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

MAILING ONLINE SERVICE

Docket No. MC98-1

UNITED STATES POSTAL SERVICE
FOLLOW-UP INTERROGATORIES AND
REQUESTS FOR PRODUCTION OF DOCUMENTS TO
MAIL ADVERTISING SERVICE ASSOCIATION INTERNATIONAL WITNESS SCHUH
(USPS/MASA-T2-7-9)
fl

Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following follow-up interrogatories and requests for production of documents to Mail Advertising Service Association International witness Schuh: USPS/MASA-T2-7-9.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

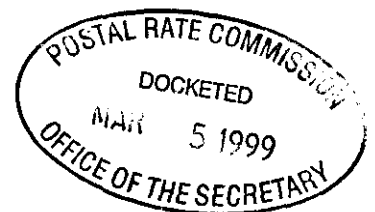
By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999; Fax -5402
March 5, 1999



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USPS/MASA-~~T2-7~~. Please refer to page 5 and Exhibit A to your testimony and to the attached page M00079 of the documents provided to the Postal Service on March 1, 1999, in response to USPS/MASA-1. Confirm that the fourteen mailers for whom you include information in your testimony concerning the size of jobs were the respondents to a solicitation for information which you sent to over 175 firms.

USPS/MASA-T2-8. Please refer to the attachments.

- (a) Please confirm that the email message contained in attached page M00020 of the documents provided to the Postal Service on March 1, 1999, in response to USPS/MASA-1, is the request you refer to at page 5, lines 7-9, of your testimony.
- (b) Please confirm that you renewed your request in the attached email message, page M00103 of that same material.
- (c) Please refer to your statement: "And though they don't have a cost structure yet, you can be guaranteed they'll low-ball all printing and handling costs." At the time you made that statement, were you aware that the Postal Service's cost estimates would be subject to review and evaluation by the Postal Rate Commission?
- (b) At the time you made that statement were you aware that the Postal Rate Commission would recommend the fees and rates applicable to Mailing Online service?

USPS/MASA-T2-9. Please confirm that you received the attached documents. (Pages M00054-55 and M00060-61 from the documents provided to the Postal Service on March 1, 1999, in response to USPS/MASA-1).

RE: listserv USPS Mailing Online continued

From: "Scott Schuh" <scott@lschuhco.com>
 Subject: RE: listserv USPS Mailing Online continued
 To: <masa@ls.masa.org>

11/28/98 12:41 AM

Your association has been in contact with the USPS for weeks/months now and is in the process of presenting testimony against it to the PRC. What we've lacked (I believe) is a more united front and individual activity by a greater number of our members who feel they would be effected.

-----Original Message-----

From: [REDACTED]
 Sent: Friday, November 27, 1998 5:30 PM
 To: masa@ls.masa.org
 Subject: Re: listserv USPS Mailing Online continued

> And one other observation. Out of our Listserve group of 175 plus, I have
 > identified a whopping (pitiful) 12 members that have voiced sincere
 concern
 > on this issue. (I understand that some members are not business
 > owners/managers, but you'll be effected too.) If you've been following
 the
 > discussion, now's the time to respond and go "on record" about your
 > feelings. Again, I would appreciate hearing personally (to my email
 > address) what percentage of business you handle under 5000 pieces and what
 > that equates to in sales dollars annually. Responses will not be
 > communicated by company, only by percentages/sales figures.

Has anyone actually talked to someone at the USPS
 about this or are the reactions only based on
 commercials or web sites?

[REDACTED]

M 00079

WARNING: USPS Mailing Online Program

Subject: WARNING: USPS Mailing Online Program

Date: Sun, 22 Nov 1998 20:43:57 -0600

From: "Scott Schuh" <scott@lschuhco.com>

To: "MASA Listserve" <masa@ls.masa.org>

If you're not aware of this proposed USPS program already in the experimental stages, you need to immediately go to the following site:
<http://www.prc.gov/wsdocs/MC98-1/testimon.htm>

Download the testimony of Lee Garvey, which is what I read this last weekend, for an unbelievable overview of what the Postal Service is trying to pull-off now. For those "oldsters" out there, this is deja vu of their "Ecom" program in the 1980's. For you young folk, they want to capture end-user's (i.e, your customers!) graphics and mailing lists via their internet site, then digitally print and distribute (even 4-color messages) at printing sites around the country. And though they don't have a cost structure yet, you can be guaranteed they'll low-ball all printing and handling costs. They've already stated that all mail will be entered at auto rates regardless of quantities and saturation levels.

