

ORIGINAL

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

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MAILING ONLINE SERVICE

Docket No. MC98-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO ORDER NO. 1234, CONCERNING BALL PARK COST ESTIMATES
OF POSTOFFICE ONLINE FUNCTIONS AND COMPONENTS

The United States Postal Service hereby provides its response to the requirement in Order No. 1234, issued March 19, 1999, that the Postal Service provide "ball park" estimates of PostOffice Online functions and components.

The Order's requirement is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2986; Fax -5402
March 31, 1999

MARCH 31, 1999 RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO PRC ORDER No. 1234 MANDATING THE PROVISION OF "BALL PARK"
COST ESTIMATES FOR POL FUNCTIONS AND COMPONENTS

PRC ORDER NO. 1234, AT 19: "To enable the OCA to achieve the primary objective of its interrogatories, the Postal Service is directed to provide to the Commission and the participants, by March 31, 1999, or sooner if possible, "ball park" cost estimates for the POL functions and components listed in Attachment A to this Order."

RESPONSE:

"Ball park" estimates of the costs for the POL functions and components listed in Attachment A to PRC Order No. 1234 are hereby provided in the attached Table 1. The Postal Service will be hosting an informal technical conference during the period of April 6-9 (tentatively on the afternoon of April 8) in which the Postal Service will be prepared, as specified in Order 1234 (at 20), "to give the participants a basic grasp of how POL and MOL functions relate to each other" and "to explain why the costs of particular functions and components are either allocated entirely to MOL, divided between MOL and POL, or deemed not allocable to MOL." As requested by the Order, the Postal Service is also developing estimates of the POL and MOL operations test and market test costs incurred to date for presentation at the technical conference. To assist in this process, participants are hereby strongly encouraged to provide postal counsel – **in advance of the conference** – any specific questions to which answers are sought. The Postal Service believes the focus of the technical conference should be on the questions raised in Order No. 1234, rather than on detailed analysis of the ballpark estimates themselves.

In light of the complexity of this material, the press of the procedural schedule, and the fact that this proceeding involves establishment of an experiment rather than a permanent service, participants are reminded that some imprecision will necessarily be inherent in the information provided, as recognized by the language of the Order. Order No. 1234 at 20.

The costs presented in Table 1 are neither MOL-specific nor SOL-specific; they are POL costs, including some shared MOL/POL and SOL/POL costs. The cost also are not unit costs; hence the total cost figures in each line are not obtained by multiplying some other specific cost by the number of units reported.

Table 1
POL Costs By Functional Component

Item	Description	Total Cost	Quantity	Notes/Description
1	Section A: Web GUI			
2	Web Servers	\$1,675,000	15	
3	Internal Switches	\$44,000	16	
4	Internal Interface Routers	\$125,000	4	
5	Load Balancing System	\$217,000	8	A load balancing system is used for scalability and fault tolerance in the applications. The load balancing system appears as one "virtual" server to the requesting clients. All traffic is directed toward a virtual server. The requests are then distributed over a series of real servers which are running the same web site or application. A load balancing system should also be intelligent to sense the malfunctioning or unavailable servers and stop sending TCP/IP traffic to that server.
6	Firewalls	\$67,000	4	Firewalls are used for securing internal networks from other networks. All the traffic is first filtered through a firewall before it is passed to the load balancing system.
7	Operating System	N/A	N/A	The operating system is packaged with the hardware system and therefore does not entail a separate cost.
8	Web Pages & Development	\$1,652,000	N/A	
9	Online Help & Public services	*	N/A	*Cost for this item has been included in the cost of the Web Pages & Development (line 8). Information for online help and public services consist mainly of static informational web pages and links to other web addresses that may contain helpful information.
10				
11	Section B: New Registration & Account Maintenance			
12	POL Servers	\$233,000	17	
13	Database Servers	\$1,500,000	6	Database servers in Section B will handle tasks required in Section C and D.
14	Backup Tape System	\$901,000	1	Backup tape system in Section B will handle tasks required in Section C and D. The approximate capacity of this system is 20 terabytes.
15	Internal Switches	\$767,000	12	Internal switches in Section B will handle tasks required in Section C and partially in D.
16	Database Management System	\$68,000	6	
17	Operating System	\$4,000	11	
18	Customized Registration	\$982,000	N/A	New users need to register before using the appropriate POL services. They provide their personal information and receive a user account for using POL services. This customized application provides those functions.
19	Account Maintenance	\$58,000	N/A	Account Maintenance component is a customized application that handles any changes and updates in the account information for user registered with POL.
20	Address Book	\$660,000	N/A	This component is a customized application that lets registered SOL users create an online address book from which they can select regularly used addresses. The existing addresses can be changed or new addresses may also need to be added from time to time. No requirements for integrating this function with MOL have been defined.
21				
22	Section C: Payment Processing & Reporting			
23	POL Servers	*	*	*Quantity and cost already accounted for in Section B.
24	Database Servers	*	*	*Quantity and cost already accounted for in Section B.
25	Backup Tape System	*	*	*Quantity and cost already accounted for in Section B.
26	Internal Switches	*	*	*Quantity and cost already accounted for in Section B.
27	Routers	\$140,000	4	
28	Database Management System	*	*	*Quantity and cost already accounted for in Section B.
29	Operating System	*	*	*Quantity and cost already accounted for in Section B.
30	Payment Processing Software	\$2,575,000	N/A	
31	Refund Software	\$112,000	N/A	This is a customized application that issues refund to the user's credit card account.
32	Reporting Applications	\$528,000	N/A	This is a customized application that reports the payment transaction, statements and refunds for viewing by the user of the account.
33				

