

**ORIGINAL**

001381

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

RECEIVED

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MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1

The United States Postal Service hereby provides responses to Presiding Officer's Information Request No. 1, issued on July 26, 1998.

Each interrogatory is stated verbatim and is followed by the response, together with a declaration from the witness.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

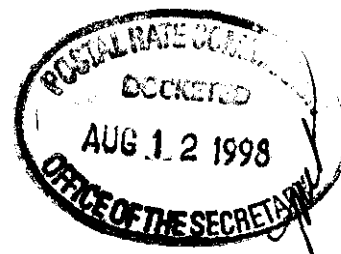
By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Scott L. Reiter

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Washington, D.C. 20260-1137  
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August 12, 1998



RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY  
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1001382

1. For purposes of this question a "mailing" will mean the physical presentation of Mailing Online pieces to a postal facility by a Mailing Online printer.
  - a. Please confirm that a mailing will not have to conform to the DMM makeup requirements for the rate categories involved.
  - b. If a. is confirmed, please list the DMM makeup requirements that will be waived or modified for Mailing Online pieces.
  - c. Will each mailing be subject to the same cut off times imposed by the postal facility on other customers (e.g., a 7:00 PM cut off time for acceptance of First-Class automation mail.)
  - d. Please confirm that, in the Experimental Phase, nonprofit organizations sending less than 200 pieces could use Mailing Online and receive the same postage rate (excluding printing) as a nonprofit organization sending 200 pieces?

RESPONSE:

- a. Although specific DMM regulations have yet to be drafted, this question is confirmed to the extent noted in response to part (b). In all other respects, the makeup requirements are expected to be the same for Mailing Online (MOL) pieces and non-MOL pieces. In addition, there might need to be some minor adjustments to the manifest mailing system requirements to *reflect the manner of entry of MOL pieces; whether this will be necessary and what the particular modifications might be have yet to be determined.*
- b. If Mailing Online service is recommended as requested, the DMM minimum quantity requirement for a mailing would be modified. To be consistent with the requested DMCS language Mailing Online pieces would not be required to meet the 500-piece minimum for First-Class automation rate mailings or the 200-piece minimum for Standard Mail automation rate mailings. Furthermore, the requirement that Standard

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Mail be addressed for delivery within the service area of the BMC (or auxiliary service facility (ASF) or sectional center facility (SCF)) at which it is entered in order to obtain the destination BMC discount would also not be applicable, as indicated in the proposed DMCS language

- c. It should also be noted that although the rates applicable to Mailing Online pieces are proposed to be limited to the basic automation rates, the *presorting requirements applicable to Mailing Online pieces would remain the same as the presort requirements for all other automation mail*. As a result, depending on the number of pieces and presort density of an individual mailing, there may be Mailing Online pieces required to be prepared in a manner that would ordinarily allow qualification for a lower 5-digit, 3-digit, or 3/5-digit automation presort rate, although they would still pay the basic automation rates (less the DBMC discount for Standard Mail) as indicated in the proposed DMCS language. Yes, commercial printers preparing Mailing Online jobs are required to enter mailings no later than the cut-off time specified by the designated Business Mail Entry Unit. See USPS-LR5-MC98-1.
- d. Confirmed.

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2. Is the Postal Service aware of other providers of services similar to Mailing Online that include the ability to receive items in electronic form, digitally produce products ready for mailing that satisfy the automation makeup requirements, and submit the products to a postal facility for mailing at the lowest applicable postage.
  - a. If so, please identify and briefly describe each.
  - b. If so, please describe how each service differs from what the Postal Service is proposing.

RESPONSE:

a-b. Although I am unable to provide a comprehensive listing of other providers I will try to describe the landscape as I see it. The ability to receive files electronically and digitally print and produce automation-compatible mail pieces for submission to a post office can most accurately be defined as a continuum. At the low end, all suppliers of printing or graphic arts services send and receive files electronically as a regular practice. Component parts of mail pieces such as graphic files and text content are transferred daily via e-mail and the internet by almost everyone involved in mail production. Mailing lists can even be readily obtained over the internet. These electronic parts are often assembled and re-transmitted before being converted to physical components of mail pieces for subsequent re-assembly and preparation for submission to a post office.

