

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 GARVEY TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T1-71-73)

The United States Postal Service hereby provides the responses of witness Garvey to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T1-71-73, filed on November 12 and 13, 1998.

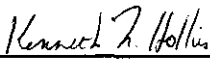
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

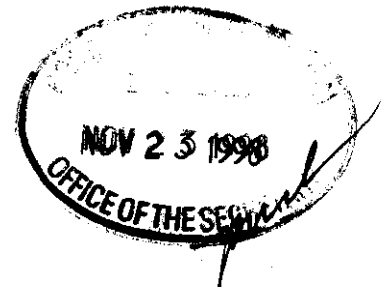
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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November 23, 1998



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OCA/USPS-T1-71. Please refer to your response to part e. of interrogatory OCA/USPS-T1-47. You state, "The Commission has specified that the market test data collection plan encompass mailpiece characteristics data (which include job types and page counts) and hard copy mailing statements. No data beyond these are available regarding presort discount qualification, although inferences can be made from the characteristics data."

- a. Please confirm that the Commission also stated, "[T]he Commission includes depth of sort information in the data collection plan. . . . [I]f the mailing statements provide the level of sort achieved on each batch submitted to the Business Mail Entry Unit, even though a single automation basic rate is being applied for all pieces, then the provision of these statements will be sufficient. However, if mailing statements do not reflect the depth of sort for each mailing that results from a Mailing Online Batching operation, then the Service *must* find an alternative means of providing the depth of sort data for each batch." PRC Op. MC98-1, October 7, 1998, at 44-45 (emphasis added). If you do not confirm, please explain.
- b. Please confirm that mailing statements submitted with MOL batches "do not reflect the depth of sort for each mailing" See Tr. 2/243-44. If you do not confirm, please provide a copy of a mailing statement for an MOL batch that "reflects depth of sort" for that batch.
- c. Please confirm that the Commission has mandated collection of depth-of-sort data on a batch-by-batch basis for MOL during the market test. If you do not confirm, please provide your interpretation of the word "must."
- d. Please identify specifically where in "the first weekly report" the depth-of-sort data requested by the Commission appear.
- e. Please confirm that the "market test" currently being conducted is unauthorized by the Commission, as the test contains no provision for collecting data included in the Commission's mandated data-collection plan. If you do not confirm, please explain. If you cannot answer this question, please refer it to the Postal Service for response.

RESPONSE:

- a. Confirmed.
- b. Not confirmed. The qualification report submitted with MOL mailings does not reflect depth of sort information on mail batches requiring sortation under the volume-specific requirements of presorted mailing as outlined in Sections M 810 and M 820 of the DMM. See *also*, witness Plunkett's response to interrogatory OCA/USPS-T5-48.

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- c. Confirmed that depth-of-sort information is to be provided for those batches requiring and receiving sortation.
- d. The qualification reports submitted with the mailing statements contain depth of sort information for all mailings requiring and receiving sortation.
- e. Not confirmed. Data are being collected and will be reported.

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OCA/USPS-T1-72. Please refer to your response to interrogatory OCA/USPS-T1-48.

- a. In your response to part a. of that interrogatory you state, "The mailing statement is indeed transmitted by the system along with the print files as my testimony indicates; however no provision was made for the statement to be stored and/or forwarded anywhere else." Please explain why it would take longer than ten minutes to modify the computer code for the MOL system so that electronic mailing statements could be "stored and/or forwarded" elsewhere. Please provide a copy of the computer code that creates and forwards mailing statements to print sites.
- b. In part c. of your response to that interrogatory you state, "The Mail.dat opportunity was discovered during phone conversations with Postalsoft company representatives and was subsequently communicated to the MOL system developer by phone."
 - i. Is the MOL system developer currently implementing the "Mail.dat opportunity"? If not, why not?
 - ii. As of November 12, 1998, how many hours has the system developer devoted to implementing the "Mail.dat opportunity"?
 - iii. Please explain why it would take longer than ten minutes to modify the computer code for the MOL system so as to implement the "Mail.dat opportunity."
 - iv. Please provide a copy of the computer code that needs to be modified to implement the "Mail.dat opportunity."
- c. In part d. of your response to that interrogatory you state, "The request for investigation of an option to associate mailing statements with batch numbers was communicated to the MOL system developer by telephone."
 - i. Is the MOL system developer currently implementing the "option to associate mailing statements with batch numbers"? If not, why not?
 - ii. As of November 12, 1998, how many hours has the system developer devoted to implementing the "option to associate mailing statements with batch numbers"?
 - iii. Please explain why it would take longer than ten minutes to modify the computer code for the MOL system so as to implement the "option to associate mailing statements with batch numbers"?
 - iv. Please provide a copy of the computer code that needs to be modified to implement the "option to associate mailing statements with batch numbers"?

