

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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POST OFFICE
677 1/2 G ST NW WASH DC 20540

Mailing Online Service

Docket No. MC98-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS ROTHSCHILD TO INTERROGATORIES OF
MAIL ADVERTISING SERVICE ASSOC.
(MASA/USPS-T4-1-4)

The United States Postal Service hereby provides the response of witness
Rothschild to the following interrogatories of Mail Advertising Service Assoc.:
MASA/USPS-T4-1-4, filed on August 4, 1998.

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

Respectfully submitted,

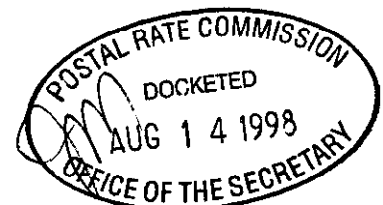
UNITED STATES POSTAL SERVICE

By its attorneys:

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August 14, 1998



**Response of Postal Service Witness Rothschild
To MASA Interrogatories**

MASA/USPS-T4-1. Reconcile your statement at page 3 of LR-2 that "[t]he focus groups were configured to represent the full range of potential end users," with your statement at page 2 of LR-2 that one of the qualifications for inclusion in the focus groups was that the organization "distribute less than 5,000 copies of the application at one time."

RESPONSE:

Within the universe of companies that meet the qualifying criteria (i.e., (1) produced one or more of the five high priority applications; (2) used desktop publishing systems for the layout and design, word processing, etc. associated with the application; (3) produced at least some of the application with a run size less than or equal to 5,000 pieces; (4) produced at least some of the application in non-glossy, non-four-color formats; and (5) performed the design or layout functions for the application in-house), we attempted to obtain full representation of industry and company sizes. Also, refer to our answer to interrogatory OCA/USPS-T4-5.

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To MASA Interrogatories**

MASA/USPS-T4-2. Confirm that potential end users of MOL include organizations that mail 5,000 or more copies of an application at one time.

RESPONSE:

I cannot confirm whether or not potential end users of MOL include organizations that mail 5,000 or more copies of an application at one time because organizations with newsletter or advertising applications were terminated if, as indicated in the screening form, the "typical size of their production run for distribution at a single point in time" was greater than 5,000 pieces. Organizations with invoices, forms, or announcements were terminated, according to the screening form, if more than 5,000 "individual pieces were typically distributed at one time."

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To MASA Interrogatories**

MASA/USPS-T4-3. Describe each of the "existing hybrid mail products" referred to at page 3 of LR-2.

RESPONSE:

The existing hybrid mail products include bulk hybrid mailers that target correspondence and transaction mail sent in large quantities, typically to household recipients (e.g., bills and statements, confirmations) and e-mail providers who offer hard-copy delivery of messages generated by e-mail users. The latter primarily carries individual or low volume correspondence messages which have low physical output quality requirements.

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MASA/USPS-T4-4. Describe in detail the basis for the following statement at page 33 of LR-2:

[I]n Year 1, 38% of the total volume of the basic NetPost service at the 25% contribution margin is likely to be incremental pieces to the Postal Service.

- a. Confirm that by "incremental pieces to the Postal Service," you mean pieces that would not otherwise be mailed in the absence of MOL. If you cannot confirm, explain the reason(s) you cannot confirm.
- b. When you use the term "basic NetPost," are you referring to the "basic" as opposed to the "enhanced" service as defined in LR-2? If so, what percentage of volume projected for the enhanced service is likely in your view to represent incremental volume? State in detail the basis for your response.

RESPONSE:

- a. Confirmed.
- b. Yes, basic NetPost refers to the basic service as opposed to the enhanced service.

The percentage of incremental volume for the enhanced product is also 38%.

During the interview, respondents were asked to indicate how many of their existing pieces would be sent via NetPost and how many new pieces would be generated (Basic = Q.4a/b and enhanced = Q.11a/b). For all existing pieces, further delineation of those pieces that would be new to the Postal Service was obtained in a follow-up question (Basic = Q.5 & Enhanced = Q.12). The percentage of incremental pieces for the enhanced service was determined by adding Q.11b + Q.12g,h,i together and dividing that number by the total number of enhanced NetPost pieces estimated from the survey. The percentage of incremental pieces for the basic service was determined by adding Q.4b + Q.5g,h,i together and

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dividing that number by the total number of basic NetPost pieces estimated from the survey.

DECLARATION

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

Beth B. Rothschild

Dated: 8-14-98

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.


Richard T. Cooper

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