At this time, the program is targeted to "small" mailings of 5000 or less (but just wait, big guys, if they get it up and running). Barry Brennan of MASA Hdqtrs. has asked me to provide written testimony to the PRC on this, and I would really appreciate hearing from other mailers who actively solicit and handle these smaller volumes. I bet 25% of my business is from these smaller mailings, what about you? How could you compete against the Postal Service if their product was acceptable (it *could* happen), their selling costs were well under yours, and they had MILLIONS of dollars to promote it? Get my drift?

Please send me your thoughts/comments via Listserve and/or my email address. The business you save just may be your own!!! Have a nice day.

C. Scott Schuh
President
The Lloyd Schuh Company
501-374-2332 501-372-6570 (fax)
scott@lschuhco.com

listserv USPS Mailing Online research - YOUR RESPONSE IS CRITICAL!

From: "Scott Schuh" <scott@lschuhco.com> 2/1/99 1:33 AM
 Subject: listserv USPS Mailing Online research - YOUR RESPONSE IS CRITICAL!
 To: "MASA Listserve" <masa@ls.masa.org>

As I had stated several weeks ago, I have been asked to provide written testimony in the PRC's review of the Post Office's Mailing Online program request. The Postal Service has downplayed the fact that many of us are actively servicing the needs of smaller clients and /or smaller mailings. Per PRC testimony, they state that 62% of MOL business over the two-year experimental period they're requesting, would come from existing USPS customers (our customers?!), with the balance being "new" business they create. Oh, yea???

I would very much appreciate you sending me the following information for 1998. Time is running short - can I hear from you by Thursday, February 4th? I have to submit my testimony by Monday, Feb. 8. It would be great if you could generate this response on your company letterhead with a brief explanation of your numbers and fax to me (501-372-6570, no time for mail). I will include a copy of it with my testimony. But I'll gladly accept your numbers via return email too (scott@lschuhco.com). THIS IS IMPORTANT! Please find the time to respond...thanks!

Percent of your jobs under 5,000 mailed pieces?
 Percentage of annual revenue generated from these jobs?
 Other comments on MOL?

* NOTE: Mailing Online type jobs include 8.5 x 11, 8.5 x 14, & 11 x 17 cut sheet printed materials with black ink and/or spot color. Jobs can include multiple printed and personalized sheets per mailing. Jobs are typically laser generated to insert into a window envelope (#10 or 9x12 size) or may have a matching closed face envelope generated. Simple direct-address (inkjet) jobs are also included which would have generic inserts. And basic self-mailers are mentioned too. Qualifying classes of mail are first class, standard-A, & non-profit classes. Periodicals are not included in their program at this time. PLEASE BE SURE you identify only these types of mailings in your figures above.

Scott Schuh
 President
 Lloyd Schuh Company
 501-374-2332 501-372-6570 (fax)
 Email: scott@lschuhco.com

+ Administrative requests (subscribe, unsubscribe, who) go to +
 + masa-request@ls.masa.org

M 00103

Memorandum

Date: November 27, 1998
 To: Scott Schuh & the listserv group of MASA
 From: [REDACTED]
 Re: The USPS's Mailing On Line Program

Scott,

I have been following the comments from the MASA listserv group, as I am also a subscriber to this group. I find a lot of panic and hysteria in what I am reading. It seems to me that before we start reaching for our guns, I think a little reflection on what is actually taking place and what this all really means to us, individually and collectively should take place.

As a veteran of a few postal battles, I have seen the USPS E-COM program of 1982 come and finally go in 1985. I next saw the privatization of this same program come and go as well.

I was part of the mailing community when the Postal Reorganization Act of 1970 created the USPS on the premise of being organized and run as a "quasi-business". And more recently had to cope with the Re-Classification Case of 1991.

In all of these situations there were some in our industry who were predicting the doom of our industry in one part or another by the Postal Services' intrusion into our core of business. But during these occasions and others I saw the creation of an entire Pre-sort Industry. Each of us experienced the additional revenue source of destination delivery discounts, by adding trucking as an additional profit center. Most of us are now heavily involved in computer pre-sorting of our client's mail as well as bar coding and other electronic services that were mandated by new postal regulations.

What I am suggesting is a little more reflection on this Mailing On Line Program. I have read the "REQUEST OF THE UNITED STATES POSTAL SERVICE FOR A RECOMMENDED DECISION ON A MARKET TEST CLASSIFICATION AND FEE SCHEDULE, AND A RECOMMENDED DECISION ON AN EXPERIMENTAL CLASSIFICATION AND FEE SCHEDULE FOR MAILING ONLINE SERVICE". I have also reviewed the PRC testimony on this issue as well as reading the testimony of Lee Garvey on behalf of the USPS.

I don't know if this is a threat to our industry, it might be. But it might also be an opportunity. It depends on a number of factors, none of which are yet clear. Upon reading the above testimony and documents it is clear that the USPS made this proposal under the assumption that this program would not intrude into the commercial market of our industry. To the contrary, they actually believe that this program could assist our industry by bringing into the direct mail field additional customers.

