

ORIGINAL

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

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MAIL ROOM

MAILING ONLINE SERVICE

Docket No. MC98-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
MAIL ADVERTISING SERVICE ASSOCIATION INTERNATIONAL
AND PITNEY BOWES WITNESS PRESCOTT
(USPS/MASAPB-T1-14)

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to Mail Advertising Service Association International and Pitney Bowes witness Prescott: USPS/MASAPB-T1-14.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

David H. Rubin

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February 17, 1999



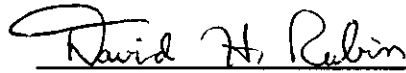
USPS/MASAPB-T1-14

Please refer to your testimony at page 23, lines 5 to 15, and footnote 17. On line 5 you refer to "USPS start-up costs", and in footnote 17 you state that "[t]hese costs included \$22.5 million in information systems costs for the experimental phase."

- (a) Please confirm that the information systems costs of \$22.5 million consists of \$11.1 million of "one-time" costs, and \$11.4 million of "variable" costs, as presented by witness Seckar at Tr. 8/1882. If you do not confirm, please explain.
- (b) Please confirm that witnesses Seckar and Lim consider the \$11.1 million of "one-time" costs to be "start-up" costs for Mailing Online. See Tr. 5/1050-51 (witness Seckar considers information systems fixed costs to be "one-time start up costs for the experimental period"); Tr. 8/1913 (witness Lim states that he "share[s] Witness Seckar's views that one-time costs are essentially the start-up costs for MOL."). If you do not confirm, please explain.
- (c) Do you consider the \$11.4 million of "variable" information systems costs to be start-up costs for Mailing Online? Please explain any affirmative response.
- (d) Do you consider the \$11.4 million of "variable" information systems costs to be fixed costs regardless of the volume of Mailing Online? Please explain any affirmative response.
- (e) On page 23, line 9 of your testimony, you state that "[t]he average mark-up equals 0.88 cents per impression." Please confirm that the mark-up for Mailing Online is based on all printing costs, including paper, envelope, and insertion costs, as well as impression costs. If you do not confirm, please explain.

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.



David H. Rubin

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