

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

**FIRST INTERROGATORIES OF
MAIL ADVERTISING SERVICE ASSOCIATION
TO OCA WITNESS JAMES F. CALLOW
(OCA-T-100-1--9)**

In accordance with Order No. 1216 of the Postal Rate Commission, the witness is requested to provide written responses to the following interrogatories within 10 days of the date hereof. For purposes of these interrogatories, "MOL" refers to the Mailing Online Service that is the subject of these proceedings.

MASA/OCA-T-100-1. Would your pricing proposal require USPS to incur additional costs for MOL in the following categories listed below? Explain the reasons for each of your answers.

- a. Designing software to implement the pricing proposal;
- b. Acquiring hardware to implement the pricing proposal;
- c. Maintaining hardware for implementation of the pricing proposal;
- d. Maintaining and updating software used to implement the pricing proposal;
- e. Loss of revenue as a result of lower postage rates than under the UPSP proposal in some or all instances.

MASA/OCA-T-100-2. Have you determined or estimated any of the costs of implementing your pricing proposal in any of the categories listed below? If so, describe what you have done to determine or estimate the costs and the results. If not, explain why you have not done so.



- a. Designing software to implement the pricing proposal;
- b. Acquiring hardware to implement the pricing proposal;
- c. Maintaining hardware for implementation of the pricing proposal;
- d. Maintaining and updating software used to implement the pricing proposal;
- e. Loss of revenue as a result of lower postage rates than under the UPSP proposal in some or all instances.

MASA/OCA-T-100-3. Confirm that your proposal would require MOL rates to be recalculated to reflect the additional costs incurred in implementing your proposal.

MASA/OCA-T-100-4. Referring to page 20 line 15 through page 21 line 2 of your testimony, have you estimated or projected the effect your pricing proposal would have on the postage rates available for Mailing Online, either as a whole or for any particular class or job type? If so, provide your estimates or projections and explain how you arrived at them. If not, why not?

MASA/OCA-T-100-5. Would your proposal delay the implementation of the MOL experimental service in order to allow development of systems necessary to implement the proposal? If so, how long would the delay last? Explain the basis for your response.

MASA/OCA-T-100-6. Confirm that the USPS pricing proposal gives a competitive advantage to MOL as compared with competitive service providers by exempting small-volume mailings from the minimum volume requirements for Automation Basic rates.

MASA/OCA-T-100-7. With respect to your pricing proposal:

- a. Confirm that the proposal waives the minimum volume requirements for Automation Basic rates during the first quarter of the experimental period;
- b. Confirm that beginning in the second quarter the first quarter rates, which are based on a waiver of the minimum volume requirements to Automation Basic rates, will be one of the two factors affecting MOL rates; and
- c. State whether your proposal would eliminate the competitive advantage given to MOL in the USPS proposal through the waiver of minimum volume requirements.
- d. Explain the basis of your answers, with particular reference to the role played by the assumed single average discount rate in determining rates under your proposal.

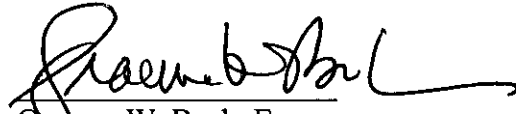
MASA/OCA-T-100-8. Referring to page 25 lines 1-3 of your testimony, explain why under your proposal “each customer would be offered the *greater* of its ‘stand-alone’ rate or a blended discount rate” (emphasis added).

MASA/OCA-T-100-9. Under your proposal:

a. Would any MOL customer pay a higher postage rate for any mailing than would be available to it if its mailing were delivered to USPS in hard copy, separately from any other mailings? If so, explain in what circumstances an MOL customer would pay a higher rate and why. If not, explain why not.

b. Would any MOL customer pay a lower postage rate for any mailing than would be available to it if its mailing were delivered to USPS in hard copy, separately from any other mailings? If so, explain in what circumstances an MOL customer would pay a lower rate and why. If not, explain why not.

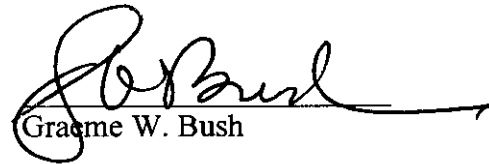
Respectfully submitted,



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that the foregoing First Interrogatories of Mail Advertising Service Association OCA Witness James F. Callow was served upon all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice and POR No. MC98-1/4 this 17th day of February, 1999.


Graeme W. Bush