

**ORIGINAL**

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS SECKAR TO INTERROGATORIES OF  
MAIL ADVERTISING SERVICE ASSOCIATION INTERNATIONAL  
(MASA/USPS-T2-1-3(B), 4(C)-5)

The United States Postal Service hereby provides responses of witness Seckar to the following interrogatories of Mail Advertising Service Association International: MASA/USPS-T2-1-3(b), 4(c)-5, filed on August 4, 1998. Interrogatories MASA/USPS-T2-3(c) and 4(a-b) were redirected to witness Plunkett.

MASA numbered the last two of the interrogatories in this set as "MASA/USPS-T2-4." The second of these interrogatories is being renumbered "MASA/USPS-T2-5."

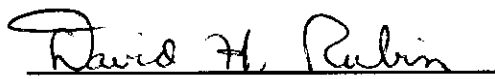
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

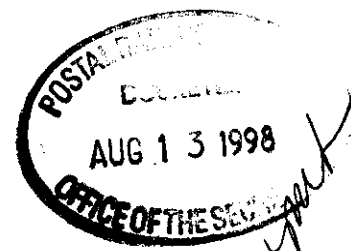
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -5402  
August 13, 1998



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INTERNATIONAL

**MASA/USPS-T2-1.** Confirm that a "batched" mailing, as described in your testimony at page 9, is one where a mailing by one customer is combined with a mailing or mailings by other customers of MOL. If confirmed, identify each process for which the mailings are so combined. If not confirmed, state what is meant by "batched" in your testimony.

**RESPONSE:**

Confirmed. Please see Witness Garvey's response to OCA/USPS-T1-17a.

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**MASA/USPS-T2-2.** How is it determined what mailings will be batched? Please address specifically the operational procedures that determine what mailings are batched, including over what time period a customer's mailing is held before it is sent to print shops at Step 5 in Diagram 1 of your testimony.

**RESPONSE:**

Please see Witness Garvey's response to OCA/USPS-T1-17, parts (a) and (g).

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**MASA/USPS-T2-3.** Confirm the following. In the event that you are unable to confirm, explain in detail why not.

a. A MOL mailing is not required to meet all the criteria for the rate at which it will be mailed and abased on which the customer will be charged postage.

b. You have not presented as part of your testimony any cost justification for the postage component of the total price charged a MOL customer.

c. In proposing the several postage options to be charged MOL customers, you have assumed that, as a result of the batching of different mailings by the contract printers, MOL mailings presented to the Post Office by the contract printers will generally meet the qualifications established in the DMM and the DMCS for the postage rates charged to the customer. If your answer is yes in whole or in part, describe in detail the studies, analyses or other bases you have for making this assumption.

**RESPONSE:**

- a. Please see Witness Garvey's response to Presiding Officer's Information Request No. 1, question 1.
- b. Confirmed.
- c. Redirected to witness Plunkett.

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**MASA/USPS-T2-4** Confirm that:

- a. for the so-called contractual printer components of MOL, a customer will be charged 125% of the price negotiated between the contractual printer and the Postal service,
- b. for the services rendered in connection with an MOL mailing, the contractual printer will be paid the contract price negotiated with the U.S. Postal Service, and the Postal Service will retain the markup of 25%.
- c. the costs estimated for the contractual printer services associated with MOL do not include a profit component for the printer.
- d. all other things being equal, the average price charged for contractual printer services can be expected to exceed the costs you have estimated, the increase to be realized by the printer on the services he renders.

If you are unable to confirm any of the foregoing, explain in detail the reason(s) you are unable to confirm.

**RESPONSE:**

- a. Redirected to witness Plunkett.
- b. Redirected to witness Plunkett.
- c. Confirmed to the extent that I have not included a specific "profit" component in my cost analysis. However, my analysis includes overhead costs that might be included in a printer's "profit."
- d. Confirmed only to the extent that profit is not included in the variety of costs presented in my cost analysis, and assuming that otherwise the printer's prices would match exactly the costs in my analysis. However, as discussed in my testimony, my costs are conservatively high in many respects. Thus, even if the printer's prices reflect a profit component that is not included in my cost analysis, I would not be surprised if those prices are lower than what my cost analysis would lead one to expect.

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**MASA/USPS-T2-4 [sic, should be 5]** Explain the basis for your apparent assumption that the costs you have estimated for contractual printing services are an accurate predictor of the contractual prices to be negotiated by the Postal Service with contractual printers.

**RESPONSE:**

My cost analysis identifies and quantifies the types of costs that a printer would face in providing Mailing Online printing services to the Postal Service. My results are not in the same form as the printer prices sought by the Postal Service's contract solicitation (see USPS-LR-5/MC98-1); they are the best available estimates of costs the Postal Service will face in providing Mailing Online service. Witness Plunkett accordingly uses them to project revenues from Mailing Online service. See Exhibit USPS-5B.

# **DECLARATION**

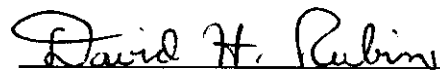
I, Paul G. Seckar, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Paul G Seckar

Dated: August 13, 1998

## **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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