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UNITED STATES OF AMERICA  
BEFORE THE POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268

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U.S. POSTAL SERVICE  
OFFICE OF THE SECRETARY

Mailing Online Service, 1998

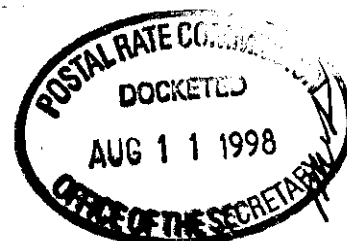
Docket No. MC98-1

STATEMENT OF ISSUES  
ON BEHALF OF HALLMARK CARDS, INCORPORATED

Hallmark Cards, Incorporated (Hallmark) files the following statement of issues perceived in this docket, pursuant to § 67a(b) of the Rules of Practice [39 CFR § 3001.67a(b)] and to ordering paragraph 4 of the Commission's July 17, 1998 Notice. Hallmark assumes that assertions of fact regarding costs, market demand, and similar areas addressed in the Postal Service's prepared testimony will be treated as issues in the case, and for brevity's sake does not attempt to list them.

I. Issues regarding usefulness of Mailing Online Service to the single-piece First-Class mailer.

- A. In the proposed experimental program, or in planned developments of the program, will the Postal Service be able and willing to accept files generated by software designed for applications useful to the single-piece, and especially the household, user of First-Class Mail? For example, does — or will — Mailing Online Service readily accommodate greeting card creation software files? Will it readily accommodate files created using low-cost scanners?



- B. How are incoming files examined to insure that they qualify for processing, and/or do not incorporate corrupted data?
- C. Does — or will — the Postal Service seek to enhance the usefulness of Mailing Online Service by working with developers of software that would be useful to household and other single-piece mailers in creating mailpieces that could use Mailing Online Service?
- D. What forms of paper stock does — or will — the Postal Service require contract printers to handle and to have available? Will the required paper stocks and paper-handling capacities include the stocks and capacities necessary to produce greeting cards created using greeting card software?
- E. Are — or will — available methods of payment include methods household and other single-piece mailers can employ conveniently (e.g., widely-used credit cards)?
- F. In view of the possible variances in printing cost from transaction to transaction, how can a mailer know, or estimate, the cost of a mailing before submitting it to the Postal Service?

II. Postal policy issues.

- A. What is the likely effect of Mailing Online Service on the commercial printing industry?
- B. In what sense, if any, does Mailing Online Service represent “entry” by the Postal Service into the printing industry?

- C. Is a computer-plus-internet-dependent system a good way to let household and other single-piece mailers share in automation savings?
- D. Is Mailing Online Service incompatible with eventual adoption of Courtesy Envelope Mail or similar proposals to allow single-piece letters to share in automation savings? If not actually preclusive of such proposals, is it designed to make them less attractive?
- E. Does the development history of Mailing Online Service reveal appropriate recognition of the importance of single-piece, nonbusiness First-Class mail usage?

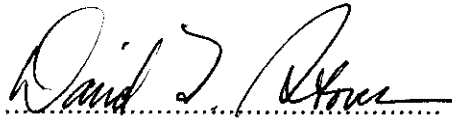
III. Cost and pricing issues.

- A. How could rates be designed in the future, if it is concluded that the proposed "cost plus 25%" approach is suitable only for an experiment?
- B. How can the rate structure incorporate assurances that users requiring paper or paper-handling features not characteristic of ordinary letter-size pieces will not be discriminated against?
- C. Given that the various contract printers employed by the Postal Service (even within one geographic area) are expected to exhibit different cost levels, how will the Service allocate or dispatch incoming files to these printers? Under what circumstances would it be appropriate to substitute for the individual printer's cost an average or rolled-in cost representative of all contract printers, or of all the contract printers in a defined area?

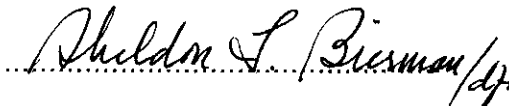
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- D. What, if any, economies could be expected from expansion of Mailing Online Service in the future? What are the possible sources of such economies?

Respectfully submitted,



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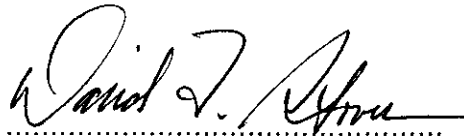
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Docket No. MC98-1

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 § 12 of the Rules of Practice.

A handwritten signature in cursive script, appearing to read "David F. Stover", written over a horizontal dotted line.

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