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

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MAILING ONLINE SERVICE

Docket No. MC98-1

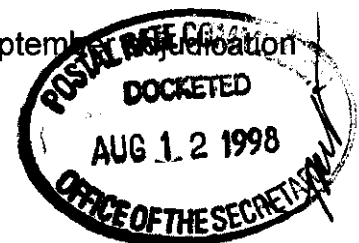
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

PITNEY BOWES SECTION 163(e) SUBMISSION

Pursuant to paragraph 3 of the ordering clauses of Order No. 1216 in this proceeding, Pitney Bowes Inc. ("Pitney Bowes") makes this submission.

In its Response to the Motion of the United States Postal Service for Expedition and for Waiver of Certain Provisions of Rule 161 and Certain Provisions of Rule 164(h), Pitney Bowes has advanced an alternative proposal for the conduct of the market test proposed by the Postal Service and the coordination of that request with the conjoined request for an experiment also sponsored by the Postal Service. If the positions advocated in that Pitney Bowes pleading are favorably acted on by the Commission, Pitney Bowes does not believe that a hearing on the proposed market test will be necessary. If the requested relief is denied, however, Pitney Bowes does believe that a hearing will be required and submits this pleading conditionally requesting that such a hearing be held.

Two costing issues should be more thoroughly explored through discovery, and possibly a hearing. The first of these, the cost to the Postal Service (and its Mailing Online customers) of contract printing services, can probably be avoided by a deferral of the requested early September



of the market test proposal for a period sufficient to permit review of the contract that the Postal Service intends to enter into in "early August". USPS-T-1, 6 (Witness Garvey). Knowledge of the actual contract terms obviate the need for discovery and examination of Witness Seckar's testimony presented in "Development of Contractual Printer Costs". USPS-T-2, 12 et seq. In the absence of actual information concerning the outside printer costs, close scrutiny of Witness Seckar's presentation will be required because the costs disclosed in his testimony appear to be unreasonably low.

The Postal Service's internal costs for the market test will also require examination unless the market test (and its relationship to the subsequently proposed experiment) is adjusted as we propose. It seems likely that the Postal Service has gained at least some knowledge of its internal costs of the electronic receipt, batching and transmission to an outside printer of mail pieces in the course of the pre-test test that it has been running since March of this year. Discovery of the extent of this knowledge and its consistency with the cost presentation made in support of the test/experiment by the Postal Service may well be necessary.

For these reasons, Pitney Bowes requests that the Commission schedule hearings to explore the wisdom of endorsing the market test methodology

advocated by the Postal Service unless the test/experiment sequence is appropriately limited.

Respectfully submitted,



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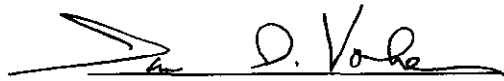
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CERTIFICATION

I hereby certify that I have this day served the foregoing document upon the United States Postal Service and the Office of the Consumer Advocate in this proceeding in accordance with section 12 of the rules of practice and the Commission's Order No. 1216.

A handwritten signature in black ink, appearing to read "Ian D. Volner", is written over a horizontal line. The signature is stylized and cursive.

Ian D. Volner