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6	Firewalls	\$67,000	4	Firewalls are used for securing internal networks from other networks. All the traffic is first filtered through a firewall before it is passed to the load balancing system.
7	Operating System	N/A	N/A	The operating system is packaged with the hardware system and therefore does not entail a separate cost.
8	Web Pages & Development	\$1,652,000	N/A	
9	Online Help & Public services		N/A	*Cost for this item has been included in the cost of the Web Pages & Development (line 8). Information for online help and public services consist mainly of static informational web pages and links to other web addresses that may contain helpful informati
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11	Section B: New Registration & Account Maintenance			
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14	Backup Tape System	\$901,000	1	Backup tape system in Section B will handle tasks required in Section C and D. The approximate capacity of this system is 20 terabytes.
15	Internal Switches	\$767,000	12	Internal switches in Section B will handle tasks required in Section C and partially in D.
16	Database Management System	\$68,000	6	
17	Operating System	\$4,000	11	
18	Customized Registration	\$982,000	N/A	New users need to register before using the appropriate POL services. They provide their personal information and receive a user account for using POL services. This customized application provides those functions.
19	Account Maintenance	\$58,000	N/A	Account Maintenance component is a customized application that handles any changes and updates in the account information for user registered with POL.
20	Address Book	\$660,000	N/A	This component is a customized application that lets registered SQL users create an online address book from which they can select regularly used addresses. The existing addresses can be changed or new addresses may also need to be added from time to time
21				
22	Section C: Payment Processing & Reporting			
23	POL Servers	*	*	*Quantity and cost already accounted for in Section B.
24	Database Servers	*	*	*Quantity and cost already accounted for in Section B.
25	Backup Tape System	*	*	*Quantity and cost already accounted for in Section B.
26	Internal Switches	*	*	*Quantity and cost already accounted for in Section B.
27	Routers	\$140,000	4	
28	Database Management System	*	*	*Quantity and cost already accounted for in Section B.
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Table 1
POL Costs By Functional Component

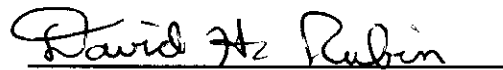
Item	Description	Total Cost	Quantity	Notes/Description
34	Section D: Reporting & Internal Operations			
35	Datamart Server	\$656,000	2	
36	POL Servers	*	*	*Quantity and cost already accounted for in Section B.
37	Database Servers	*	*	*Quantity and cost already accounted for in Section B.
38	Internal Switches	\$109,000	5**	*Quantity and cost of switches already accounted for in Section B. ** Includes cost of 4 Routers and 1 Firewalls.
39	Database Management System	*	*	*Quantity and cost already accounted for in Section B.
40	Operating System	*	*	*Quantity and cost already accounted for in Section B.
41	Customized Reports	\$697,000	N/A	These are the reports for the various interested parties. Data is 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.
42				
43	Section E: POL Helpdesk Cost			
44	Initial Labor, Facilities, and Other costs to establish Help Desk (V2)	\$305,000		
45	Infrastructure enhancements and other initiatives	\$1,049,604		
46	Operations Labor Costs	\$4,966,858		
47	Telecommunications	\$241,523		
48				

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36	POL Servers	*	*	*Quantity and cost already accounted for in Section B.
37	Database Servers	*	*	*Quantity and cost already accounted for in Section B.
38	Internal Switches	\$109,000	5**	*Quantity and cost of switches already accounted for in Section B. ** Includes cost of 4 Routers and 1 Firewalls.
39	Database Management System	*	*	*Quantity and cost already accounted for in Section B.
40	Operating System	*	*	*Quantity and cost already accounted for in Section B.
41	Customized Reports	\$697,000	N/A	These are the reports for the various interested parties. Data is 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.
42				
43	Section E: POL Helpdesk Cost			
44	Initial Labor, Facilities, and Other costs to establish Help Desk (V2)	\$251,000		
45	Infrastructure enhancements and other initiatives	\$1,049,604		
46	Operations Labor Costs	\$4,966,858		
47	Telecommunications	\$241,523		
48				

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



David H. Rubin

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Washington, D.C. 20260-1137
March 31, 1999