

Official Transcript of Proceedings

Before the

UNITED STATES POSTAL RATE COMMISSION

In the Matter of:

MAILING ONLINE SERVICE

Docket No.

MC98-1

VOLUME 10-A

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BEFORE THE POSTAL RATE COMMISSION WASHINGTON, DC 20268-0001

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Mailing Online Service

Docket No. MC98-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION OF UNITED STATES POSTAL SERVICE

Party Office of the Consumer Advocate Interrogatories OCA/USPS-T1-70c, 72-73 OCA/USPS-T1-58c redirected to USPS PB/USPS-T1-7-10, 13-14

Response of USPS Witness Lim to Question Posed by Pitney Bowes At Hearing On February 5, 1999.

OCA/USPS-7-16, 17a, 17e, 17f, 17g, 17h, 18-26, 37-38, 40 PB/USPS-2-8

Response of USPS to Request Lodged During Oral Cross-Examination of Witness Garvey (November 25, 1998).

Response of USPS To Questions Raised During the Hearing On February 5, 1999 (February 22, 1999).

Response of USPS To Questions Raised During February 5, Hearing (February 12, 1999, Revised February 24, 1999).

Response of USPS To Questions Posed At The Hearing On November 18, 1998 (November 23, 1998).

Respectfully submitted,

Margaret P. Crenshaw Secretary



OCA/USPS-T1-70. Please refer to page one of the October 16, 1998, Governors' Decision in this docket. The following statement appears there: "The Postal Service then batches (combines) *ell* submitted jobs and transmits them electronically to digital printing contractors" (Emphasis added.)

c. - What is the number and proportion of total MOL jobs submitted to date that were mail-merge jobs? What is the number and proportion of total MOL jobs submitted to date that have been batched? What is the number and proportion of total MOL pieces submitted to date that have been batched?

RESPONSE:

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c. With respect to the operations test, the number of mail-merge jobs was

44, or 16 percent of the total number of 277 submitted jobs. Two of these mail-

merge jobs, containing a combined total of 5 pieces, were batched. With respect

to the market test, these data will be reported as part of the data collection plan.

Revised December 21, 1998

OCA/USPS-T1-72. Please refer to your response to interrogatory OCA/USPS-T1-48.

- a. In your response to part a. of that interrogatory you state, "The mailing statement is indeed transmitted by the system along with the print files as my testimony indicates; however no provision was made for the statement to be stored and/or forwarded anywhere else." Please explain why it would take longer than ten minutes to modify the computer code for the MOL system so that electronic mailing statements could be "stored and/or forwarded" elsewhere. Please provide a copy of the computer code that creates and forwards mailing statements to print sites.
- b. In part c. of your response to that interrogatory you state, "The Mail.dat opportunity was discovered during phone conversations with Postalsoft company representatives and was subsequently communicated to the MOL system developer by phone."
 - i. Is the MOL system developer currently implementing the "Mail.dat opportunity"? If not, why not?
 - ii. As of November 12, 1998, how many hours has the system developer devoted to implementing the "Mail.dat opportunity"?
 - iii. Please explain why it would take longer than ten minutes to modify the computer code for the MOL system so as to implement the "Mail.dat opportunity."
 - iv. Please provide a copy of the computer code that needs to be modified to implement the "Mail.dat opportunity."

c. In part d. of your response to that interrogatory you state, "The request for investigation of an option to associate mailing statements with batch numbers was communicated to the MOL system developer by telephone."

- i. Is the MOL system developer currently implementing the "option to associate mailing statements with batch numbers"? If not, why not?
- ii. As of November 12, 1998, how many hours has the system developer devoted to implementing the "option to associate mailing statements with batch numbers"?
- iii. Please explain why it would take longer than ten minutes to modify the computer code for the MOL system so as to implement the "option to associate mailing statements with batch numbers"?
- iv. Please provide a copy of the computer code that needs to be modified to implement the "option to associate mailing statements with batch numbers"?

RESPONSE:

a) The physical implementation of this capability does not take more than a

few minutes; however, the current version of the MOL software is

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE presently operating in a production environment. Under established operating procedures all changes to the system must be scheduled for testing, documented, tested and then scheduled for implementation, and finally implemented. The process of testing and implementation has been scheduled to start November 30, 1998 and finish by December 6, 1998.

i. Yes.

iv.

i.

ii. Approximately 3 hours.

iii. See my response to USPS/OCA T1-72(a).

No coding changes are required. The change is to the Postalsoft template files. All output files created by Postalsoft are automatically associated with the batch and sent to the print site.

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Yes.

ii. Less than one hour.

iii. See my response to USPS/OCA T1-72(a).

iv. No code needs to be modified.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS GARVEY

TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-T1-73. Please refer to your response to part a. of interrogatory OCA/USPS-T1-49.

- Please provide a citation for the quotation beginning with "<u>Merge and</u> <u>presort</u>." The citation should include document title, date, page number, and line number.
- b. Please provide a copy of the complete document cited in response to part a. of this interrogatory.
- c. Please explain how the phrase "maximizing postal automation efficiency" relates to "the capability to combine all like documents into co-mingled batches."
- d. Please provide a copy of (or page and line citation to) any documents that impose an explicit obligation on the MOL system developer to incorporate "the capability to combine all like documents into co-mingled batches."

RESPONSE:

- a. This quotation comes from Appendix A to the NetPost development contract at page 63.
- b. See Attachment 1 to the response to OCA/USPS-T1-73(b).
- c. Generally speaking, optimum postal automation efficiency is achieved by preparing addresses and mailpieces for automated processing and by entering each mailpiece as far into the processing system as possible so as to minimize sorting steps and reduce non-automated handling. The capability to combine all like documents into co-mingled batches which are then presorted and containerized potentially reduces both the amount of handling and the number of sortation steps required, therefore helping to maximize automation efficiency.
- d. To my knowledge there are no such documents. See Attachment 1 to OCA/USPS-T1-73(b) for the requirement to merge and presort batches.
 The developer's understanding of the requirement has been refined by joint application development planning with the Postal Service.

102590-96-A-0103

APPENDIX A MetPost - Metworked Postal Services Product Concept (Proposed)

BetPost Overview

MetPost is a new hybrid mail service proposed by the U.S. Postal Service that enables a postal customer to send electronically any document produced on a desktop computer to a printing facility near the document's ultimate destination. The facility prints, finishes, and deposits the document into the mail stream for fast delivery. The essence of NetPost is the integral linking of traditional postal features and service offerings with emerging electronic communications and the electronic printing paradigm.

MetPost provides USPS customers with a more convenient and faster means of utilizing postal mail by integrating, streamlining, and enhancing traditional physical collection services with electronic methods. This NetPost service will include integrated electronic commerce services, address quality assurance mechanisms, and performance monitoring.

Sardware/Software Requirements

- A personal computer running Windows 3.x, Windows 95 or Mac.
- A modem or TCP/IP network to access the NetPost POP.
- Stand alone NetPost software, VAN or Internet service provider to access NetPost metwork.

Word processing or desktop publishing software with Postscript or PDF print espability.

Concept Design

Anyone with a personal computer (Windows or Mac) and modem can compose, transmit, print, mail and pay for documents via NetPost. The primary customers for NetPost are medium to small businesses/offices, home offices, advertisers, business travelers, office LANs, international correspondents, and government correspondents. To utilize MetPost, a user would interface with the NetPost network either by:

- Using a word processing office automation or desktop publishing package that includes the NetPost capability,
- Purchase, or receive for free, the easy to install software as a stand alone package; or
- Access NetPost via the Internet or VAN.

To produce and send a NetPost document, a user would:

- Produce and save a document using whatever word processing, office automation, or desktop publishing software chosen.
- Produce a database of recipients' names and addresses, ranging from one recipient to several thousand. This information could be downloaded from existing databases or entered by the end-user.

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Attachment I to Response to

OCA/USPS-T1-73(b), page 1

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Call up the "electronic job ticket" from the NetPost software menu, enter all printing and finishing specifications, and authorize transmission of the document to a USPS server for distribution. Receive back a firm cost quotation for approval and payment.

- The user may pay the postage and print fees associated with NetPost documents by credit card or by obtaining either a prepaid postage account or "virtual stamp" card account from which funds would be deducted as the service is used.
- The document and recipient database (address list) is transmitted to the print facility mearest the document's destination. If a document goes to more than one recipient, the data could be transmitted to multiple print sites so that each recipient's mailpiece is printed as close to its destination as possible. The user receives electronic confirmation when the print site receives the document and, if requested, a verification that each mailpiece has a deliverable address.
- The document will be printed, finished, inserted in envelopes, and taken to the nearest mail processing facility for delivery in the time frame chosen. In general, delivery can be made more quickly than if the user had simply mailed the document. For example, a First-Class letter transmitted before 11 p.m., would be put in the mail stream for next regular day's mail.
- A copy of the document can be archived for a 30 day minimum for secondary mailings, answering guestions, etc.

Concept Service Features

Amearance of printed pieces

"What you see is what you get" printing: The final printed piece will be a reasonable facsimile of what you produced on your computer. All formatting will be preserved. Logos and signatures can be duplicated, within color limitations.

- Bigh quality, flexible output
 - 8-1/2 x 11, 8-3/2 x 14 or 11 x 17 inch paper
 - Business quality paper stock

- Black and white printing with spot/highlight colors available (red, green blue or yellow only)

- Clear print definition (600 DPI)
- 'Choice of finishing options (e.g. binding, stapling)

- Envelope size to be determined by the Postal Service based on number of pages

- Envelopes with address windows for letter mail or address labels for flats

- Return address of your choice
- Documents up to 48 pages.
- Bindery functions will include:
 - Stapling
 - Saddle stitching
 - Tape binding (perfect style).

Pre-printed inserts will be available at a later time.

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Attachment 1 to Response to OCA/USPS-T1-73(b), page 2

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• Color output will be available as the digital color technology develops.

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- 24 hour access.
- <u>Mext-day delivery</u>. NetPost's goal is to ensures that 95% of domestic pieces will be delivered the day after transmission to the printing facility.
- <u>IDicuity</u>. Mail pieces can be delivered to any recipient, including those who do not have electronic access.
- <u>Address menagement</u>. All addresses will be checked against the U.S. Postal Service Mational Address database and optionally, the National Change of Address (NCOA); database errors, such as incorrect ZIP Codes, will be corrected.
- <u>Merge and presort</u>. This capability will allow the NetPost system to automate network logistics, achieving optimum utilization of printing resources, and maximizing postal automation efficiency.
- <u>International print and delivery</u>. The NetPost system will add International capability as appropriate.