Let's look at this aspect for a moment. Many of us say that this lower volume end of the market is a viable percentage of our work. I would venture to say that not many of us have salespeople out in the field soliciting mailings of fewer than 5000. For those of us who have salespeople, even if they are family members, it is just not cost effective to do so!

Most of this business is generally walk in, or through a solicitation mailing we might have done or some other form of advertising. How many of the potential users of our service at this level are we reaching, 5%, maybe 10%? What the USPS is proposing is to reach a greater percentage of this potential business. And where is the business going to be processed, in jobbed out services to mailing and printing services.

The USPS's statement concerning this program is to create an opportunity for a greater segment of this lower end market to access the services of direct mail. This could prove to be a potential market for our companies.

What I am really sure of through is, it is not in our best interest to start circling the wagons for an all out war with the USPS. First of all, it may not be a battle we want to fight on the sheer basis is that we don't have the money it would take to fight them. Even if we joined with other groups, it doesn't appear that the USPS is treading on grounds that we can contend.

As entrepreneurs we have faced threats from all factors within and outside of our industry. How about when Pitney Bowes set up facilities to process mail, or how about when the printers found out how to take advantage of the ink jet technology and installed ink jets on their stitchers and became instant mailers.

How can we in the mailing industry, whose entire business is created as an adjunct to the Postal Service, get so riled up about a program that is being proposed as a means to create a broader base of direct

M 00054

mail users.

Some within our fold are saying that this one is different because the USPS is encroaching on the core of our business, that of addressing and inserting. These are similar words that have been spoken each time we feel threatened by a USPS change. Once again as one who has been through these before, I think we should be looking for the opportunity, rather than crying, "the sky is falling".

Technology is the driving force in our industry today and we'd better be prepared to deal with it. Mailing On Line is just one of many programs that will define the look of our businesses in the future.

If we are to survive and prosper in this industry, we'd better start embracing the technology of the future rather than spending thousands of dollars trying to maintain the status quo.

[REDACTED]

serv WARNING: USPS Mailing Online Program

From: "Scott Schuh" <scott@lschuhco.com> 11/23/98 11:43 AM
Subject: RE: listserv WARNING: USPS Mailing Online Program
To: <masa@ls.masa.org>

Thanks [REDACTED] for your thoughts. But keep in mind, this is to be done through the internet. I don't believe our local CSR's would be involved. Sure, we wish they could experience first-hand the details and support we provide our clients to make their DM work. Any "direct" USPS contact would probably be via a toll-free number. And they "might" have some sales/CSR types who really do know what their doing and follow-through with it!

Personally, I hate to let the USPS "in-the-door" on this. Sure, they might fail, but the clients that use them might get "burnt" on DM to the point it continues to hurt us. Not to mention the real business we all might lose during this "experimental" period.

-----Original Message-----

From: owner-masa@ls.masa.org [mailto:owner-masa@ls.masa.org] On Behalf Of [REDACTED]
Sent: Monday, November 23, 1998 9:45 AM
To: masa@ls.masa.org
Cc: scott@lschuhco.com
Subject: Re: listserv WARNING: USPS Mailing Online Program

For your info, USPS has posted the rates they want to charge in the latest issue of the POSTAL BULLETIN (Nov 5, 1998, PB 21984).

Those figures don't look that great to me.

Maybe I'm missing something, but their charging the highest possible automation rate for postage.

This also may be a blessing in descise. Do they (USPS) have that good of CSR to explain why something didn't get done or where it could be. From my experience they really ### (use your imagination). Every time I try to get an explanation of why something hasn't been delivered on a timely basis it takes DAYS for a response. Now maybe they'll understand my frustration when the customer calls them directly about poor service and demanding some type of compensation.

-----Original Message-----

From: Scott Schuh scott@lschuhco.com
To: MASA Listserv <masa@ls.masa.org>
Date: Sunday, November 22, 1998 9:50 PM
Subject: listserv WARNING: USPS Mailing Online Program

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>"Ecom" program in the 1980's. For you young folk, they want to capture

3/24/99 2:50 PM

M 00060

RE: listserv WARNING: USPS Mailing Online Program

>end-user's (i.e, your customers!) graphics and mailing lists via their
>internet site, then digitally print and distribute (even 4-color messages)
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>Please send me your thoughts/comments via Listserve and/or my email
address.

>The business you save just may be your own!!! Have a nice day.

>
>C. Scott Schuh
>President
>The Lloyd Schuh Company
>501-374-2332 501-372-6570 (fax)
>scott@lschuhco.com

>
>

M 00061

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.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 5, 1999