RESPONSE:

- a) The physical implementation of this capability does not take more than a few minutes; however, the current version of the MOL software is

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presently operating in a production environment. Under established operating procedures all changes to the system must be scheduled for testing, documented, tested and then scheduled for implementation, and finally implemented. The process of testing and implementation has been scheduled to start November 30, 1998 and finish by December 6, 1998.

- i. Yes.
- ii. Approximately 3 hours.
- iii. See my response to USPS/OCA T1-72(a).
- iv. No coding changes are required. The change is to the Postalsoft template files. All output files created by Postalsoft are automatically associated with the batch and sent to the print site.

c)

- i. Yes.
- ii. Less than one hour.
- iii. See my response to USPS/OCA T1-72(a).
- iv. No code needs to be modified.

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OCA/USPS-T1-73. Please refer to your response to part a. of interrogatory
OCA/USPS-T1-49.

- a. Please provide a citation for the quotation beginning with "Merge and presort." The citation should include document title, date, page number, and line number.
- b. Please provide a copy of the complete document cited in response to part a. of this interrogatory.
- c. Please explain how the phrase "maximizing postal automation efficiency" relates to "the capability to combine all like documents into co-mingled batches."
- d. Please provide a copy of (or page and line citation to) any documents that impose an explicit obligation on the MOL system developer to incorporate "the capability to combine all like documents into co-mingled batches."

RESPONSE:

- a. This quotation comes from Appendix A to the NetPost development contract at page 63.
- b. See Attachment 1 to the response to OCA/USPS-T1-73(b).
- c. Generally speaking, optimum postal automation efficiency is achieved by preparing addresses and mailpieces for automated processing and by entering each mailpiece as far into the processing system as possible so as to minimize sorting steps and reduce non-automated handling. The capability to combine all like documents into co-mingled batches which are then presorted and containerized potentially reduces both the amount of handling and the number of sortation steps required, therefore helping to maximize automation efficiency.
- d. To my knowledge there are no such documents. See Attachment 1 to OCA/USPS-T1-73(b) for the requirement to merge and presort batches. The developer's understanding of the requirement has been refined by joint application development planning with the Postal Service.

APPENDIX A
NetPost - Networked Postal Services
Product Concept (Proposed)

NetPost Overview

NetPost is a new hybrid mail service proposed by the U.S. Postal Service that enables a postal customer to send electronically any document produced on a desktop computer to a printing facility near the document's ultimate destination. The facility prints, finishes, and deposits the document into the mail stream for fast delivery. The essence of NetPost is the integral linking of traditional postal features and service offerings with emerging electronic communications and the electronic printing paradigm.

NetPost provides USPS customers with a more convenient and faster means of utilizing postal mail by integrating, streamlining, and enhancing traditional physical collection services with electronic methods. This NetPost service will include integrated electronic commerce services, address quality assurance mechanisms, and performance monitoring.

Hardware/Software Requirements

- A personal computer running Windows 3.x, Windows 95 or Mac.
- A modem or TCP/IP network to access the NetPost POP.
- Stand alone NetPost software, VAN or Internet service provider to access NetPost network.
- Word processing or desktop publishing software with Postscript or PDF print capability.

Concept Design

Anyone with a personal computer (Windows or Mac) and modem can compose, transmit, print, mail and pay for documents via NetPost. The primary customers for NetPost are medium to small businesses/offices, home offices, advertisers, business travelers, office LANs, international correspondents, and government correspondents. To utilize NetPost, a user would interface with the NetPost network either by:

- Using a word processing office automation or desktop publishing package that includes the NetPost capability,
- Purchase, or receive for free, the easy to install software as a stand alone package; or
- Access NetPost via the Internet or VAN.

To produce and send a NetPost document, a user would:

- Produce and save a document using whatever word processing, office automation, or desktop publishing software chosen.
- Produce a database of recipients' names and addresses, ranging from one recipient to several thousand. This information could be downloaded from existing databases or entered by the end-user.

- Call up the "electronic job ticket" from the NetPost software menu, enter all printing and finishing specifications, and authorize transmission of the document to a USPS server for distribution. Receive back a firm cost quotation for approval and payment.
- The user may pay the postage and print fees associated with NetPost documents by credit card or by obtaining either a prepaid postage account or "virtual stamp" card account from which funds would be deducted as the service is used.
- The document and recipient database (address list) is transmitted to the print facility nearest the document's destination. If a document goes to more than one recipient, the data could be transmitted to multiple print sites so that each recipient's mailpiece is printed as close to its destination as possible. The user receives electronic confirmation when the print site receives the document and, if requested, a verification that each mailpiece has a deliverable address.
- The document will be printed, finished, inserted in envelopes, and taken to the nearest mail processing facility for delivery in the time frame chosen. In general, delivery can be made more quickly than if the user had simply mailed the document. For example, a First-Class letter transmitted before 11 p.m., would be put in the mail stream for next regular day's mail.
- A copy of the document can be archived for a 30 day minimum for secondary mailings, answering questions, etc.