Content enhancement

<u>Personalization and customization</u>. Recipient database variables can be used to customize the documents' content for each recipient, e.g.,

- Recipient's name entered in salutation in correspondence (personalization)
- Recipient's address determines store locations listed in an advertising flier (customization)
- Catalog content determined by demographic characteristics of addressee (customization)
- <u>Store and print</u>. For a storage fee, the print facility can electronically store documents (mail piece), and print and mail the number of pieces as needed.

Security features

- All mail pieces arrive in sealed envelopes.
- Message encryption. The NetPost software will encode all data transmissions to prevent any type of unauthorized viewing.
- <u>Postmarks</u>. Because all mail pieces are delivered by the U.S. Postal Service, they will bear official postmarks, with all the legal authority they confer.

Revenue Collection Alternatives

<u>Direct credit card payment</u>. This can be used for users who have credit cards. The USPS will obtain the card number from the users, get credit authorization on-

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Attachment 1 to Response to OCA/USPS-T1-73(b), page 3

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- line, and complete the transaction using a credit card processing bureau. For messaging that uses the Internet, encryption will be used to protect against interception of card number.
 - <u>Credit card psyment through a third-party</u>. The USPS can use a third-party to collect payment from users who have credit cards. First Virtual Holding, for example, provided such service. The users use an account number assigned by First
 Virtual, and no encryption is required because each transaction has to be confirmed by the user via e-mail.

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- <u>USPS-issued debit account Dayment</u>. The users will establish accounts with the USPS into which funds are deposited. For each desktop wailing, the USPS will debit the account. Users must replenish the account when funds are depleted.
- <u>Corporate account</u>. A corporation may establish a corporate account against which all messages originating within the corporation will be charged.
- <u>Electronic Stamp Book</u>. AKA "stored value card" may establish an electronic payment concept.

USPS Integrated Value-added Services

- <u>Address management</u>. NetPost will format addresses for the lowest possible postage rate and provide address correction by completing partial addresses and correcting partially inaccurate addresses. On-line change of address file (NCOA) capability will notify and validate the use of a corrected address and provide ZIP+4 Assurance.
- <u>Tracking</u>. Confirmation that the desktop mailing has been received, printed and deposited into the mail stream.
- <u>CONFIRM</u>. NetPost will imprint a "PLANET code" to track the mail piece through each station of postal automation.
- <u>Archiving</u>. Provide capability to customers for storage, protection, certification, and retrieval of NetPost documents.
- <u>Electronic postmarking and signature</u>. Provide an electronic postmark and signature capability validated by the USPS to establish the identity of the sender and a formal and permanent record of the existence of the mail piece.
- <u>Copyright Protection</u>. The USPS will provide for identifiers to discourage unsuthorized document reproduction.

Attachment 1 to Response to OCA/USPS-T1-73(b), page 4

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RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE REDIRECTED FROM WITNESS GARVEY

OCA/USPS-T1-58. Please refer to your response to interrogatory OCA/USPS-T5-14, redirected to you from witness Plunkett.

c. At what point in time will the development costs of Mailing Online be fully recovered with interest? Please provide detailed calculations to support your response.

RESPONSE:

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c. While the Postal Service does not agree with any implication that these

costs must be recovered by Mailing Online revenues, it is anticipated that

the contribution expected to be produced by this service will be more than

sufficient to cover such costs within the time frame of the experiment.

PB/USPS-T1-7 Library Reference 16 refers (at Page 3) to three "internal lists." For each of them, please respond to each of the following questions:

(a) Is the list prepared by or for the Postal Service in the ordinary course of business?

(b) If not, (i) why and by whom was the list prepared; (ii) how was the list assembled; (iii) what was the cost to the Postal Service of preparing, purchasing or renting the list; and (iv) what is the annual cost (if any) to the Postal Service of maintaining it?

(c) If your answer to subpart (a) is yes, is the source of any of the lists applications for postage meter licenses?

RESPONSE:

b.

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a. Yes.

N/A

Customers are not added to these databases by virtue of

having a postage meter license. Only active customers'

postage transaction activity is entered, although the

application form is the source of certain information about a

customer.

PB/USPS-T1-8 One of the line items for what is described as the "total budget for this postal office online marketing plan" discloses it is for a full year of expense, whereas the other two line items say that they are for the market test only. Why is money budgeted for a period longer than the market test is scheduled to last?

RESPONSE:

The reference to "market test" is related primarily to the Mailing Online portion of PostOffice Online. The continuation of the PostOffice Online program is not dependent on the continuation of the Mailing Online program. For purposes of this plan the Media and Production line items reflect the market test only, whereas the Advertising Labor line item reflects the ongoing PostOffice Online program costs.

PB/USPS-T1-9 The Library Reference 16 discussion of direct mail makes reference to "all five cities." What are the five cities?

RESPONSE:

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The Library Reference 16 cites the five cities in the first paragraph of the

document.

PB/USPS-T1-10 Two of the "advertising elements" disclosed at Page 4 of Library Reference 16 are said to be "in development." Please report on the state of development.

RESPONSE:

The "Spot Cable" element is complete, a storyboard of the 30 second spot is

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attached as Exhibit 1. The "Direct Mail" element is complete, a sample is

attached as Exhibit 2.



Exhibit 1 to Response to PB/USPS-T1-10, page 1



Prepare and ship packages.

Create and send mail.

With PostOffice Online," you can manage the shipping process from your PC. You can generate shipping labels and pay for postage. Arrange for the U.S. Postal Service to pick up packages from your business. Locate mail collection boxes or post offices in your area. Even track your Express Mail[®] packages and confirm delivery of your Priority Mail[®] packages — all online, 24 hours a day.

PostOffice Online gives you a convenient way to send out your mailings. Use almost any major word processing or design program to create a mailpiece. Then click on PostOffice Online to send your layout to a USPS-approved professional printer. The finished pieces will be mailed directly to the people on your mailing list, We will even verify the addresses and ZIP Codes^{*} automatically using our latest data.

Exhibit 2 to Response to PB/USPS-T1-10, page 1



Click on

www.postofficeonline.com/new

now and sign up.

PostOffice Online lets you streamline your business practices. You can arrange to send Express Mail^{*} and Priority Mail^{**} right from your PC--- 24 hours a day. Even create your own mailpiece and then send it electronically to be printed and mailed out. All without leaving your desk. All you need is a computer connected to the Internet and the desire to expand your business. But hurry. This pilot program is available only to the first 5,000 small businesses who qualify. So click on to ywww.postofficeonline.com/new today.





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PB/USPS-T1-13 Does the budget cover only advertising for three months of that market test? Quantify any additional amounts that will be spent if the market test continues longer than three months.

RESPONSE:

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The media purchases made in the October-December 1998 period approximately equal the amount shown in the Library Reference. Not all of this planned media was used during that period and the remainder will be shifted to the January-March 1999 period. An additional amount, equal to one-third of the amount shown, is expected to be purchased for the January-March 1999 period. The amount shown for production has been spent and will cover all media purchases.

PB/USPS-T1-14 Describe whether any of the media to be used is intended/anticipated to target Mailing Online users more than users of other Post Office [sic] Online services.

RESPONSE:

Such targeting is not intended or anticipated.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS LIM TO QUESTION POSED BY PITNEY BOWES AT THE HEARING ON FEBRUARY 5, 1999

QUESTION (Tr. 8/2007):

Does the number of calls that you see here [in the PricewaterhouseCoopers biweekly reports] seem consistent to you with the number – not the total number, but 20 percent of the number of calls that you saw in the Price Waterhouse study [you used]?

RESPONSE:

Yes. The numbers in the biweekly reports are consistent with the numbers that underlie the 20 percent figure I used in my testimony. That figure resulted from dividing the total number of MOL calls, as shown in Tr. 8/2024-26 (22+3+19) by the total number of POL, SOL, and MOL calls (82+44+105, for each of the reports), or 44/231 = 19.0 percent. The comparable figures through January 22, 1999 are 87/433 = 20.0 percent. It is my understanding that the total number of MOL, SOL, and POL calls to the help desk will be reported in subsequent biweekly reports. In addition, I am informed that, as requested by Chairman Gleiman (Tr. 8/1852-53), future weekly reports will provide a cumulative count of users that does not count a particular user more than once for

repeated uses of Mailing Online.

OCA/USPS-7. Please provide volume estimates for the 1999-2003 time period based upon the rates and premailing fees in effect during the market test.

RESPONSE:

These estimates do not exist.

OCA/USPS-8. Please provide volume estimates for the 1999-2003 time period based upon the rates and premailing fees expected to be in effect during the experimental phase.

RESPONSE:

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These estimates do not exist.

OCA/USPS-9. The OCA has received what appears to be a First-Class MOL piece postmarked in red, by hand, November 9, Waltham, MA. However, the design of the envelope does not match any of those included in Attachment II of the contract for printing services.

- a. Are MOL pieces being postmarked in red? If so, who applies the postmark?
- b. Are MOL pieces being postmarked by hand? If so, how is this practice consistent with the goal of maximizing the automation compatibility of MOL pieces?
- c. Why is the Postal Service using an envelope design for First-Class Mail that is not authorized by the contract with the printer and that creates the appearance of Standard (A)?

RESPONSE:

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- a-b. The red round date stamp applied to the MOL piece received by the OCA was likely applied by a mail acceptance clerk in Waltham, Massachusetts. Hand stamping, while not the method of choice for a mature Mailing Online, is not surprising as volume begins to trickle from what is planned to be a high-volume pipe. Procedures have yet to be standardized and such date stamping is not unusual in this context. Postmarking was performed by hand in this instance to ensure proper handling by mail processing personnel unfamiliar with Mailing Online's recent authorization to submit permit imprint mailings of less than 200 pieces. The date stamp does not impair in any way the automation compatibility of MOL pieces and is unlikely to be deemed necessary by mail acceptance personnel for long.
- c. The Mailing Online envelope design was revised subsequent to the release of the printer contract and therefore does not exactly match the example provided therein. The current First-Class Mail MOL envelope

clearly indicates that it is not Standard (A) by the inclusion of a permit

imprint which reads: "First Class Mail".

OCA/USPS-10. The OCA is in receipt of an MOL piece postmarked November 9, 1998. The OCA is informed by the sender that the piece was originally submitted as a Word document in Arial font. However, as received, the piece appears to be in Helvetica font. (The character, capital *R*, differs in the two fonts.)

- a. Please explain why and how a document submitted in Word format using the font Arial was printed and sent to the recipient in the font Helvetica.
- b. Are MOL documents converted to PDF format prior to on-line approval by a customer?
- c. Is the file sent to a customer for on-line approval in original (e.g., Word) format, PDF format, HTML format, or some other file format? Please explain.
- d. Are MOL customers responsible for detecting subtle changes in their documents during on-line approval? Please explain.
- e. Isn't the goal of simplicity via one-stop WWW shopping subverted if the MOL system software makes subtle changes to documents that are not readily detectable on-screen? If the software does in fact make such changes, doesn't this encourage the use of mail-back proofing, and defeat the goal of single session completion of a transaction? Please explain.
- f. If an MOL customer submits a document in an approved format (e.g., Word), shouldn't the MOL software be able to send the document to the printer exactly as submitted? If not, why not?
- g. Shouldn't a digital printer at a print site be capable of printing a document exactly as received from San Mateo? If not, why not?

