

ORIGINAL

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

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MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS PLUNKETT TO INTERROGATORIES OF  
THE NEWSPAPER ASSOCIATION OF AMERICA  
(NAA/USPS-T5-1-4)

The United States Postal Service hereby provides responses of witness Plunkett to the following interrogatories of the Newspaper Association of America: NAA/USPS-T5-1-4, filed on August 7, 1998.

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*  
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August 17, 1998

POSTAL RATE COMMISSION  
DOCKETED  
AUG 17 1998  
OFFICE OF THE SECRETARY

**RESPONSE OF POSTAL SERVICE WITNESS PLUNKETT TO INTERROGATORIES  
OF THE NEWSPAPER ASSOCIATION OF AMERICA**

**NAA/USPS-T5-1.**

Please refer to pages 2 to 3 and Exhibit 5E of your testimony. Will the printer contracts provide for differing unit costs depending upon the volume of pieces to be printed.

**NAA/USPS-T5-1 Response.**

No. The printing contract solicitation employs target volumes that printers can anticipate when preparing bids. See USPS-LR-5/MC98-1.

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**NAA/USPS-T5-2.** Please refer to pages 2 to 3 and Exhibit 5E of your testimony. Assume that a prospective mailer indicates to the Postal Service that it would like to use the Mailing Online service, but only if it could obtain a lower unit charge from the printer than under the existing contracts. How would such a situation be handled? In your answer, please discuss whether the Postal Service would renegotiate the printer contract and on what terms.

**NAA/USPS-T5-2 Response.**

There are no plans to renegotiate printer contracts. The prospective mailer thus would have to decide whether to use Mailing Online at existing fees.

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**NAA/USPS-T5-3.** Please refer to interrogatory NAA/USPS-T5-2. If the Postal Service renegotiated the printer contract, would it do so on a “per job” basis that makes arrangements for particular jobs only, or would it renegotiate the entire contract on a “going forward” basis by which the same rate would be available to all mailers regardless of the job.

**NAA/USPS-T5-3 Response.**

Not applicable. See response to NAA/USPS-T5-2.

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**NAA/USPS-T5-4.** This question refers to your proposed markup of the actual printer costs.

a. Please confirm that a constant percentage markup cause [sic] the sender of a mailing that uses more costly paper to make a larger unit contribution than the sender of a mailing that uses less costly paper. If you cannot confirm, please explain why not.

b. Did you consider marking up the actual printer costs by a constant unit contribution per piece rather than a percentage markup? If yes, why did you reject this option? If not, why not?

**NAA/USPS-T5-4 Response.**

a. Confirmed, though it should be pointed out that for planned Mailing Online contracts, printers will be required to use a standard weight paper, with the only difference in paper cost arising from different sheet sizes.

b. Yes. Given the number of options available to customers, there exists the possibility for a wide range of unit costs. For example, the unit cost of a 30 page color document will be far greater than the unit cost of a single page black and white document. Use of a unit contribution per piece, which would presumably be based on a projected average, would create apparently anomalous prices for documents with such widely divergent cost characteristics. Moreover, the expected variation in printer costs based on local conditions argues against application of a unit contribution in much the same way.

**DECLARATION**

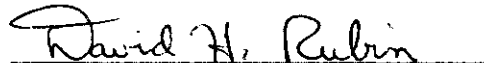
I, Michael K. Plunkett, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
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MICHAEL K. PLUNKETT

Dated: August 17, 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.

  
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David H. Rubin

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