

ORIGINAL

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

RECEIVED

AUG 24 4 46 PM '98

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-T5-11-12)

The United States Postal Service hereby provides responses of witness Plunkett to the following interrogatories of Mail Advertising Service Association International: MASA/USPS-T5-11-12, filed on August 18, 1998.

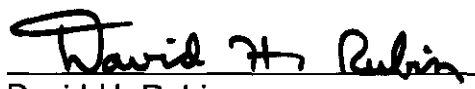
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

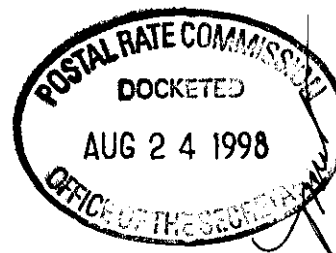
By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -5402  
August 24, 1998



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

**MASA/USPS-T5-11.** Refer to your answer to MASA/USPS-T2-3(c), redirected from witness Seckar, in which you confirm that "as a result of 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." In your explanation of this answer, you indicate that it is based on the volume forecasts that "at full implementation," MOL will generate "tens of thousands of pieces per printer per day on average."

a. Confirm that your answer refers to the DMM and DMCS requirements for the postage rates charged to the customer before modification to exempt MOL mail from certain of the normal mailing requirements.

b. How is "full implementation" defined, and when will MOL reach "full implementation"?

c. Is it the Postal Service's expectation that at "full implementation" all MOL mail charged the Standard Basic Automation DBMC rate will be addressed for delivery within the service area of the BMC (or ASF or SCF) at which it is entered by the contract printer? If the answer is yes, describe in detail the basis for the answer. If it is no, describe what volume and percentage of MOL mail charged the Standard Basic Automation DBMC rate will not be entered at the DBMC, ASF or SCF?

d. Prior to "full implementation," what volume and percentage of MOL mail that is charged the Standard Basic Automation DBMC rate will not be addressed for delivery within the service area of the BMC (or ASF or SCF) at which it is entered by the contract printer? Answer this question for time points at the end of each month during the market test and experimental periods preferred by the Postal Service as reflected in the Request. If you are unable to provide numerical estimates, give your best narrative estimates in response to subparts c and d.

**MASA/USPS-T5-11 Response.**

a. Confirmed.

b. Full implementation refers to the third year after initiation of the experiment, when 25 print sites are planned (USPS-T-1, p. 2). I would note that according to USPS-LR-2/MC98-1, p. 35, Mailing Online is expected to handle 804 million pieces in the third year of operation. Assuming 25 printers operating for 312

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

business days, one would estimate that printers will, on average process

103,145 pieces per day as follows.

$$804,531,000 / 25 = 32,181,240 \text{ annual pieces per printer}$$

$$32,181,240 / 312 = 103,145 \text{ pieces per day}$$

c-d. Substantially yes. While rollout plans for Mailing Online are not sufficiently detailed to allow a precise comparison of Zip Code areas between print sites and the facilities at which they enter mail, there should be considerable overlap. As stated in the testimony of witness Garvey, the plans for Mailing Online call for geographic dispersion of print sites based on demand (USPS-T-1, p. 2). Though imprecise, this is essentially the same criterion used to determine appropriate locations for Postal Service processing facilities. Moreover, the Postal Service will control batching and transmission of documents to print sites. Efficiency considerations would tend to dictate that, where possible, mail being entered at a given facility ought to be destined for that facility's service area. There is currently no way to develop reliable estimates of the percentage of Mailing Online volume that will not be addressed for delivery within the service area of the BMC (or ASF or SCF) at which it is entered by the contract printer, either before or after full implementation. Indeed, the Postal Service's experimental data collection plan (USPS-T-1, Appendix A) describes the need to collect such information during the experimental service. Thus, the appropriate postage rate to be charged for a permanent Mailing online service could be considered in a later Commission proceeding.

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

**MASA/USPS-T5-12.** Refer to witness Garvey's Response to POIR-1-1 where he states that "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). . . ."

a. For the periods before and during "full implementation," as you use the term in your answer to MASA/USPS-T2-4, redirected from witness Seckar, and extending for each year for which volume estimates have been made, provide estimates of volumes and percentages of MOL mail that would ordinarily allow qualification for a lower automation presort rate. If you are unable to give numerical estimates, provide your best narrative estimates of the volumes of MOL mail that would qualify for each of the referenced presort levels.

b. Assuming that experience demonstrates that significant volumes and/or percentages of MOL mail that is entered by contract printers would ordinarily qualify for lower automation presort rates than those proposed to be charged in this proceeding, is it your expectation that the Postal Service would seek a recommended decision authorizing it to charge a lower rate for MOL mail? If your answer is anything other than an unqualified yes, explain fully.

**MASA/USPS-T5-12 Response.**

a. The requested information is unavailable. The Postal Service plans to collect data responsive to this question during the experimental offering of Mailing Online. However, it would be reasonable to assume that there will be some ramping of volume such that greater densities will be attainable as the service becomes more widely used.

b. This question asks what form permanent Mailing Online service may take assuming volume projections for experimental Mailing Online service prove accurate; no decisions have been made regarding the form of permanent Mailing Online service. I expect, however, that considerations which guided the Postal Service's choice of postage rates proposed for market test and

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

experimental Mailing Online would retain their essential vitality - although how they would weigh in light of other information then available cannot be predicted at this time. Thus the interest in balancing the desire to provide access to discounted rates for individual customers with the wish to avoid direct competition with lettershops will continue to be important.

# 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: August 24, 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

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
August 24, 1998