Concept Service Features

Appearance of printed pieces

- "What you see is what you get" printing: The final printed piece will be a reasonable facsimile of what you produced on your computer. All formatting will be preserved. Logos and signatures can be duplicated, within color limitations.
- High quality, flexible output
 - 8-1/2 x 11, 8-1/2 x 14 or 11 x 17 inch paper
 - Business quality paper stock
 - Black and white printing with spot/highlight colors available (red, green blue or yellow only)
 - Clear print definition (600 DPI)
 - Choice of finishing options (e.g. binding, stapling)
 - Envelope size to be determined by the Postal Service based on number of pages
 - Envelopes with address windows for letter mail or address labels for flats
 - Return address of your choice
- Documents up to 48 pages.
- Bindery functions will include:
 - Stapling
 - Saddle stitching
 - Tape binding (perfect style).
- Pre-printed inserts will be available at a later time.

- Color output will be available as the digital color technology develops.

Delivery performance

- 24 hour access.
- Next-day delivery. NetPost's goal is to ensure that 95% of domestic pieces will be delivered the day after transmission to the printing facility.
- Ubiquity. Mail pieces can be delivered to any recipient, including those who do not have electronic access.
- Address management. All addresses will be checked against the U.S. Postal Service National Address database and optionally, the National Change of Address (NCOA); database errors, such as incorrect ZIP Codes, will be corrected.
- Merge and presort. This capability will allow the NetPost system to automate network logistics, achieving optimum utilization of printing resources, and maximizing postal automation efficiency.
- International print and delivery. The NetPost system will add International capability as appropriate.

Content enhancement

- Personalization and customization. Recipient database variables can be used to customize the documents' content for each recipient, e.g.,
 - Recipient's name entered in salutation in correspondence (personalization)
 - Recipient's address determines store locations listed in an advertising flier (customization)
 - Catalog content determined by demographic characteristics of addressee (customization)
- Store and print. For a storage fee, the print facility can electronically store documents (mail piece), and print and mail the number of pieces as needed.

Security features

- All mail pieces arrive in sealed envelopes.
- Message encryption. The NetPost software will encode all data transmissions to prevent any type of unauthorized viewing.
- Postmarks. Because all mail pieces are delivered by the U.S. Postal Service, they will bear official postmarks, with all the legal authority they confer.

Revenue Collection Alternatives

- Direct credit card payment. This can be used for users who have credit cards. The USPS will obtain the card number from the users, get credit authorization on-

line, and complete the transaction using a credit card processing bureau. For messaging that uses the Internet, encryption will be used to protect against interception of card number.

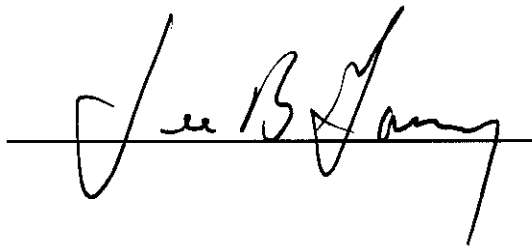
- Credit card payment through a third-party. The USPS can use a third-party to collect payment from users who have credit cards. First Virtual Holding, for example, provided such service. The users use an account number assigned by First Virtual, and no encryption is required because each transaction has to be confirmed by the user via e-mail.
- USPS-issued debit account payment. The users will establish accounts with the USPS into which funds are deposited. For each desktop mailing, the USPS will debit the account. Users must replenish the account when funds are depleted.
- Corporate account. A corporation may establish a corporate account against which all messages originating within the corporation will be charged.
- Electronic Stamp Book. AKA "stored value card" may establish an electronic payment concept.

USPS Integrated Value-added Services

- Address management. NetPost will format addresses for the lowest possible postage rate and provide address correction by completing partial addresses and correcting partially inaccurate addresses. On-line change of address file (NCOA) capability will notify and validate the use of a corrected address and provide ZIP+4 assurance.
- Tracking. Confirmation that the desktop mailing has been received, printed and deposited into the mail stream.
- CONFIRM. NetPost will imprint a "PLANET code" to track the mail piece through each station of postal automation.
- Archiving. Provide capability to customers for storage, protection, certification, and retrieval of NetPost documents.
- Electronic postmarking and signature. Provide an electronic postmark and signature capability validated by the USPS to establish the identity of the sender and a formal and permanent record of the existence of the mail piece.
- Copyright Protection. The USPS will provide for identifiers to discourage unauthorized document reproduction.

DECLARATION

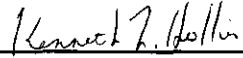
I, Lee Garvey, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Lee B. Garvey", is written over a horizontal line. The signature is cursive and somewhat stylized.

Dated: November 23, 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.



Kenneth N. Hollies

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
November 23, 1998