RESPONSE:

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a. The Adobe software used by the system, when creating the PDF,

substitutes the Helvetica font for Arial (currently).

- b. Yes.
- c. The on-line approval process involves the viewing of a PDF file.
- d. The on-line proofing process provides the user an opportunity to view and accept a document as it will be printed and mailed. Two other proofing options are available mail-back and fax-back. The user's guide and the on-line help facility both encourage users to review the on-line proof for verisimilitude and where possible to use standard application fonts to

avoid changes caused by font substitution. The responsibility for reviewing and accepting the PDF proof is up to the user; and if a user accepts the proof(s) presented and continues on with the mailing

- submission process, it must be assumed that they have reviewed the proof of their document, in one or more formats, and accept any changes which have been made, subtle or otherwise.
- The rationale for the use of the existing process arises from the problems e inherent in printing documents originating from multiple creators. Many thousands of different fonts and multiple printer language output formats have created a need for a virtual tower of Babel in the commercial printing environment. The Portable Document Format (PDF) bridges the gaps of font availability and printer language compatibility by creating a common denominator file output. Adobe Corporation, which created the revolutionary Postscript print language, also created PDF. Using their extensive knowledge of printing technology they created a Rosetta stone application. Any time a print language file is generated certain formatting decisions are automatically made in the process; they are customarily proprietary to the type and model of the printer and manufacturer involved. The PDF process creates a file which is printer independent and preserves fonts and formatting regardless of the output device used; this is why the MOL online proof always represents a "what you see is what we print" preview. Furthermore, PDF only introduces changes when necessary to preserve portability and is designed to minimize the effect of

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE whatever changes are required. This design has the benefit of keeping the MOL system "open" and allowing the involvement of the greatest number of printers and manufacturers for print resources.

f. Any native (e.g., Word) document file must be converted to a printer output file prior to printing. Please see the answer to part (e) above for an explanation of why PDF was chosen as a common output format for MOL.

g. Yes.



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OCA/USPS-11. Please provide, for the Market Test to date, the same type of data provided in USPS-LR-23/MC98-1.

RESPONSE:

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The requested information is attached.



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OCA/USPS-T1-10-e: MOL. Jobs For Period 10/30/1998 - 12/11/1998

86-090-70 86-**0-0-9**0 86-DeC-38 86-0eC-140 86-ceC-50 86-500-20 86-0eC-10 86-VON-05 86-Vov-98 86-Vov-85 86-10N-5Z 86-Vov-98 23-Nov-98 86-VOV-98 86-VON-61 86-VON-81 86-VON-71 86-voN-81 86-VON-ST 86-VON-41 86-VON-E1 86-VON-21 86-VON-11 86-VON-01 86-VON-60 86-VON-70 86-von-80 86-10N-50 86-VON-E0 31-04-98

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	Plices
31-Oct-98 2	4
03-Nov-98 1	1
05-Nov-98 3	1890
06-Nov-98 2	5
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10-Nov-98 1	. 3
11-Nov-98 3	85
12-Nov-98 2	10
13-Nov-98 4	38
14-Nov-98 1	1
15-Nov-98 1	3
16-Nov-98 4	212
17-Nov-98 2	8
18-Nov-98 1	17
19-Nov-98 1	9
20-Nov-98 3	1096
23-Nov-98 1	
	1
24-Nov-98 3 25-Nov-98 2	96
23-N0V-98 2	11
	60
29-Nov-98 2	79
30-Nov-98 1	1
01-Dec-98 3	676
02-Dec-98 3	10
03-Dec-98 1	1161
04-Dec-98 3	109
05-Dec-98 1	1161
06-Dec-98 1	56
07-Dec-98 4	12
08-Dec-98 1	1
09-Dec-98 1	112
10-Dec-98 2	80

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OCANOPS-T1-24-ele: Voligities By Maller

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	Sum of MOL Places		23									
12-1404-84	Sum of MOL Tren					,			1			
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Attachment to Response to OG. /PS-13

Table 2 MOL Postage, Fees & Revenue by Day AP 3 Week 1 and AP 3 Week 2 (November 07 - November 20 1998)

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]	Costs									
Date	Pages	Postage	Colors	Plex	Envelopes	Finishing	Inserting	Folding	Proofing	Tota
11/7/98	\$0.01	\$0.26	\$0.00	\$0.03	\$0.02	\$0.00	\$0.02	\$0.03	\$0.00	\$0.36
11/10/98	\$0.02	\$0.78	\$0.00	\$0.08	\$0.06	\$0.00	\$0.05	\$0.05	\$0.00	\$1.07
11/11/98	\$0.51	\$22.19	\$0.81	\$2.21	\$1.62	\$0.00	\$1,45	\$2.21	\$0.00	\$30.98
11/12/98	\$0.06	\$2,61	\$0.13	\$0.26	\$0.19	\$0.00	\$0,17	\$0.26	\$0.00	\$3.68
11/13/98	\$0.23	\$9.92	\$0.03	\$1,74	\$0.72	\$0.00	\$0.65	\$0.99	\$0.00	\$14,27
11/14/98	\$0.01	\$0.00	\$0.00	\$0.03	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.03
11/15/98	\$0.02	\$0.78	\$0.04	\$0.08	\$0.06	\$0.00	\$0.05	\$0.08	\$0.00	\$1.10
11/16/98	\$1.28	\$55.33	\$0.03	\$5.59	\$4.03	\$0.01	\$3.60	\$5.51	\$0.00	\$75.38
11/17/98	\$0.02	\$0.78	\$0.00	\$0,10	\$0.06	\$0.00	\$0.05	\$0.08	\$0.00	\$1.10
11/16/96	\$0.20	\$4.44	\$0.44	\$0.88	\$0.32	\$0.17	\$0,29	\$0.44	\$0.00	\$7,19
11/19/98	\$0.11	\$2.35	\$0.00	\$0.47	\$0.17	\$0.00	\$0,15	\$0.23	\$0.00	\$3.48
11/20/96	\$6.58	\$286.08	\$0.01	\$56,71	\$20.82	\$0.00	\$18.63	\$28.50	\$0.00	\$417.30
Total	\$9.04	\$385.50	\$1.48	\$68.17	\$28.06	\$0.18	\$25.11	\$38.40	\$0.00	\$555.94

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Attachment to Response to OCHUSPS-13

Table 3 MOL Postage, Fees & Revenue by Day AP 3 Week 3 and AP 3 Week 4 (November 21 - December 04 1998)

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	Costs									
Date	Pages	Postage	Colors	Plex	Envelopes	Finishing	Inserting	Folding	Proofing	Total
11/23/98	\$0.01	\$0.26	\$0.00	\$0.05	\$0.02	\$0.00	\$0.02	\$0.03	\$0.00	\$0.39
11/24/98	\$0.97	\$25.06	\$0.00	\$8.35	\$1.82	\$0.00	\$1.63	\$2.50	\$0.00	\$40.32
11/25/98	\$0.13	\$2.87	\$0.00	\$0.57	\$0.21	\$0.00	\$0.19	\$0.29	\$0.00	\$4.26
11/28/96	\$0.37	\$8.35	\$0.00	\$3.17	\$0.61	\$0.30	\$0.54	\$0.83	\$0.00	\$14,18
11/29/96	\$0.47	\$20.62	\$0.00	\$4.08	\$1.50	\$0.00	\$1.34	\$2.05	\$0.00	\$30.07
11/30/96	\$0.01	\$0.26	\$0.00	\$0.03	\$0.02	\$0.00	\$0.02	\$0.03	\$0.00	\$0,36
12/1/96	\$3.31	\$144.07	\$0.01	\$14,35	\$10.49	\$0.01	\$9.38	\$14.35	\$0.00	\$195.96
12/2/96	\$0.17	\$2.09	\$0.38	\$0.75	\$0.15	\$0.00	\$0.14	\$0.21	\$0.00	\$3.88
12/3/98	\$6.97	\$303.02	\$15.09	\$30.19	\$22.06	\$0.00	\$19.74	\$30.19	\$0.00	\$427.25
12/4/98	\$0.65	\$28.45	\$0.00	\$3.61	\$2.07	\$0.00	\$1.85	\$2.83	\$0.00	\$39.48
Total	\$13.06	\$535.05	\$15.48	\$65.16	\$38.95	\$0.31	\$34.85	\$53.30	\$0.00	\$756.16

Attachment to Response to OC++USPS-13

Table 4 MOL Postage, Fees & Revenue by Day AP 4 Week 1 and AP 4 Week 2 (December 05 - December 18 1998)

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1	Costs									
Date	Pages	Postage	Colors	Plex	Envelopes	Finishing	Inserting	Folding	Proofing	Total
12/5/98	\$6.97	\$303.02	\$15.09	\$30.19	\$22.06	\$0.00	\$19.74	\$30.19	\$0.00	\$427.25
12/6/96	\$0.34	\$14.62	\$0.73	\$1.46	\$1.06	\$0.00	\$0.95	\$1,46	\$0.00	\$20.61
12/7/98	\$0.13	\$2.87	\$0.01	\$0.57	\$0.21	\$0.00	\$0.19	\$0.29	\$0.00	\$4,27
12/8/98	\$0.04	\$0.52	\$0.00	\$0.31	\$0.07	\$0.01	\$0.19	\$0.00	\$0.00	\$1,14
12/9/98	\$0.67	\$29.23	\$1.46	\$2.91	\$2.13	\$0.00	\$1.90	\$2,91	\$0.00	\$41,22
12/10/98	\$2.33	\$60.55	\$0.05	\$10.19	\$4.41	\$0.01	\$3.94	\$6.03	\$0.00	\$87,52
12/12/96	\$1,13	\$12.27	\$0.00	\$9.78	\$0.89	\$0.47	\$0.80	\$1.22	\$0.00	\$26,56
12/14/98	\$0,19	\$2.61	\$0.40	\$0.83	\$0.19	\$0.10	\$0.17	\$0.26	\$0.00	\$4,75
12/15/98	\$1.22	\$53,24	\$0.00	\$10.61	\$3.88	\$0.00	\$3,47	\$5.30	\$0.00	\$77.72
12/16/96	\$0.01	\$0.52	\$0.00	\$0.05	\$0.04	\$0.00	\$0.03	\$0.05	\$0.00	\$0,71
12/17/96	\$2.02	\$46.45	\$2.74	\$12.04	\$3.46	\$0.00	\$3.36	\$4.55	\$0.00	\$76.64
Total	\$15.05	\$527.92	\$20.49	\$78.94	\$38.39	\$0.59	\$34.75	\$52.26	\$0.00	\$768.39

