

ORIGINAL

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

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U.S. DEPARTMENT OF COMMERCE
POSTAL SERVICE

Mailing Online Service)

Docket No. MC98-1

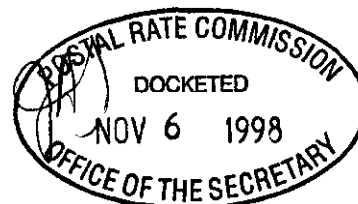
OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS: MICHAEL K. PLUNKETT
(OCA/USPS-T5-39-46)
(November 6, 1998)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-T1-1-7 to witness Lee Garvey, dated July 21, 1998, are hereby incorporated by reference.

Respectfully submitted,

Gail Willette
Acting Director
Office of the Consumer Advocate

Emmett Rand Costich
Acting Assistant Director



OCA/USPS-T5-39. Please refer to your testimony at page 3. Please confirm that charging a national average price (i.e. a weighted average cost plus mark-up) for all Mailing Online jobs would have the effect of encouraging customers to submit high-cost jobs and deterring low-cost jobs. If you do not confirm, please explain.

OCA/USPS-T5-40. Please refer to your testimony at page 2.

- a. Please confirm that the cost of pre-mailing services for each Mailing Online job will be calculated separately, based on the specific paper, printing and finishing options and distribution preferences chosen by the customer for the job. If you do not confirm, please explain.
- b. Please confirm that the "fee schedule" for Mailing Online constitutes a formula or set of instructions to calculate the pre-mailing fees based on the characteristics of the job. If you do not confirm, please explain.
- c. Please confirm that the single fee quoted to a customer for each Mailing Online job, consisting of pre-mailing service costs, a 25 percent mark-up and postage, is calculated by computer at the San Mateo processing center. If you do not confirm, please explain.

OCA/USPS-T5-41. Please refer to your testimony at page 11, lines 2-5, and the following quote from PRC Op. MC98-1, at 13-14.

All Mailing Online mail that undergoes batching is expected to have lower mailstream cost characteristics than it has at the time that it is submitted by the customer. [footnote omitted] The Postal Service recognizes that a system that reduces the mailstream cost of mail after it is submitted by the mailer but before the Postal Service enters it into the mailstream gives

rise to a number of practical pricing problems. If the Mailing Online customer were charged the mailstream rate that its mailing could qualify for under the regular schedule at the time that it submits its mailing, the mailer would go uncompensated for the reduction in mailstream costs that its purchase of Mailing Online service enhancements made possible. Alternatively, if Mailing Online customers were not quoted a mailstream price until after they placed their orders and the mailstream costs of the batches formed with their orders were calculated, customers disappointed by the quoted prices could reject them and cancel their orders. This would undo batches that were tentatively formed, and disrupt the calculation of mailstream rates for other mailings that contributed to the tentative batches. Tr. 2/567, Postal Service Brief at 13.

- a. Please confirm that all Mailing Online mail that “undergoes batching” is assumed by the Postal Service to have lower costs than when it is submitted by the customer. If you do not confirm, please explain.
- b. Please confirm that the Automation Basic discounts for all First-Class Mail, and Automation Basic Destination BMC discounts for all Standard A mail are assumed by the Postal Service to represent the average cost savings of mail that undergoes batching. If you do not confirm, please explain.
- c. Please confirm that the Postal Service agrees with the third sentence in the passage quoted above. If you do not confirm, please explain.
- d. Please confirm that the Postal Service agrees with the fourth and fifth sentences in the passage quoted above. If you do not confirm, please explain.

OCA/USPS-T5-42. Please refer to your response to MASA/USPS-T5-3.

- a. Please confirm that the Postal Service calculates separate charges for pre-mailing services for the portion of the Mailing Online mailing sent to each print site. If you do not confirm, please explain.

- b. Please confirm that charging postage to a Mailing Online 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 is feasible. If you do not confirm, please explain.
- c. Please explain why the Postal Service cannot offer a firm discounted postage charge for a specific mailing based on historical experience with batching and presorting of that particular job-type/page-count category.

OCA/USPS-T5-43. Please refer to your response to MASA/USPS-T5-3. Your response states that

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.

- a. Please identify all technical issues (e.g., computer programming, software development, etc.), if any, that would preclude the Postal Service from charging postage based upon a separate determination of the presort for each portion of the mailing.
- b. Please compare and contrast the technical issues identified in part (a) of this interrogatory to the technical issues associated with determining the charges for pre-mailing services to reflect each customer's portion of that batched Mailing Online mailing.
- c. Please explain why the technical issues identified in part (a) of this interrogatory are more or less difficult or insolvable than the technical issues associated with

determining the charges for pre-mailing services to reflect each print site utilized by each customer's Mailing Online mailing.

OCA/USPS-T5-44. Please refer to pages four and five of the Postal Service's September 25, 1998, reply brief in this docket. The following statement appears:

Because the Postal Service is applying one average rate to all Mailing Online volume, private services are not being disadvantaged. In fact, the Postal Service's proposal minimizes the potential impact on the private sector by, in effect, ceding deeper discounts to lettershops and services like DirectNet.

- a. Do you agree with this statement.
- b. Please confirm that if the Postal Service "cedes" volume eligible for deeper discounts to private services, then Automation Basic becomes the minimum rate that any MOL mailing would qualify for, not an average.
- c. Please explain how the Automation Basic rate can be an average qualifying rate, when all volume eligible for a lower rate has been "ceded" to private industry.
- d. What MOL volume is available to balance the costs of MOL mailings that fail to be batched and fail to qualify for any discount?

OCA/USPS-T5-45. Please refer to pages three and four of the Postal Service's September 25, 1998, reply brief in this docket. The following statement appears:

In designing Mailing Online to meet the needs of small customers, the Postal Service plans to merge documents from different customers in order to achieve greater densities than would otherwise have been possible. In order to charge customers at the time they submit their jobs, a postage rate must be quoted before the batching is completed and the actual presort level is known.

- a. Do you agree with this statement.
- b. Please confirm that quoting a postage rate to customers before the batching is completed and the actual presort level is known does not require quotation of the specific Automation Basic rates proposed by the Postal Service in this docket. If you do not confirm, please explain.
- c. Please confirm that the Postal Service is willing to consider another postage rate, other than Automation Basic, for Mailing Online based upon experience during the market test. If you do not confirm, please explain.

OCA/USPS-T5-46. Please provide a flow chart detailing how the Mailing Online system software calculates the charge for pre-mailing services for submitted jobs. Please provide the computer code used by the system software to calculate the charge for pre-mailing services for submitted jobs.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


Emmett Rand Costich
Attorney

Washington, D.C. 20268-0001
November 6, 1998