

ORIGINAL

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

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U.S. POSTAL SERVICE
OFFICE OF THE SECRETARY

MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PLUNKETT TO INTERROGATORIES OF
MAIL ADVERTISING SERVICE ASSOCIATION INTERNATIONAL
(MASA/USPS-T5-1-7)

The United States Postal Service hereby provides responses of witness Plunkett to the following interrogatories of Mail Advertising Service Association International: MASA/USPS-T5-1-7, filed on August 4, 1998. Interrogatories MASA/USPS-T5-8 and 10 were redirected to witness Garvey, and interrogatory MASA/USPS-T5-9 was redirected to witness Rothschild.

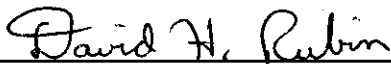
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

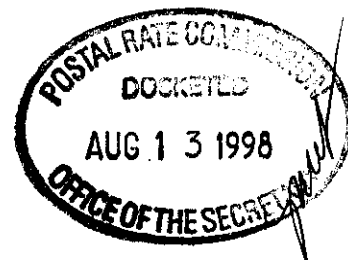
By its attorneys:

Daniel J. Foucheaux, Jr.
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August 13, 1998



**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO
INTERROGATORIES OF THE MAIL ADVERTISING SERVICE ASSOCIATION**

MASA/USPS-T5-1 Confirm that one of the bases for the assumption that long run mailings (defined for purposes of this interrogatory as mailings of 5000 pieces or more) will not be submitted using MOL is that such mailings would qualify for lower postage rates than those charged to MOL users.

MASA/USPS-T5-1 Response.

Not confirmed, though the supposition contained in the question may be accurate. Runs greater than 5000 pieces are not considered economically viable using the printing process that will be employed for Mailing Online.

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO
INTERROGATORIES OF THE MAIL ADVERTISING SERVICE ASSOCIATION**

MASA/USPS-T5-2. Has the Postal Service given any consideration to making a wide range of rates available to MOL customers? If so, describe any such consideration in detail.

MASA/USPS-T5-2 Response.

I am not aware of any such consideration.

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO
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MASA/USPS-T5-3. Describe in detail any factors that would prevent the Postal Service from charging postage to an MOU [sic] customer at the lowest rate for which the mailing would qualify if the customer had presented it to the Postal Service directly in hard copy. Assume for purposes of the question that the customer took advantage of all discounts that the mailing could have qualified for given its size, density and geographical distribution. Include in your answer any reasons of which you are aware that the Postal Service would be unlikely in the future to expand the MOL service or propose a new related service that would take advantage of this option.

MASA/USPS-T5-3 Response.

The conditions that govern the use of Mailing Online, including the qualification requirements and the available rates, will depend upon an approved Recommended Decision by the Commission. While this may impose no absolute limit on the ways that Mailing Online will be modified through a future Commission filing, I am unaware of any plans to incorporate the kinds of changes outlined in this interrogatory.

Since Mailing Online is designed for small mailers, charging postage based on each customer's portion of the batched Mailing Online mailing would tend to detract from the service by raising the postage for many customers. Charging postage to reflect each customer's portion of the batched Mailing Online mailing also would require separate determination of the presort for each portion of the mailing.

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO
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MASA/USPS-T5-4 If one were to assume that the MOL program consistently generated sufficient volume that the mail presented to the Post Office by contract printers consistently and predominantly qualified for a lower rate than is proposed in this docket, what, if anything, is to prevent the Postal Service from proposing a modification to MOL that would charge a lower rate of postage.

MASA/USPS-T5-4 Response.

Such a change would require preparation, approval, and litigation of a new

Commission case. See response to MASA/USPS-T5-3.

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO
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MASA/USPS-T5-5 Your testimony refers to the “convenience” of MOL and states that MOL “will generally allow next day entry at, or near, the point of destination, thereby providing Mailing Online customers faster delivery than they would otherwise receive” (at 16). Is it your testimony and belief that a MOL customer would be unable to achieve the same quality of service for his direct mail piece if he (i) presented the mailing in hard copy directly to the Postal service [sic]; or (ii) contracted with a lettershop to prepare and present his mailing to the Postal Service? Explain your answer in detail, including any data or source material upon which it is based.

MASA/USPS-T5-5 Response.

Customers could theoretically achieve next day entry at or near destination either by presenting hard copy mail pieces themselves, or by contracting with a lettershop. However, customers mailing to multiple geographic destinations would either have to make multiple trips to different Postal Service locations, or contract with letter shops in different locations to achieve the same results. Consequently, many customers are likely to find Mailing Online more convenient than either of these alternatives.

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO
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MASA/USPS-T5-6 Is it your view (referring to your testimony at page 18, line 20-21) that it is appropriate under the criteria established by the Postal Reorganization Act to charge a low markup over Postal Service costs in order to achieve market penetration for a new product? Explain your answer fully, including any factual or legal support for it.

MASA/USPS-T5-6 Response.

My view is that the 25 percent markup proposed for Mailing Online is appropriate. The reasons for this view can be found in my testimony. Building use among customers during the introduction of the product is just one factor I considered.

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO
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MASA/USPS-T5-7 Describe in detail all consideration that the Postal Service has given to the possibility that with respect to the 68% of projected MOL volume that consists of matter already being mailed, volume will be diverted from private businesses that now provide services in connection with such mailings (including, e.g., lettershops).

MASA/USPS-T5-7 Response.

I assume your question refers to the estimated 62 percent of projected Mailing Online volume that consists of matter already being mailed. Some of this volume may be diverted from private businesses. However, Mailing Online customers will be using the service for smaller mailings, and will not be able to receive most of the presorting discounts available to mailers who, either because they are mailing in sufficiently large quantities themselves, or because they consolidate their mailings with other customers through an intermediary such as a lettershop, qualify for larger postage discounts. Consequently, Mailing Online will tend to attract mail from customers who are currently preparing their own mailings. Mailing Online is expected to have only limited appeal to customers who are already using lettershop services, since these customers already qualify for presort discounts at least as large as the discount offered by Mailing Online. Mailing Online is designed to appeal to customers such as witnesses Wilcox and Campanelli, who are not currently lettershop customers

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.

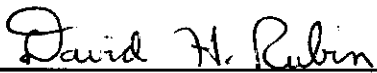


MICHAEL K. PLUNKETT

Dated: 8/13/98

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.



David H. Rubin

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