Revised 2/1/99

Attachment to Response to OC. _JPS-13

MOL Postage, Fees & Revenue by Day AP 4 Week 3 and AP 4 Week 4 (December 19 - January 1 1999)

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Date	Pages	Postage	Colors	Plex	Envelopes	Finishing	Inserting	Folding	Proofing]	Total
12/21/98	\$0.12	\$5.22	\$0.00	\$0.52	\$0.38	\$0.00	\$0.34	\$0,52	\$0.00	\$7.10
12/22/98	\$0.05	\$1,31	\$0.00	\$0.39	\$0.10	\$0.00	\$0.09	\$0,13	\$0.00	\$2.08
12/23/96	\$0.21	\$4,70	\$0.00	\$0.91	\$0.34	\$0.00	\$0.31	\$0,47	\$0.00	\$6.93
12/24/96	\$1.22	\$53.24	\$0.00	\$5.30	\$3.88	\$0.00	\$3,47	\$5.30	\$0.00	\$72.42
12/25/96	\$0.02	\$0.52	\$0.01	\$0.10	\$0.04	\$0.00	\$0.03	\$0.05	\$0.00	\$0.79
12/26/98	\$5.32	\$231.25	\$0.00	\$23.04	\$16.83	\$0.00	\$15.06	\$23.04	\$0.00	\$314.53
12/28/98	\$2.17	\$93.18	\$4,71	\$9.67	\$6.78	\$0.00	\$6.07	\$9.22	\$0.00	\$131.80
12/29/98	\$1.48	\$41,76	\$1.70	\$6.42	\$3.04	\$0.29	\$2,72	\$4,18	\$0.00	\$61.58
12/30/98	\$12.82	\$520.70	\$0.00	\$56.21	\$37.91	\$0.00	\$33.92	\$51.87	\$0.00	\$713.42
12/31/98	\$1.22	\$16.01	\$2.02	\$5.28	\$1.31	\$0.00	\$1,17	\$1,79	\$0.00	\$30.80
1/1/99	\$0.61	\$26.36	\$1.31	\$5.25	\$1.92	\$0.00	\$1.72	\$3.94	\$0.00	\$41.11
Total	. \$25.25	\$996.24	\$9.75	\$113.10	\$72.52	\$0.29	\$64,89	\$100.49	\$0.00	\$1,382.53

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Attachment to Response to OCA _ JPS-13

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Costs Date Pages Postage Colors Plex Envelopes Finishing Inserting Folding Proofing Total \$0.01 \$0.26 1/3/99 \$0.00 \$0.03 \$0.02 \$0.00 \$0.02 \$0.03 \$0.00 \$0.36 1/4/99 \$10.97 \$477.11 \$0.00 \$47.53 \$34.73 \$0.00 \$31.08 \$47.53 \$0.00 \$648.94 1/5/99 \$0.02 \$0.78 \$0.00 \$0.08 \$0.06 \$0.00 \$0.05 \$0.08 \$0.00 \$1.07 1/6/99 \$6.98 \$302.76 \$15.08 \$30.16 \$22.04 \$0.00 \$19.72 \$30,16 \$0.00 \$426,88 1/7/99 \$2.19 \$95.27 \$0.00 \$18.98 \$6.94 \$0.00 \$6.21 \$9,49 \$0.00 \$139.07 1/11/99 \$10.43 \$279.99 \$4,36 \$53.92 \$19.70 \$0.00 \$17.63 \$31.32 \$0.00 \$417.35 1/13/99 \$1.76 \$43,74 \$0.00 \$8.42 \$0.00 \$3.08 \$2.75 \$4.21 \$0.00 \$63.97 1/15/99 \$3.30 \$148.50 \$0.00 \$14.30 \$10.45 \$0.00 \$9.35 \$14.30 \$0.00 \$200.20 Total \$35.63 \$1,348.41 \$19.44 \$173.42 \$97.01 \$86.80 \$0.00 \$137.11 \$0.00 \$1,697.82

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MOL Postage, Fees & Revenue by Day AP 5 Week 1 and AP 4 Week 2 (January 02 - January 15 1999)

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OCA/USPS-12. Please provide, for the Market Test to date, a break-out of Table 1 (MOL Revenue by Day) data showing postage revenue and other revenue.

RESPONSE:

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This information will not be available until the Mailing Online software is

upgraded; accordingly, it should be available in January, 1999.

OCA/USPS-13. Please provide, for the Market Test to date, a break-out of Table 1 (MOL Revenue by Day) data showing revenue derived from each separate fee in proposed Schedule SS-7—Mailing Online (e.g., Paper (per sheet) 8.5 x 11).

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RESPONSE:

The requested information is attached.

Attachment to Response to OC. _PS-13

MOL Postage, Fees & Revenue by Day AP 2 Week 3 and AP 2 Week 4 (October 30 - November 06 1998)

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1	Coets									
Date	Pages	Postage	Colors	Plex	Envelopes	Finishing	Inserting	Folding	Proofing	Total
10/31/98	\$0.03	\$1.04	\$0.03	\$0.13	\$0.08	\$0.00	\$0.07	\$0.10	\$0.00	\$1,48
11/3/96	\$0.01	\$0.26	\$0.00	\$0.03	\$0.02	\$0.00	\$0.02	\$0.03	\$0.00	\$0,36
11/5/96	\$20.95	\$493.29	\$0.04	\$119.05	\$35.91	\$0.00	\$32.13	\$49,14	\$0.00	\$750.53
11/6/98	-	\$1.31	\$0.00	\$0.13	\$0,10	\$0.00	\$0.09	\$0,13	\$0.00	\$1.78
Total		\$495.90	\$0.07	\$119.34	\$36.10	\$0.00	\$32.30	\$49.40	\$0.00	\$754.14

Revised 2/199

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OCA/USPS-14. In response to Issue 2 of NOI No. 1 (concerning the feasibility and desirability of dispensing presort discounts through an automated rebate system), Postal Service witness Garvey stated, "[7]he difficulties of tracking and matching *each piece*'s origin to its ultimate qualifying rate would multiply the complexity many times over." Tr. 6/1505 (emphasis added).

- a. Please define "origin" as used here.
- b. Please confirm that all pieces of a particular MOL mailing remain in a single batch (whether combined with other mailings or not) prior to presorting. That is, pieces from one mailing will not end up in more than one batch prior to presorting. If you do not confirm, please explain, provide an example of the "splitting" of an MOL mailing among batches, and provide an estimate of the frequency of this phenomenon.
- c. Please confirm that the postage charge for a batch (whether consisting of one or several separate mailings) is the same whether calculated before or after distribution to print sites. That is, since print sites are defined by ZIP Codes, no presort bundles, trays, containers, etc. would be "broken" by distributing to print sites. If you do not confirm, please explain, provide an example of the "breaking" of presort by distributing batches to print sites, and provide an estimate of the frequency of this phenomenon.
- d. Please confirm that the total postage bill, the total number of pieces, and the average postage charge per piece can be determined for each jobtype/page-count batch. If you do not confirm, please explain, provide an example of a batch for which this information cannot be determined, and provide an estimate of the frequency of this phenomenon.
- e. Please explain why it would be complex or difficult to determine the postage charge for an MOL mailing by multiplying the number of pieces in the mailing by the average postage charge per piece for the batch with which the mailing was combined.
- f. Please explain in greater detail why it would be complex or difficult to rebate the difference between the ex ante and ex post postage charges (ignoring accounting regulations, which are the subject of another
 - - interrogatory).

RESPONSE:

- a. Origin refers to the location of the original submitter of the files from which the mailpiece was created.
- b. Not confirmed. The MOL process is designed to route individual

documents among multiple print sites based upon the ultimate delivery

destination. Candidate batches are formed on a print site basis prior to,

and without regard to, presortation processing. Thus, single customer mailings containing multiple documents routed to different print sites will contribute to multiple batches which are then themselves presorted

- according to the batch content at the time of cutoff and batching. This "splitting" will occur whenever mailings contain documents for more than one print site delivery area; no estimates are available of the frequency of this phenomenon.
- c. Confirmed that under the rules of the market test and as requested for the experiment, the postage rate the basic automation rate would be the same regardless of batching or distribution. However, if customers' jobs were to be subject to regular presort requirements, actual postage charges for individual pieces would be highly likely to vary throughout the day as greater presort level concentrations were attained within some batches, and not others. This is a result of the strictly geographical routing and batching routines performed by the MOL system that maximize effective distribution of individual documents regardless of probable presort density.
- d. Confirmed that, as requested by the Postal Service for MOL, the total postage charge, the total number of pieces, and the per-piece postage charges for a MOL customer's job can be determined at the time it is submitted. The reference to "job type/page count batch" is not clear. See also the response to part (e).

MC98-1

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- e. Batching does not occur until 2:00 PM and batch sortation is performed subsequent to the batching process. Thus presort levels and associated postage rates could not be known at the time jobs are submitted by customers. Using an average piece rate for the batch might be possible, but any averaging would necessarily occur after the customer's transaction was complete, making such a procedure both complex and difficult for the customer to understand.
- f. The use of a rebate system presumes the existence of a method for providing the rebated amount to a user. In the case of MOL, credit cards are currently the only method of payment. It is conceivable that a postage rebate could be calculated and credited to the user's credit card account once their mailing is distributed among print sites, batched and presorted to determine discount levels; however, such rebate amounts would often be very small and thus not cost effective for payment processing. In the future other payment methods are planned and any proposed rebate methodology would require compatibility with these forms of payment as well. The combined difficulties of multiple payment methods, multiple postage discounts and multiple print site batches would make tracking and processing rebates among multiple users a complex process from both systems design and administration perspectives. Such complexity would, moreover, contradict the Postal Service's goal of providing simplicity and ease of use for MOL customers.

OCA/USPS-15. In response to a question from Commissioner Goldway (concerning the ability of the Postal Service to provide an ex post postage charge to MOL customers), Postal Service witness Garvey stated, "The problem is that we have a requirement to have payment for postage in hand when we take the mail" Tr. 6/1521.

- a. Please identify the "requirement" to which witness Garvey referred.
- b. Please provide a copy of any document setting forth the "requirement" to which witness Garvey referred.
- c. Is the Postal Service legally precluded from exempting MOL from the "requirement" to which witness Garvey referred? If so, please explain.
- d. Are there reasons other than legal preclusion that would discourage the Postal Service from exempting MOL from the "requirement" to which witness Garvey referred? If so, please explain.

