

ORIGINAL

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

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Mailing Online Service

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Docket No. MC98-1

OFFICE OF THE CONSUMER ADVOCATE
FILING OF CASE-IN-CHIEF
(February 8, 1999)

Pursuant to P.O. Ruling MC98-1/18, setting forth the revised procedural schedule in this case, the Office of the Consumer Advocate ("OCA") hereby submits its case-in-chief, along with a summary of its direct testimony. OCA's direct case consists of the testimony of witnesses James F. Callow (OCA-T-100) and Sheryda C. Collins (OCA-T-200). The summaries follow immediately below.

OCA-T-100. James F. Callow, a postal rate and classification specialist, addresses the postage charges for Mailing Online. In response to the Commission's suggestion of customer rebates of otherwise applicable rates where daily "batching" allows greater depths of presortation, witness Callow supports the establishment of a rebate system. Alternatively, however, if implementation of a rebate system is considered problematic, he proposes a postage pricing formula to use in addition to the formula-based pricing for Mailing Online pre-mailing service fees. The computer-implemented postage pricing formula would rely on volume data during the experiment to calculate a specific postage charge for each mailing when the customer's Mailing Online transaction is confirmed.



Application of the postage pricing formula would achieve most of the benefits of a rebate system, while addressing many of the Postal Service's concerns regarding implementation of such a system. The formula eliminates the anti-competitive effects resulting from the Postal Service's proposed waiver of the minimum volume requirements for Automation Basic rates. At the same time it preserves convenience and simplicity in the form of a firm postage charge for Mailing Online customers.

OCA-T-200. Sheryda C. Collins, a postal rate and classification analyst, addresses the appropriate markup for Mailing Online in the experimental phase of this docket in response to the Commission's Notice of Inquiry No. 1, Item 6. She considers Commission precedent in several recent proceedings involving special services and the unique nature of the markup pricing approach advanced in this docket. Weighing these, witness Collins reaches the conclusion that the 25 percent markup proposed by the Postal Service for the experimental phase of Mailing Online should be the upper bound. She also concludes that valid reasons discussed in her testimony, including precedent, exist for setting the markup at a lower level.

Respectfully submitted,

A handwritten signature in cursive script, reading "Kenneth E. Richardson".

KENNETH E. RICHARDSON
Attorney

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.

A handwritten signature in cursive script, reading "Kenneth E. Richardson".

KENNETH E. RICHARDSON
Attorney

Washington, D.C. 20268-0001
February 8, 1999