

ORIGINAL

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

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MAILING ONLINE SERVICE

Docket No. MC98-1

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE OFFICE OF THE CONSUMER ADVOCATE
(USPS/OCA-5-6)

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 the Office of the Consumer Advocate: USPS/OCA-5-6.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

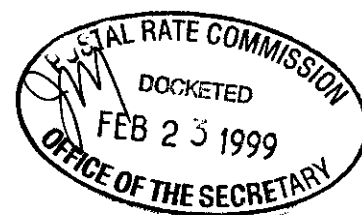
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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February 23, 1999



USPS/OCA-5

On page 10 of the Office of the Consumer Advocate Response to Issue No. 5 of Notice of Inquiry No. 1, filed February 8, 1998, the OCA "proposes that the relative usage of POL for access to the various services available at the site is the logical distribution key." Consider a hypothetical in which POL provides only two services, Shipping Online (SOL) and Mailing Online (MOL). During year 1, SOL had 25 transactions, and MOL had 50 transactions. During late year 1 and early year 2, the Postal Service conducts \$1 million of POL advertising. During year 2, SOL has 50 transactions and MOL has 50 transactions. Based on your approach, which of the following methods should be used to distribute the advertising cost to SOL and MOL?

- (1) 25/75 to SOL, and 50/75 to MOL, based on year 1 transactions?
- (2) 50/100 to SOL, and 50/100 to MOL, based on year 2 transactions?
- (3) all to SOL, based on the changes in transactions from year 1 to year 2 for SOL and MOL, respectively?
- (4) Another alternative?

Please explain your choice.

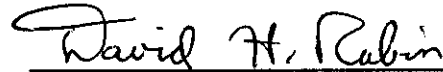
OCA/USPS-6

On page 9 of the Office of the Consumer Advocate Response to Issue No. 5 of Notice of Inquiry No. 1, filed February 8, 1998, the OCA states that "[o]nly those services that are facilitated or purchased at the POL website benefit from the marketing of POL." Please also refer to the OCA's response to USPS/OCA-1.

- (a) Please confirm that the use of First-Class Mail and Standard Mail (A) is facilitated by the POL website. If not confirmed, please explain why.
- (b) Please refer to the OCA's response to interrogatory USPS/OCA-1(d), in which the OCA states that it is unable to make the assumption that Postal Service advertising for POL is in part driven by goals of increasing volumes of First-Class Mail and Standard Mail (A). Also, please refer to the testimony of witness Plunkett (USPS-T-5), at page 7, which discusses the Postal Service's expectation that Mailing Online will result in a net increase in mail volume. Would it be irrational for the Postal Service to decide to undertake advertising for POL in part to increase volumes for First-Class Mail and Standard Mail (A)? Please explain.
- (c) Does the OCA believe that the amount of First-Class Mail and Standard Mail (A) volume that might be generated by advertising for POL should play no role in deciding how much advertising to conduct? Please explain.
- (d) If the impact on a class or subclass of mail is one factor in determining how much to spend on advertising for a particular topic, should that class or subclass of mail bear some responsibility for the costs of that advertising? 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.



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