RESPONSE:

a-b. See gen'ly, DMCS § 3030, and Domestic Mail Manual § P011.

c. A Commission case would be needed to exempt MOL from the

requirement to have postage paid when the Postal Service accepts the

mail. See, e.g., the Postal Service's response to OCA/USPS-T1-20, filed

August 10, 1998 (illustrating some legal complexities in when matter -

becomes mail). The Postal Service has not determined its legal position

on whether postage must be paid when the customer submits his or her

job.

d. Yes. See the responses to OCA/USPS-14 and 23 for why the Postal Service does not want a rebate system. Also, today the Postal Service avoids the cost and liability of a substantial "bad debts" line item for postage. From a business perspective continuing to avoid these costs is a compelling rationale to continue requiring postage payment at the time

of mailing.

OCA/USPS-16. Please refer to the "USPS Qualification Report," appearing at Tr. 6/1423, and to MOL Weekly Report, AP2, Week 4, Tables 2 and 3, filed December 3, 1998.

- a. Please confirm that the Qualification Report reflects an actual mailing. If you do not confirm, please explain.
- b. Please confirm that the Qualification Report is dated October 31, 1998. If you do not confirm, please explain.
- c. Please confirm that the Qualification Report was for a one-piece mailing. If you do not confirm, please explain.
- d. Please confirm that Tables 2 and 3 show a two-page mailing and a threepage mailing for October 31. Please confirm that these Tables do not explicitly show the numbers of *pieces* in individual mailings. Please explain how the volumes of individual mailings can be determined from the Weekly Reports.
- e. Please confirm that the Qualification Report is postmarked November 2, 1998. If you do not confirm, please explain.
- f. Please confirm that Tables 2 and 3 show no mailings of any kind on November 2, 1998. If you do not confirm, please explain.
- g. Please confirm that Tables 2 and 3 show that one mailing consisting of one piece was recorded on November 3, 1998. If you do not confirm, please explain.
- h. Do the October 31 Qualification Report data appear in Tables 2 and 3 under November 3? Do the October 31 Qualification Report data appear anywhere in the Weekly Reports filed December 3?
- i. How does one match Qualification Report data to MOL Weekly Reports?
- j. Do the dates used for column headings in the Weekly Reports refer to date of job submission, date of transmission to printer, date of printing, date of acceptance into mail processing, or some other date? Is the reference consistent across dates? Please explain.
- k. Does a "date" run from midnight to midnight eastern time? If not, please define the time period covered by a "date."
- I. Please confirm that transactions submitted on either side of the 2:00 cutoff time (e.g., at 1:00 and at 3:00) are reported as occurring on the same date, even though such transactions will not be transmitted to the printer on the same date. If you do not confirm, please describe how the 2:00 cutoff time affects transactions as they appear in the MOL Weekly Reports.

RESPONSE:

- a. Confirmed.
- b. Confirmed.

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- c. Confirmed.
- d. Confirmed. However, volumes of individual mailings generally cannot be determined from the Weekly Reports, which aggregate mailings either by day or by week. Therefore, one can determine the volumes of respective customer submissions from the Weekly Reports only when just one mailing occurs during the pertinent time period. If both October 31 mailings had instead been black and white, one would be unable to determine whether one job was four pages and the other one, or whether one job was three pages and the other two.
- e. Confirmed that the Qualification Report is date stamped November 2, 1998.
- f. Confirmed.
- g. Confirmed.
- The job reflected in the qualification report reproduced in the transcript
 (Tr. 6/1423) was a test job produced internally, not one stemming from a customer. This is consistent with the description of the qualification report as a "sample". Tr. 6/1419. Since the purpose of the market test is evaluation of customer preferences and demand, the Weekly Reports only reflect customer jobs.
- i. That cross-walk cannot be accomplished with the data currently being provided to the Commission or via discovery. See also, the response to interrogatory OCA/USPS-17(h).

j. Dates for the column headings refer to dates when jobs were submitted and paid for by the customer. These references are consistent across dates.

k. Confirmed. A day spans midnight to midnight, eastern time.

I. Confirmed. To maintain consistency in the database, midnight to midnight times are used notwithstanding the cutoff time for transmissions to the printer.

OCA/USPS-17. Please refer to the MOL Weekly Reports filed on December 3, 1998.

- a. Please confirm that the Market Test of MOL has been operational since October 30, 1998. If you do not confirm, please provide the correct date.
- Please confirm that between October 30 and November 13 there was
 nonzero volume for MOL on the following dates: 31-Oct, 3-Nov, 5-Nov, 6-Nov, 7-Nov, 9-Nov, 10-Nov, 11-Nov, 12-Nov, and 13-Nov. If you do not confirm, please provide the correct dates.
- c. Please confirm that the only day on which MOL volume exceeded double digits was 5-Nov. If you do not confirm, please list all dates on which MOL volume exceeded 99.
- d. Please confirm that on 5-Nov there were three transactions from three different mailers. If you do not confirm, please provide the correct numbers and show their derivation.
- e. Please confirm that on 5-Nov, one transaction consisted of three printed pages (simplex, spot color), one transaction consisted of 1085 printed pages (duplex, b&w), and one transaction consisted of 2406 printed pages (simplex, b&w). If you do not confirm, please provide the correct numbers and show their derivation.
- f. Please confirm that no batching of jobs occurred on 5-Nov. If you do not confirm, please explain.
- g. Please provide the number of *pieces* associated with each transaction on 5-Nov and show how these numbers can be derived from data in the MOL. Weekly Reports.
- h. Please provide the Qualification Reports associated with the transactions appearing under 5-Nov in the MOL Weekly Reports.

RESPONSE:

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- a. Confirmed that the Market Test started on October 30, 1998.
- b-d. An objection to these parts was filed December 14, 1998.
- e. Confirmed.
- f. Confirmed.
- g. The number of pieces for each job cannot be derived from the Weekly

Reports. The three-page job consisted of three pieces; the 1085-page job consisted of 1085 pieces; and the 2406-page job consisted of 802 pieces.

h. Our reporting plan is to provide Qualification Reports as part of the biweekly reports. To identify the reports from a specific date, however, we are awaiting installation of the software update originally planned for December 6, and later planned for December 20. As of 4:00 p.m. on December 18, 1998, when that update will be installed is still unknown; however, a best case would have it installed within a few days, while a worst case would have the update installed contemporaneously with changes necessitated by the forthcoming omnibus change in rates.

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OCA/USPS-18. Please refer to the response to interrogatory OCA/USPS-10d. a. Please provide a copy of the "user's guide" referred to in that response.

b. Please provide hard copy of all "on-line help" screens referred to in that response.

RESPONSE:

a-b. These are being provided in Library Reference USPS-LR-26/MC98-1.

OCA/USPS-19. Please refer to Postal Service witness Plunkett's response to interrogatory OCA/USPS-T5-51d, filed December 7, 1998.

a. Please confirm that for certain presort categories, MOL Qualification Reports will always have zero volume in those categories because the categories are not automation categories. If you do not confirm, please

- provide examples of MOL pieces that would fit in each category shown on a Qualification Report.
- b. Please indicate which presort categories on a Qualification Report will be used for MOL mailings and which will not.

RESPONSE:

a. Confirmed

b. The presort categories used on a given Qualification Report depend, in part,

on the mail produced at the print site on that day. For example, if the volume

for a particular document type requires, all of the automation categories

applicable to the relevant shape could be used. In exceptional instances

where volume for a particular document type is extremely low, it is possible -

that none of the presort categories would be used.

- OCA/USPS-20. Please refer to Postal Service witness Plunkett's response to interrogatory OCA/USPS-[T5-]51e, filed December 7, 1998. Please alter witness Plunkett's hypothetical slightly. "[C]onsider a customer who submits a 400[0]-piece Standard (A) mailing to Mailing Online, with 100[0] pieces going to each of four different 3-digit areas, each served by different printers."
- a. Please confirm that the presorting program used by Mailing Online automatically "distributes" pieces to print sites simply by presorting to greatest depth of sort. That is, when the 4000-piece mailing has been presorted, the "pieces going to each of four different 3-digit areas" will also have been identified and separated.
- b. Please provide an example of an MOL mailing that would not be sorted (i.e., "distributed") to print sites simply as a result of its being presorted to maximum depth of sort.
- c. Please explain why "distributing" to print sites first and then presorting is not wasteful, as it would appear that both "distributing" and presorting can be accomplished in a single pass.
- d. Please confirm that the total postage bill for the 4000-piece mailing is unaffected by the order in which "distributing" and presorting are done. If you do not confirm, please explain.
- e. Please provide an example of an MOL mailing for which the total postage bill would be affected by the order of "distributing" and presorting.
- f. Please confirm that *if* the total postage bill for an MOL mailing is unaffected by the order of "distributing" and presorting, then the depth of sort achieved by presorting the entire mailing in one pass must be functionally equivalent to the depth of sort achieved by first splitting the mailing among print sites and then presorting each print site's pieces separately. If you do not confirm, please explain and provide a counter-example; i.e., provide an example of an MOL mailing whose total postage bill is unaffected by the order of "distributing" and presorting but whose depth of sort *is* affected by the order of "distributing" and presorting.

RESPONSE:

- a. Confirmed.
- b. Given the parameters of the hypothetical, no such possibility appears to

exist.

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- c. Distribution of documents to print sites as quickly as possible makes efficient use of network resources by spreading use of the network over time and minimizing peak loads. There is, moreover, no service benefit inherent in holding *documents* for later distribution. Presorting and distribution of *address lists* is accomplished in a single pass, once all the jobs for a given day have been obtained. This allows the full benefits of presorting to be achieved.
- d-e. Not confirmed. The order of distributing and presorting is not the issue, since these operations are done simultaneously for all of a given day's jobs. The timing of these operations can affect the postage bill, however, assuming that, unlike Mailing Online, more than one postage rate is available. If distribution and presorting are completed before another job for the same destination is entered, an opportunity to achieve greater presortation might be missed.
- f. Confirmed, assuming the question refers to the depth of sort for that one mailing.

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OCA/USPS-21. Are customers from Tampa and Hartford automatically customers of MOL for the Market Test? Would such customers be automatically purged from the rolls for falling to use MOL for 30 days (e.g., October 1 through October 30)? How many operations-test customers have used MOL during the Market Test? How much volume have such customers submitted?

RESPONSE:

All PostOffice Online operations test customers (actual users) were transferred to the Market Test without regard to the October down time. At least three such customers have availed themselves of Mailing Online during the market test,

although no comprehensive tabulations of their activity have yet been prepared.

OCA/USPS-22. Please refer to the "USPS Qualification Report," appearing at Tr. 6/1423.

