

ORIGINAL

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

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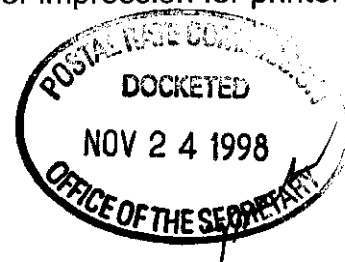
MAILING ONLINE SERVICE

Docket No. MC98-1

SUGGESTIONS OF UNITED STATES POSTAL SERVICE  
ON MODIFICATION OF PROCEDURAL SCHEDULE  
(November 24, 1998)

In its Notice Regarding Expected Filing Date for Supplemental Testimony, filed on November 20, the Postal Service indicated it would provide suggestions on possible modification of the procedural schedule in light of the Postal Service's expectation to file, by January 14, 1999, supplemental evidence regarding the hardware and software costs for the Mailing Online experiment. In the meantime, the Presiding Officer issued Ruling No. 15, suspending the date for the filing of the cases-in-chief of participants other than the Postal Service, including rebuttal to the Postal Service's case, previously set for December 4.

A number of factors should be considered in modifying the procedural schedule. First, the new evidence to be filed by the Postal Service on January 14 addresses only information systems costs. Information system costs were estimated by witness Stirewalt to be under \$5 million for 1999 and 2000,<sup>1</sup> compared to total estimated costs for those years of over \$235 million, and represent only 0.125 cents per impression in the current Mailing Online fees, compared to over 25 cents per impression for printer costs.<sup>2</sup>



<sup>1</sup> Tr. 5/993.

<sup>2</sup> Response of Postal Service Witness Plunkett to Question Posed by Pitney Bowes at the Hearing on November 18, 1998, Attachment at 2-3.

Second, although the changes in the hardware and software configurations underway are considerable, they are completely transparent to the user, are intended to increase the speed and reliability of the system, and are not a change in the nature of the service provided. Tr. 5/1523. The Postal Service, moreover, does not expect that these changes will have a significant effect on Mailing Online costs or fees.

These two factors lead to the following conclusions. Since most issues in this docket do not depend on an exact estimate of information systems costs, consideration of this testimony can be run on a separate track from the rest of the schedule. A lengthy discovery period on this testimony, moreover, should not be necessary, and the Postal Service is willing to provide responses to interrogatories on this testimony within seven days.

Third, the Postal Service expects the first market test data report to become available for review by December 3. One party has expressed interest in addressing such data in its direct case, notwithstanding the availability of a later deadline for testimony addressing market test data. Tr. 5/903.

Finally, the schedule should maintain the reasonable balance of the need for expedition and the provision of due process that it currently embodies. The Postal Service recognizes and appreciates the Commission's efforts in expediting this proceeding, both in the quick issuance of its Opinion and Recommended Decision on the market test, and in adopting the current procedural schedule for consideration of the experiment.<sup>3</sup> The Postal Service notes that intervening events have attenuated somewhat the need for expedition. First, the market test is currently underway. Second, Mailing Online is not yet ripe to take advantage of the marketing opportunity presented by the release of new Microsoft software early in 1999, even under the

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<sup>3</sup> See Notice of United States Postal Service Regarding Expected Filing Date for Supplemental Testimony, at 2 (November 20, 1998).

current schedule. Third, the upgrade of the Mailing Online system to support features desirable for the experiment is now scheduled for delivery in mid-1999.<sup>4</sup> See Tr. 5/1592-93. Thus, a target date for a recommended decision in April would leave sufficient time for a decision by the Governors and timely implementation by the Postal Service of the Mailing Online experimental service at midyear.

The Postal Service suggests the following schedule, which generally follows the time periods set forth in the current schedule, but allows an additional week for participants' initial testimony and an additional week for discovery thereon in light of the intervening holidays:

|                     |   |
|---------------------|---|
| December 11, 1998   | Filing of the case-in-chief of participants, including rebuttal to the Postal Service   |
| January 8, 1998     | Completion of discovery directed to intervenors and the OCA   |
| January 12, 1999    | Identify expected amount of oral cross-examination. Report on the availability of witnesses                                   |
| January 14, 1999    | Filing of supplemental information systems costs testimony by the Postal Service  |
| January 22, 1999    | Completion of discovery directed to the Postal Service other than discovery related to supplemental information systems costs |
| January 25-27, 1999 | Evidentiary hearings on the cases-in-chief of intervenors and the OCA   |
| January 28, 1999    | Completion of discovery concerning the supplemental information system costs testimony  |

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<sup>4</sup> Since, as a result, the market test will be running longer than originally anticipated, the Postal Service is considering whether, and if so how, the current geographic limit on the scope of PostOffice Online registrants can or should be eliminated.

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|-----------------------------|--|
| February 10, 1999           | Filing of evidence based on market test data; in rebuttal to the cases-in-chief of participants other than the Postal Service; and in rebuttal to the Service's supplemental information systems costs testimony |
| February 17, 1999           | Motion to adjust schedule to allow for rebuttal of participants' evidence based on market test data and/or concerning supplemental information systems costs   |
| February 17-19, 22-23, 1999 | Hearings on evidence filed on February 10  |
| March 5, 1999               | Initial Briefs   |
| March 12, 1999              | Reply Briefs   |

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



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Scott L. Reiter

#### 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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Scott L. Reiter

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