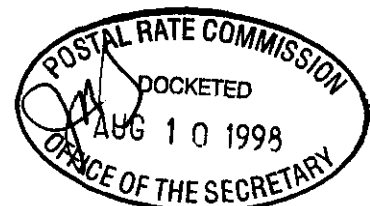
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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August 10, 1998



Response Of Postal Service Witness Stirewalt
To OCA Interrogatory

OCA/USPS-T3-5. Please refer to USPS-LR-1/MC98-1, page 3. The following statement appears under the heading "Methodology":

A cost figure was assigned to each cost component based on the results reported in Attachment 1. *Attachment 2: Detailed Cost Estimates* documents all cost elements and the costs assigned to each.

- a. Please define the expression "cost figure" as used here.
- b. Please define the expression "cost component" as used here.
- c. Please define the expression "cost elements" as used here.
- d. Please define the expression "based on" as used here.
- e. For each number in *Attachment 2: Detailed Cost Estimates* that is "based on the results reported in Attachment 1," show the derivation of the number and its relationship to "the results reported in Attachment 1."

RESPONSE:

- a. The term "cost figure" is synonymous with unit "cost shown" in Attachment 2: Detailed Cost Estimates.
- b. The term "cost component" is synonymous with "cost component" shown in Attachment 2: Detailed Cost Estimates. A "cost component" is the unit (generally the smallest) to which a "unit cost" can be assigned.
- c. The term "cost component" is synonymous with "cost component" shown in Attachment 2: Detailed Cost Estimates.
- d. Specific information in Attachment 1 formed the basis for the assignment of a number of unit costs, numbers of units shown in Attachment 2: Detail cost Estimates. The Cost Components Source/Derivations chart included in my responses to OCA Interrogatories 1-4 described this in detail.
- e. The Cost Components Source/Derivations chart included in my responses to OCA Interrogatories 1-4 described this in detail.

Response Of Postal Service Witness Stirewalt
To OCA Interrogatory

OCA/USPS-T3-6. Please refer to USPS-LR-1/MC98-1, page 3. The following statement appears under the heading "Assumptions":

There are 1500 miles mean distance from the Postal Service Mailing Online processing site to any given print site. Ten sites will perform printing for Mailing Online in 1999, with projections of 17 sites by 2000, and 25 sites in following years.

- a. Please define "mean distance" as used here.
- b. Please show how the 1500 miles is calculated.
- c. Does "distance" refer to air miles, road miles, wire miles, or some other concept. Please explain.
- d. Please identify all cells in the spreadsheets for Attachments 1 and 2 where the 1500 miles is used.
- e. What is the "mean distance from the Postal Service Mailing Online processing site to" printing sites during (i) the operations test period, (ii) the market test period, (iii) the experiment period, (iv) 1999, (v) 2000, (vi) "the following years"? Please show how each of these distances is calculated.
- f. Does any other Postal Service witness utilize the 1500 miles figure? If so, please identify the witness and specify the location where the number is used.

RESPONSE:

- a. Average distance.
- b. The processing site for Mailing Online is in California. Any given print site for mailing Online is presumed to be anywhere in the contiguous United States. Given the approximate length of the contiguous United States is 3000 air miles, an average of 1500 air miles distance is assumed between any given print site and the Mailing Online processing center.
- c. Air miles. Neither road, nor wire miles have any bearing on the telecommunications costs. As noted in my response to "d" below, air mile distances also had no bearing on the cost estimate.
- d. The 1500 mile distance assumption was originally included to account for any possible distance-based variance in telecommunications charges from the

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To OCA Interrogatory

Mailing Online processing site to the print sites. The current contract price the Postal Service must pay for telecommunications services was used to price this telecommunication link. Distance had no influence over the price estimated based on the contract price. Therefore the 1500 miles was not used in Attachments 1 or 2.

e. No distinction is made between any of periods specified. As noted in response to "d" above, the 1500 mile assumption was not used in the cost estimate calculation.

f. To the best of my knowledge, the 1500 mile assumption is not used by any other Postal Service witness.

DECLARATION

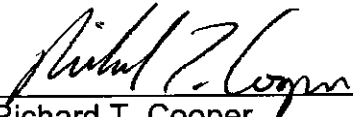
I, Daniel Stirewalt, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: 8/10/98

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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