- a. Please confirm that the abbreviations, CB, 5B, 3B, 3/5B, BB, BS, and SP refer to presort levels. If you do not confirm, please explain.
- b. Please confirm that the abbreviations referred to in part (a) of this intermediate moment the following:
- . interrogatory represent the following:
 - CB means Carrier Route for First-Class or Standard Mail (A), letteror flat-shaped mail;
 - ii. 5B means 5-Digit Automation Presort for First-Class or Standard Mail (A) letter-shaped mail;
 - iii. 3B means 3-Digit Automation Presort for First-Class or Standard Mail (A) letter-shaped mail;
 - iv. 3/5B means 3/5-Digit Automation Presort for First-Class or Standard Mail (A) flat-shaped mail;
 - v. BB means Basic Automation Presort for First-Class or Standard Mail (A) letter- or flat-shaped mail;
 - vi. BS means Regular Presort for First-Class letter-shaped mail, and;
 - vii. SP means Single Piece for First-Class letter- or flat-shaped mail. If you do not confirm, please provide the correct definitions.

RESPONSE:

An objection to this interrogatory was filed on December 14, 1998.

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OCA/USPS-23. Please refer to the report of the system developer (Tracor) found at Tr. 6/1382.

- a. The report states, "The system could determine for each batch site where a user's mail was destined and the number of pieces that qualify for automation rates. This *approach* is fraught with at least three major
 - shortcomings." [Emphasis added.] Since the system's capability to track the destination and number of qualifying mailpieces is separate from the uses to which such information could be put, please describe in detail the "approach" referred to in the quote.
- b. The Tracor report identifies as a "shortcoming" "[t]he system resources required to determine these discounts." Please identify the discounts referenced in the quote.
- c. The Tracor report states, "This procedure would also adversely affect the amount of time required to complete the daily batch process for all submitted jobs."
 - i. Please describe in detail the "procedure" referred to in the quote.
 - ii. What is the current average amount of time required to complete the daily batch process for all submitted jobs during the market test?
 - iii. What is the estimated amount of time required to complete the daily batch process for all submitted jobs during each year of the experiment as proposed by the Postal Service?
 - iv. Please provide the increase in time required to complete the daily batch process for all submitted jobs as a result of the "procedure" referred to in the quote.
- d. The Tracor report states, "The developer's estimate is that the amount of physical time required to complete this process would increase by a factor of 2 to 3 times." Please confirm that the "amount of physical time required to complete this process" refers to the estimated time of the developer in establishing the approach described in response to part (a) of this interrogatory. If you do not confirm, please describe in detail the
- - "process" referred to in the quote.

RESPONSE:

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a. The term "approach" refers to the procedure described in OCA/USPS-T1-

57, part (h), as it might be applied to a rebate system. Implicit in the

developer's response is the understanding that just because the

elemental ability to collect and retain extensive data may exist and be

made possible by the system design, common sense and rational

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE evaluation should be the determinants in deciding what process best applies to any particular solution. The batching and sorting processes are currently performed independently of job submission, thus affording

maximum flexibility in the timing and process relationship of these events.
To use the procedure referred to in OCA/USPS-T1-57, part (h), in
conjunction with a rebate system would require the rebate calculation
process to occur simultaneously with batching and presorting, thus
requiring immediate use of system resources while precluding the
capabilities of subsequently rerouting or reconfiguring batches.

 b. The referenced discounts would be those presort or automation discounts that would otherwise be made available to customers in lieu of the present MOL design.

i. The cited response refers to the procedure posited in the guestion, OCA/USPS-T1-57, (h).

ii. The system developer estimates this time as five minutes.
iii. No reasonable estimate can be made at this time.

iv. The system developer estimates the time increase as 10-15 minutes.

d. Unable to confirm. No in-depth study of this approach (which was not adopted by the Postal Service) has been conducted. Notwithstanding, the Postal Service understands the "factor of 2 to 3 times" as referring to processing time.

MC98-1

C.

OCA/USPS-24. Please refer to Postal Service witness Plunkett's response to Notice of Inquiry No.1, Issue 1, at Tr. 5/1125, where he states:

- The existing automation basic categories are most often applied to the residuum of larger mailings wherein most pieces qualify for deeper discounts. In such cases, the number of pieces to which the automation basic rate is applied may be well below the threshold minimums.
- a. Does the phrase, "residuum of larger mailings," mean that all pieces that do not "qualify for deeper discounts" receive the automation basic discount? If not, under what circumstances would residual pieces of a mailing otherwise qualifying for deeper discounts pay single-piece rates?
- b. Please assume a mailing consisting of 1,000 pieces, with 500 presorted to 5-digit and 400 presorted to 3-digit. Would the remaining 100 pieces receive the Automation Basic discount? How would the depth of sort for this mailing appear on a Qualification Report for Mailing Online? For a mailing submitted in hard copy?
- c. Please confirm that because the above 1,000-piece mailing exceeds the minimum volume requirements for Automation Basic, and "most of the pieces qualify for deeper discounts," the residuum of 100 mailpieces would always qualify for the Automation Basic discount if submitted in hard copy. If you do not confirm, please explain.
- d. Please assume a mailing consisting of 1,000 pieces, with 900 presorted to carrier route. Would the remaining 100 pieces automatically receive the Automation Basic discount? How would the depth of sort for this mailing appear on a Qualification Report for Mailing Online? For a mailing submitted in hard copy?
- e. Please confirm that because the above 1,000-piece mailing exceeds the minimum volume requirements for Automation Basic, and "most of the pieces
 - qualify for deeper discounts," the residuum of 100 pieces would always qualify for the Automation Basic discount if submitted in hard copy. If you do not confirm, please explain.

OCA/USPS-24 Response:

- a. Confirmed. See also DMM §§ E140 (First-Class Mail) and E640 (Standard Mail).
- b. Yes. A mailing of this kind presented in hard copy would show 500 pieces presorted

to 5-digits and paying the corresponding rate, 400 pieces presorted to 3-digits and

paying the corresponding rate, with the remaining 100 pieces paying the Automation

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Basic rate. If the same mailing were sent through the Mailing Online system, the qualification report would show the same levels of presort, but the Automation Basic rate would be applied to all of the presort levels. The exact rates would of course depend upon the class of mail, the weight of the mailpieces, and any relevant worksharing discounts.

- c. Confirmed, though strictly speaking minimum volume requirements apply to automation rates in general, rather than just to Automation Basic rates. See also DMM §§ E140 (First-Class Mail) and E640 (Standard Mail).
- d. Yes. The qualification report for this mailing, assuming that the mailing was in all other respects eligible for (First-Class letter size) automation rates, would show 900 pieces qualifying for the 5-digit discount, and 100 pieces qualifying for Automation Basic rates. As with the example used in part (b), the only difference appearing on the Mailing Online qualification report is that the Automation Basic rates are applied to all presort levels. For a hard copy mailing, the qualification report would show 900 pieces to carrier route and 100 to Automation Basic.

e. Confirmed, though as noted above minimum volume requirements apply generally to automation rates.

OCA/USPS-25. Please refer to the response to interrogatory OCA/USPS-17h, filed December 18, 1998. It states, in part, "Our reporting plan is to provide Qualification Reports as part of the biweekly reports."

- a.. Please confirm that two Biweekly Reports have been filed with the Commission as of January 28, 1999. If you do not confirm, please state the correct number and provide the dates on which the reports were filed.
- b. Please confirm that the only documents filed as "Depth of Sort Information" in the Biweekly Reports are Forms 3600-R. If you do not confirm, please identify the other documents filed as "Depth of Sort Information."
- c. Please confirm that no Qualification Reports (like the one appearing at Tr. 6/1423) have been filed with the Commission. If you do not confirm, please identify the document(s) containing Qualification Reports and their filing date(s).
- d. Please provide a Qualification Report for each Form 3600-R contained in the Biweekly Reports. Please label each Report so that it can be associated with its corresponding Form 3600-R.

RESPONSE:

Please refer to Notice of United States Postal Service of Filing of Supplementary

Material for Bi-weekly Data Reports for A/P 2 Weeks 3 and 4 and A/P 3 Weeks 1 and 2

filed today.

OCA/USPS-26. Please refer to Bi-Weekiy Data Reports for A/P 3, Weeks 1-4, and A/P 4, Weeks 1 and 2.

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- a. Please confirm that none of the Qualification Reports contained in these Bi-Weekly Reports shows a depth of sort deeper than Automation Basic. If you do not confirm, please provide the dates and number of pieces on the Qualification Reports showing a deeper depth of sort.
- b. Please refer to the Qualification Report dated November 5, 1998, for a mailing of 1085 pieces.
 - Please confirm that this mailing consisted of two trays. If you do not confirm, please provide the correct number and identify where this number appears on the Qualification Report.
 - ii. Please confirm that the first tray contained 647 pieces. If you do not confirm, please provide the correct number and identify where this number appears on the Qualification Report.
 - iii. Please confirm that the first tray was 3-digit tray. If you do not confirm, please explain the meaning of the entry "3DG" in the column labeled "Tray Level."
 - iv. Please explain why the pieces in the first tray are not listed under the column labeled "3B."
- c. Please refer to the Qualification Report dated November 6, 1998, for a mailing of 802 pieces.
 - i. Please confirm that this mailing consisted of six trays. If you do not confirm, please provide the correct number and identify where this number appears on the Qualification Report.
 - ii. Please confirm that the first tray contained 25 pieces. If you do not confirm, please provide the correct number and identify where this number appears on the Qualification Report.
 - iii. Please confirm that the first tray was 3-digit tray. If you do not confirm, please explain the meaning of the entry "3DG" in the column tabeled "Tray Level."
 - iv. Please explain why the pieces in the first tray are not listed under the column labeled "3B."
- d. Table 3 of the Bi-Weekly Report for A/P 3, weeks 3 and 4, lists Batch Number B0000051 with Status Date of 11/23/98 as containing 1085 pieces. Appendix 1 of the Bi-Weekly Report for A/P 3, weeks 1 and 2, lists Batch B0000051 with Date Received of 11/20/98. However, neither of these Bi-Weekly Reports appears to contain a Qualification Report for Batch B0000051. Please provide a copy of the Qualification Report for Batch B0000051 or explain why no report exists.
- e. Please refer to the Qualification Report dated December 17, 1998, for a mailing of 1249 pieces.
 - i. Please confirm that this mailing consisted of five trays. If you do not confirm, please provide the correct number and identify where this number appears on the Qualification Report.

ii. Please confirm that the first tray contained 51 pieces. If you do not confirm, please provide the correct number and identify where this number appears on the Qualification Report.

iii. Please confirm that the first tray was 3-digit tray. If you do not confirm, please explain the meaning of the entry "3DG" in the column labeled "Tray Level."

Iv. Please explain why the pieces in the first tray are not listed under the column labeled "3B."