At the high end, the electronic transmission of complete mailings including lists, data and document templates describes what takes place in many large organizations preparing monthly invoices at a data center for transmittal to a dedicated printing and mailing facility. Corporations such as AT&T use this

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method to achieve mail production site efficiencies, sending multiple business segment's invoices to a central location rather than maintaining multiple mailing operations.

Several companies also specialize in providing outsourcing for this high end work. Output Technologies, Inc. for example services the financial industry. International Billing Services, Inc. services the cable TV industry. It is my understanding that these companies receive most, if not all, of the input for mail piece creation electronically. They then print, prepare and sort mailings for the lowest applicable postage rate. These companies are dealing for the most part with very large and/or complex computer files, often using direct point to point electronic connections to the customer's computer and performing the services on a regular schedule.

A more recent category exists in the middle of this continuum, service providers catering to smaller mailers using personal computers (PCs). Pitney Bowes' DirectNET is an example of this kind of service, although many commercial printers offer such services independently. Client software is usually provided to enable the customer to send, on demand, simple PC files which are received electronically by the service provider, to be printed and prepared as a single mailing.

As I understand them, the broad differences between the proposed Mailing Online and all other services is: 1) an exclusive use of a browser and the World Wide Web function of the internet as an interface; 2) a flat rate of

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automation level postage regardless of quantity or ZIP density; 3) a focus on the relatively small mailer and current non-mailer (see my testimony at page 13, lines 1-7).

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3. Please confirm that the Postal Service will not supply Mailing Online customers with mailing lists.

RESPONSE:

Confirmed. We do believe, however, that a clear need exists for Mailing Online customers to have access to information about where to obtain mailing lists easily. The Postal Service may seek to facilitate communications between customers and list suppliers in an online environment.

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4. Please discuss the applicability of the fees listed in DMCS Schedule 1000 to Mailing Online. How many "offices of mailing" will exist for First-Class and Standard A Mailing Online pieces:
  - a. during the market test?
  - b. during the experiment?

RESPONSE:

- a. During the market test, printing contractors are required to deliver all Mailing Online mailings to the Business Mail Entry Unit of a specified plant. That post office, which will be indicated in the permit imprint, is the office of mailing. Thus, there would be only one office of mailing for each printer, of which we expect to have no more than two during the market test.
- b. For simplicity and logistical efficiency it is our intent to keep the number of entry points to a minimum. During the experiment we will test different scenarios, but I would expect that no more than two offices of mailing would be required for each contracted printer.



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TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 1 **001389**

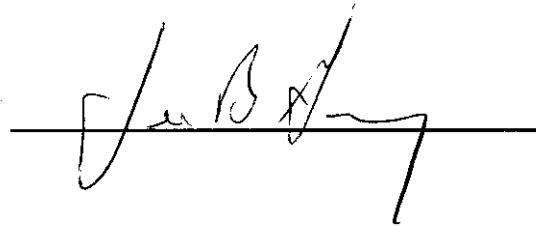
5. Does the Postal Service intend Mailing Online to extend to Cards (Compare Request Attachment A2, § 981.22, with Attachment B2, note 3).

RESPONSE:

The Postal Service intends Mailing Online to extend to Cards during the experimental version of Mailing Online, but not the market test. See Notice of United States Postal Service of Errata to Attachments A and B to Request, filed August 5, 1998, which clarifies the Postal Service's DMCS proposal in this respect.

**DECLARATION**

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

A handwritten signature in black ink, appearing to read "Lee Garvey", is written over a solid horizontal line. The signature is cursive and somewhat stylized.

Dated: August 12, 1998

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**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.

  
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Scott L. Reiter

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August 12, 1998