RESPONSE:

- a. Not confirmed. The mailing of November 7, 1998 (802 pieces AP 03 Week 1) contained a less-than-full tray of 25 pieces sorted to the 3-digit level for ZIP Code 021. The tray contained mail where the delivery address ZIP Code began with one of the 3-digit prefixes processed at the sectional center facility (Boston, MA 021) in whose service area the mail was verified. This is a required 3-digit sortation. If there had been more than 150 pieces, the pieces would have been eligible for the 3-digit barcode rate. Because there were only 25 pieces, the automation basic rate applied.
- b. i. Confirmed according to the handwritten changes made to the sortation/qualification report. The third tray was an overflow tray from the tray #2 sortation. There appeared to be space in tray #2 for the 28 pieces eliminating the need for the third (overflow tray.)
 - ii. Confirmed.
 - iii. Confirmed.
 - iv. The Sortation/Qualification Report shows Presorted First-Class sortation. The documentation correctly identified the pieces under the "BS" column

for this sortation. If the documentation reflected automation sortation the pieces in the tray would have qualified for the 3-digit barcoded rate and would have been shown under the "3B" column. Mailing Online corrected sortation/qualification software would show the pieces under the "3B" column although the postage would be paid at the higher automation basic rate.

- c. i. Confirmed.
 - ii. Confirmed.
 - iii, Confirmed.
 - iv. The Sortation/Qualification Report shows Presorted First-Class sortation. The documentation correctly identified the pieces under the "BS" column. If the Sortation/Qualification Report showed automation sortation the pieces would have been shown under the "BB" column. Although sorted to the 3-digit level there were less than 150 pieces and the 3-digit barcoded rate did not apply and the pieces were correctly paid at the basic automation rates. This was a less-than-full tray for the 3-digit ZIP Code (021) prefix of the SCF (Boston, MA) serving post office where mail is verified and a required sortation.
- d. Attached.
- e. i. Confirmed.
 - ii, Confirmed,

iii. Confirmed. This was a less-than-full tray for the 3-digit ZIP Code (021) prefix of the SCF (Boston, MA) serving post office where mail is verified and a required sortation.

Iv. The pieces are not listed under the "3B" column because the mailing was sorted as Presorted First-Class and was correctly shown on the documentation under the "BS" column. The correct column was "BB." A postage adjustment of \$73.89 was made for this mailing by the Business Mail Entry Unit for an incorrect tray label.

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Attachment to response OCA/USPS-26(d)

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RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-37. In a response (filed February 12, 1999) to a question posed at the February 5 hearing at Tr. 8/1987-88, the Postal Service indicated that it may have excluded operational and market test costs for Mailing Online.

Please state whether this is the Postal Service's position.
If this is the position of the Postal Service, please described

If this is the position of the Postal Service, please describe in detail the specific criteria applied in separating operational and market test costs and/or expenditures from those of the Mailing Online experiment.

RESPONSE:

This statement is not the Postal Service's position, and mischaracterizes the February 12 response. Witness Lim's methodology required identification of information systems costs for the Mailing Online experiment, so he did not need to separate out operational and market test costs. Those costs simply were never included in witness Lim's analysis.

Witness Seckar, however, does present costs for the operations and market tests in his Exhibit A, Table 14, line 29. The systems developer costs, which are less than \$1.2 million, include costs for the operations test, such as information systems and printer costs, and the market test. Witness Seckar included the system developer costs in his initial testimony because that testimony was intended to apply to both the market test and the experiment. When witness Seckar updated his costs to reflect witness Lim's supplemental testimony, he omitted the system developer costs because they were not undertaken for the experiment.

The best estimate isolating market test costs will be those costs reported to the Commission as part of the market test data collection process. While the reporting effort has so far produced less information than hoped, the problems in data collection are being resolved so that the flow of information should be improving substantially.

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OCA/USPS-38. USPS-LR-29/MC98-1 ("LR 29") is entitled "Compaq Contract, Delivery Orders and Task Orders for PostOffice Online." However, throughout the library reference, the contractor is identified as Digital Equipment Corporation. In addition, witness Lim's Exh. A, items 61-64, refers to Marconi as the manufacturer responsible for software enhancements, MOL application development, and MOL testing and documentation. Please explain the apparent discrepancies.

RESPONSE:

Compaq took over Digital Equipment Corporation after the contract was initiated.

Marconi is a subcontractor to Compaq. While the respective relationships among these

three firms have varied during the contractual period, this has not affected the contract.

The salient point is that UPSP-LR-29/MC98-1 relates to a single master contract (No.

102590-98-B-0351).

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OCA/USPS-40. The last page of the original contract (dated 11/7/97 [the date is not very legible, possibly it is 11/9/97]) is headed "Section 1 [sic - should be "!"]-List of Attachments." Attachments A-L are listed but not provided. Please provide copies of these attachments.

RESPONSE:

Copies of all but one of the attachments are being furnished as a supplement to USPS-

LR-29/MC98-1. Attachment L, IBIP Information, is the exception; it is missing from the

contracting officer's file and is accordingly unavailable. However, since "IBIP" refers to

"Information Based Indicia Program" - which has no relationship at all with Mailing

Online, that material is completely irrelevant to this proceeding.

PB/USPS-2. Table 1 of the MOL bi-weekly report for A/P2 Week 3 to A/P2 Week 4 shows two transactions which had, respectively, 501 to 1000 pieces and 1001 to 2500 pieces. Table 3 shows three batches processed during this period with a total of five pieces. Please reconcile this apparent inconsistency.

RESPONSE:

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Table 1 of the bi-weekly report actually shows 8 transactions: 6 between 1 and 100pieces, 1 between 501 and 1000 pieces and 1 between 1001-2500 pieces.The figures between Table 1 and Table 3 will not match due to the following:

- 1. Table 1 is based on transaction date.
- 2. Table 3 is based on batch status date, which is the date when the final status of the batch is entered into the system. For most batches this date coincides with or is slightly after when the batch is mailed.
- Since the cutoff for batch processing is 2pm, a batch may include transactions for that day as well as transactions that were ordered after 2pm the day before.
 Given this, is it not possible to relate the batches back to the transaction date, which is why the status date is reported instead.
- 4. When batch processing time is added, it is unlikely that a transaction will be mailed the same day the transaction is ordered. As a result, towards the end of a reporting period, certain transactions may not be included in the batch information for the same period. These transactions would then be included in the batching information included in the following period's report.

Transaction Date	Pieces	Batch Status Date	Pieces	Batch info. Appears in
10/31/98	4	11/3/98	1 1	Bi-weekly 2:3-2:4
		11/4/98	3	Bi-weekly 2:3-2:4
11/3/98	1	11/5/98	1	Bi-weekly 2:3-2:4
11/5/98	1,890	11/7/98	1,085	Bi-weekly 3:1-3:2
		11/7/98	3	Bi-weekty 3:1-3:2
		11/7/98	802	Bi-weekly 3:1-3:2
11/6/96	5	11/7/98	2	Bi-weekly 3:1-3:2
		11/9/96	3	Bi-weekly 3:1-3:2
TOTAL	1,900		1,900	

Table 1. Reconcillation o	Transaction Versus Rate	h Information Reported
	(비사이에 (나사가) 가격 이나는 신비에서)	

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PB/USPS-3. As noted, Table 3 shows three batches within the report period, but the Printer Site Logs at Appendix 1 lists five batches. Please reconcile this apparent inconsistency.

RESPONSE:

The batches listed in Appendix 1 and the batches listed in Table 3 will not match. The batches in Table 3 are listed by batch status date, while the batches listed in the printer site logs list the date the batch was received at the print site and the date the batch was mailed. Since the batch status date occurs on or after the day the batch was mailed, there will be instances when the list of batches in Appendix one will not match the list of batches in Table 3 due to the cutoff in the reporting period for the bi-weekly reports.

Batch Number	Batch Received Date	Batch Mail Date	Batch Status Date	Betch info. Appears In
B0000007	11/2/98	11/3/98	11/3/98	Bi-weekly 2:3-2:4
B0000008	11/3/98	11/4/98	11/4/98	Bi-weekty 2:3-2:4
B0000011	11/4/98	11/5/98	11/5/98	Bi-weekty 2:3-2:4
B0000013	11/5/98	11/6/98	11/7/98	Bi-weekty 3:1-3:2
B0000014	11/5/98	11/6/98	11/7/98	Bi-weekly 3:1-3:2

Table 2. Reconciliation of Batch Information Reported Versus Printer Site Logs

PB/USPS-4. Is it a correct reading of Appendix 3.1 that the eight transactions reported on Table 1 generated nine separate telephone calls? If not, please describe the transactions to which any calls not relating to the six transactions did relate.

RESPONSE:

No. There can be cases where people who did not conduct transactions with Mailing Online could generate a Mailing Online call. For example, a registered customer could inquire about Mailing Online and later decide not to conduct a transaction, thereby generating a call that cannot be attributed to a specific transaction. There is currently no ability to trace a specific call to a specific transaction.

PB/USPS-5. The three Forms 3600-R produced in conjunction with the bi-weekly data report for A/P2 Weeks 3 and 4 correspond in dates and volumes to the volumes per batch reported at Table 3, but not with the Printer Site Logs at Appendix 1. Please reconcile this apparent discrepancy.

RESPONSE:

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The 3600-R forms are being provided to correspond to the batches listed in Table 3. As such, those batches that appear in Appendix 1 but do not appear in Table 3 will not have corresponding Forms 3600-R. Forms 3600-R for these batches will appear in the A/P 3 Weeks 1 and 2 bi-weekly report. Please refer to the response to PB/USPS-2 above.

PB/USPS-6. The Forms 3600-R appear initially to have been printed charging Part C non-automation rates and subsequently corrected by hand to apply the basic automation rate. Is this an accurate reading of the forms and, if so, please explain why the non-automation rate was initially applied and by whom. If the reading is not accurate, please provide an accurate explanation for the apparent alteration of the forms.

RESPONSE:

The PostalSoft software used to sort Mailing Online mailings had to be modified to handle mailings of less than the minimum piece volume normally required for the applicable postage rates. Before that modification, mailings with less than the minimum volumes were defaulted by the software to single-piece rates. The printer then corrected the Postage Statement by hand to reflect the automation basic rates before presenting it to the Business Mail Acceptance Unit for verification. The software modification was recently implemented and reports generated subsequent to the modification will not need manual editing.

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PB/USPS-7In the initial filings in the case, estimates of costs and revenues
for MOL were given through 2003. In more recent filings this
information has been provided only through 2000. Is it now your
position that costs and revenue estimates for the years 2001-
2003 are irrelevant to the case? If not, please provide your
current best estimates of costs and revenues for the years
2001, 2002 and 2003.

RESPONSE:

Cost and revenue estimates are presented for the two-year period of the experiment (July 1999 through June 2001). Costs and revenue estimates for later years are not needed to support the Postal Service's proposal for a two-year experiment, and have not been developed in conjunction with the filing of witness Lim's supplemental testimony.

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PB/OCA-8. Please refer to your response to OCA/USPS-26(e)(iv).

Please confirm that the actual postage adjustment was \$73.69. Identify the party that paid this amount. **(a)**

(b)

RESPONSE:

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(a) Confirmed.

(b) The difference was covered by the MOL program.

RESPONSE OF UNITED STATES POSTAL SERVICE TO REQUEST LODGED DURING ORAL CROSS-EXAMINATION OF WITNESS GARVEY

Counsel for MASA inquired as to the criteria used to pre-qualify printers who expressed interest in bidding on the Mailing Online print contracts, and witness Garvey indicated that the information could be provided. Tr. 7/1683-84.

RESPONSE:

These materials are being filed as USPS-LR-25/MC98-1.

QUESTION: Chairman Gleiman asked the Postal Service to provide information for the record indicating when Standard (A) Mail first became available via Mailing Online. Tr. 8/1851-52.

RESPONSE:

Standard (A) Mail first became available via Mailing Online on December 20,

1998. The change coincided with the first software upgrade (POL Version 2.1)

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spplied to the PostOffice Online system after its October 30, 1998 launch.

QUESTION: The Presiding Officer asked the Postal Service to describe the functional components of POL that are not related to MOL. Tr. 8/2027.

RESPONSE:

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PostOffice Online (POL) consists of seven major functional components,

each with sub-components. This response describes them and explains why some are included in witness Lim's testimony, USPS-ST-9, and others are not.

MAJOR POL FUNCTIONAL COMPONENTS

- 1) POL Web Graphical User Interface (GUI) and General Web Content
- 2) New Registration and Account Maintenance
- 3) Payment Processing and Payment Reporting for Registered Users
- 4) Reporting for Internal Operations and Management
- 5) POL Help Desk
- 6) Shipping Online
- 7) Mailing Online

The first five functional components support both Mailing Online (MOL)

and Shipping Online (SOL), and use the resources of many physical POL system

components. Some costs for these five are accordingly included in the cost for

the MOL program, as discussed below.

Naturally, all costs of the sixth functional component are excluded from

the estimate of MOL's costs, while all of the seventh component's costs are included.

(1) POL Web GUI and General Web Content

This functional component can be described as having three sub-

components:

Page 1 of 6

- A) POL GUI
- B) Online Help
- C) Public Services

The POL GUI provides access to information and services that are available to the general public, including Web site navigation, general information about POL and it's services, online help pages, and simple demonstration versions of both MOL and SOL. The POL GUI also provides a means of accessing public services such as shipment tracking, which is available to all customers – including those whose shipments were not entered via POL.

Current plans also call for inclusion, likely during the experiment, of links to other public service offering via the POL GUI; these may include: ZIP Code Lookup; MoversNet; Postal Explorer resources and general rate information.

The major hardware components that support the POL Web GUI and its general content include Web servers, internal switches, internet interface routers, load balancing system, and firewalls. The operating system, and Web pages and their development, drive separate software costs.

Using the causation test described at USPS-ST-9, page 4, a portion of the costs for these functional components is allocated to MOL, including services to develop MOL Web pages and content (Exhibit B, Items 44 and 45), web servers (Exhibit B, Items 3 through 23, and Exhibit D, Items 3 and 4), and T3 leased line costs (Exhibit B, Items 39 and 40).

Page 2 of 6

(2) New Registration and Account Maintenance

This functional component has three sub-components:

- A) New Registrations
- B) Account Maintenance
- C) Address Book

Customers must register and create an account with POL prior to using MOL or SOL. This functional component accordingly handles new registrations, maintenance of customer account data, customer updates of that data, and the use of an address book. The address book was developed for use with SOL and is also expected to be used by later-arriving POL services; it is not currently used by MOL.

Necessary hardware components include the POL servers, database server, backup tape system and internal switches. Software components include the database management system, operating system, customized registration application, account maintenance and address book.

Applying the causation test, a portion of this functional component's costs are allocated to MOL because it increased the necessary storage capacities. Accordingly, USPS-ST-9 includes database storage system costs (Exhibit B, Item 26) and the tape backup system (Exhibit B, Item 30).

(3) Payment Processing and Payment Reporting for Registered Users

MOL and SOL customers pay for transactions using this functional component. The only current payment option is a credit card, which is necessary to complete the registration process. This functional component accordingly

Page 3 of 6

processes credit card payments, reports charges to the customer, and allows the processing of refunds. Thus it has three sub-components:

- A) Payment
- B) Reports-Statements
- C) Refund Application

Necessary hardware includes the POL servers, database server, internal switches, backup tape system and routers to the payment-processing site.

Software includes the database; operating system; and payment processing,

refund, and reporting applications.

A portion of this functional component is allocated to MOL based on MOLcaused increases in storage capacities, including system storage (Exhibit B, Item 26) and the tape backup system (Exhibit B, Item 30).

(4) Reporting for Internal Operations and Management

This POL functional component consists of the following sub-components:

- A) Ad Hoc Interface
- B) DDD Interface
- C) Help Desk Application
- D) Report Generation
- E) Report-File-Data Transfer
- F) Y&R Interface

This functional component generates reports for various interested parties. Data are reported to the POL program manager, package shipping interfaces, the help desk, web site development team, and internally to others in the Postal Service on an ad hoc basis.

The major hardware that performs these functions includes the Datamart database server, POL servers, and internal switches. Software consists of the database, operating system and customized reports.

A portion of the Datamart server satisfies the causation test for this functional component, and has been allocated to MOL in Exhibit B, Item 28 of witness Lim's testimony.

(5) POL Help Desk

The POL Help Desk assists POL customers with any problems or issues that may arise from use of the POL GUI (which is the first functional component discussed above).

Based on the causation test, a portion of this functional component's costs are allocated to MOL by means of Exhibit E to Witness Lim's testimony.

(6) Shipping Online

Shipping Online (SOL) consists of various sub-components that assist a customer in entering Priority Mail or Express Mail. These include:

- A) SOL GUI & Online Help
- B) Address Matching System
- C) Rate Engine

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- D) Airbill Creation & Shipping Basket
- E) Online Pickup Logic and Data
- F) Service Standards Logic & Data
- G) Package Tracking
- H) Post Office Locator
- I) Shipping API

With SOL, a customer may variously choose either Priority Mail or

Express Mail, enter addresses, calculate postage based upon specified weight and size parameters, create a printable airbill/label. A pickup request can be

Page 5 of 6

initiated, with pickup fee included in the total charges. Users also may identify specific service standards, track delivery status information for Express Mail, and receive delivery confirmations for Priority Mail. A locator function allows a user to identify the nearest mailbox or post office.

None of the costs of this functional component are allocated to MOL.

Page 6 of 6

WRITTEN RESPONSE OF USPS TO QUESTIONS RAISED DURING THE HEARING ON FEBRUARY 5 DESIGNATED BY OCA AS WRITTEN CROSS-EXAMINATION

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REVISED RESPONSE OF UNITED STATES POSTAL SERVICE TO QUESTION POSED DURING THE HEARING ON FEBRUARY 5, 1999

-QUESTION (Tr. 8/1983-86, 2011-12)

Please provide a copy of the Compaq contract pursuant to which Compaq [and its predecessors] provides Malling Online and PostOffice Online development and services to the Postal Service. Please provide a copy of the contract pursuant to which the help desk is operated.

1.

RESPONSE:

The single contract responsive to these requests is being filed as USPS-LR-29/MC98-1,

Compag Contract, Delivery Orders and Task Orders for PostOffice Online. Material

filed includes the original contract, its modifications, and respective task and delivery

orders. (There is no functional distinction between task and delivery orders.) In

keeping with usual postal practice before the Commission, hourly rates for specific labor

categories have been redacted.

Revised February 24, 1999

RESPONSE OF UNITED STATES POSTAL SERVICE TO QUESTION POSED BY THE OFFICE OF THE CONSUMER ADVOCATE AT THE HEARING ON FEBRUARY 5, 1999

QUESTON (Tr. 8/1987-88):

Give us an institutional response on whether the Library Reference 7 Netpost contract costs are reflected in the total information systems' costs that Witness Lim presents.

RESPONSE:

The Library Reference 7 Netpost contract costs were not included in the total information systems' costs that Witness Lim presents, because the former are related to the operational and market tests for Mailing Online, rather than the Mailing Online experiment.

RESPONSE OF UNITED STATES POSTAL SERVICE TO QUESTION POSED BY THE PRESIDING OFFICER AT THE HEARING ON NOVEMBER 18, 1998

QUESTION (Tr. 5/904)

The Presiding Officer requested that the Postal Service provide specific information regarding when market test data will be filed with the Commission. While indicating that witness Garvey would be able to answer questions on this matter, *id.*, postal counsel also agreed to provide a written report.¹

RESPONSE:

During oral cross examination, witness Garvey expressed his expectation that

information regarding the market test would begin flowing to the Commission "by the

end of next week," by which he evidently meant the Friday after Thanksgiving. Tr.

5/1635. He also indicated that the quality of data provided would continue to improve in

subsequent weeks. Tr. 5/1636-39.

Counsel discussed this matter with the contractors assisting in preparation of the reports. As of the afternoon of November 23, 1998, counsel expects to receive the first report on November 30, and file it a day or two thereafter.²

¹ Counsel later indicated that this report would not, as originally requested, be available on Friday, November 20. Tr. 7/1742-43.

² If participants need to rely upon the market test to develop their evidence, the procedural schedule already contemplates that such evidence may be filed on January 27, 1999. Presiding Officer's Ruling No. MC98-1/10.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO QUESTION POSED BY THE OFFICE OF THE CONSUMER ADVOCATE AT THE HEARING ON NOVEMBER 18, 1998

QUESTION (Tr. 5/1019)

The OCA requested a statement from the Postal Service describing how print jobs are handled on postal-owned FTP servers located at printer sites.

RESPONSE:

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Witness Garvey answered these questions during his oral cross-examination. Tr.

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5/1589-90.

RESPONSE OF UNITED STATES POSTAL SERVICE TO QUESTION POSED BY PITNEY BOWES AT THE HEARING ON NOVEMBER 18, 1998

QUESTION (Tr. 5/1069-70)

"In a request for some efficiency, Mr. Presiding Officer, instead of asking the witness to review the residue of the contract, could I ask that the Postal Service provide any reference in the contract that it believes to pertain to writing software – proprietary software – for the experimental phase of the MOL project?"

RESPONSE:

Pages 31 to 36 of the Netpost research and development contract (the last 6 pages of USPS-LR-7/MC98-1) pertain to writing software for Mailing Online, but do not specifically mention its experimental phase. Estimated costs of developing proprietary software for the experimental phase of Mailing Online should be included in the cost estimate provided by witness Garvey during the hearing on November 19 (Tr. 6/1512). An updated estimate of these costs will be presented as part of the supplemental evidence to be provided by January 14, 1999. See Notice of United States Postal Service Regarding Expected Filing Date for Supplemental Testimony, filed November 20, 1998.