

ORIGINAL

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

RECEIVED

AUG 13 4 46 PM '96

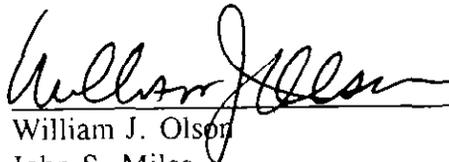
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY  
Docket No. MC96-3

SPECIAL SERVICES FEES AND CLASSIFICATIONS, 1996)

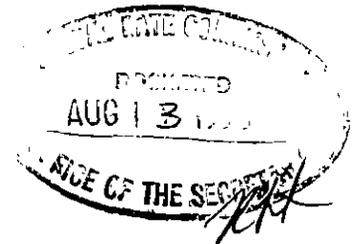
NASHUA PHOTO, INC. AND MYSTIC COLOR LAB  
THIRD INTERROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS  
TO UNITED STATES POSTAL SERVICE (NM/USPS 37-65)  
(August 13, 1996)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice,  
Nashua Photo Inc. and Mystic Color Lab hereby submit interrogatories and document  
production requests. If necessary, please redirect interrogatories and/or requests to a more  
appropriate Postal Service witness.

Respectfully submitted,



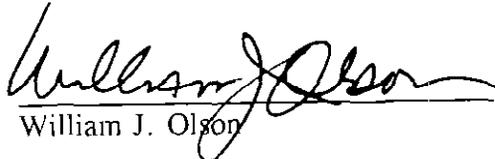
William J. Olson  
John S. Miles  
William J. Olson, P.C. 25  
8180 Greensboro Drive, Suite 1070  
McLean, Virginia 22102-3823  
(703) 356-5070



Counsel for Nashua Photo Inc. and  
Mystic Color Lab

CERTIFICATE OF SERVICE

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

  
William J. Olson

August 13, 1996

**NM/USPS-37.**

Attached to this interrogatory as Exhibit A is an article from the newsletter Postal World, April 22, 1996, which discusses an experimental special service said to be offered by the Postal Service and known as Prepaid Courtesy Reply Mail ("PCRM"). Please confirm that as of April 22, 1996, the date of the newsletter, the Postal Service was then offering a product similar or identical to the one described in the newsletter to at least one customer. If you do not confirm, please state whether the Postal Service has at any time during the last two years offered any such product to one or more customers.

**NM/USPS-38.**

In what month and year did the Prepaid Courtesy Reply Mail experiment start?

**NM/USPS-39.**

Since Docket No. R94-1, how many mailers have actually participated in the Prepaid Courtesy Reply Mail experiment?

**NM/USPS-40.**

How many mailers are currently authorized to participate in the Prepaid Courtesy Reply Mail experiment?

**NM/USPS-41.**

How many mailers have requested authorization to participate in the Prepaid Courtesy Reply Mail experiment, but either have had their request denied or currently have their request pending?

**NM/USPS-42.**

Has the Postal Service established a limit on the number of mailers that will be allowed to participate in the Prepaid Courtesy Reply Mail experiment? Unless the answer is an unqualified negative, please indicate the maximum number.

**NM/USPS-43.**

Has the Postal Service placed any other limitations on the mailers who will be allowed to participate (*e.g.*, size or location) in the Prepaid Courtesy Reply Mail experiment? If so, please indicate all such limitations.

**NM/USPS-44.**

Is a minimum volume of mail required to participate in the Prepaid Courtesy Reply Mail experiment? If so, please state what minimum volume is required.

**NM/USPS-45.**

The Prepaid Courtesy Reply Mail experiment is being conducted under which section(s) of

- a. the Postal Reorganization Act;
- b. the DMCS; and
- c. the DMM?

**NM/USPS-46.**

Please explain why the Postal Service considered it inappropriate or premature to include in the current docket any DMCS classification changes pertinent to Prepaid Courtesy Reply Mail.

**NM/USPS-47.**

- a. What is the time frame for the Prepaid Courtesy Reply Mail experiment? That is, please explain how long the Postal Service plans to continue the experiment before it is either made permanent or discontinued.
- b. Please explain the criteria that the Postal Service plans to use to evaluate whether the Prepaid Courtesy Reply Mail is a success and should be turned into a permanent offering.

- c. What is the earliest date at which the Postal Service contemplates offering Prepaid Courtesy Reply Mail to all qualified mailers (assuming that the experiment eventually is judged a success)?

**NM/USPS-48.**

Where are the rules, regulations and other criteria for participating in the Prepaid Courtesy Reply Mail experiment published? Please supply as a library reference a copy of all rules, regulations, and criteria for participation that currently pertain to the Prepaid Courtesy Reply Mail experiment, regardless of whether published or unpublished.

**NM/USPS-49.**

- a. Have the Board of Governors, MTAC, or any mailer group been given a formal briefing on the Prepaid Courtesy Reply Mail experiment? If so, please provide as a library reference a copy of all charts and exhibits used in that presentation.
- b. Has the Prepaid Courtesy Reply Mail experiment been approved by a resolution (or any other vote) of the Board of Governors? If so, please provide a copy of that resolution as a library reference.
- c. If the Prepaid Courtesy Reply Mail experiment was not approved by the Board of Governors, please explain the source of authorization for the Prepaid Courtesy Reply Mail experiment.

**NM/USPS-50.**

Did the mailers who have participated in the Prepaid Courtesy Reply Mail experiment use BRM, or any other form of prepaid mail, prior to using Prepaid Courtesy Reply Mail?

**NM/USPS-51.**

- a. In FY 1995, what volume of mail did the Postal Service carry under the Prepaid Courtesy Reply Mail experiment?
  
- b. In FY 1996, what volume of mail does the Postal Service anticipate carrying under the Prepaid Courtesy Reply Mail experiment?

**NM/USPS-52.**

Please explain all factors that, in the opinion of the Postal Service, critically distinguish Prepaid Courtesy Reply Mail from BRMAS mail:

- a. From the perspective of participating mailers; and
  
- b. From the perspective of the Postal Service.

**NM/USPS-53.**

- a. Does the Postal Service consider Prepaid Courtesy Reply Mail to be a "Special Service" similar to BRM?

- b. Regardless of whether the answer is affirmative or negative, please explain the way the Postal Service classifies Prepaid Courtesy Reply Mail, and provide the rationale for that classification.

**NM/USPS-54.**

Does Prepaid Courtesy Reply Mail cause the Postal Service to incur any costs by virtue of any special handling or other characteristics? When handling Prepaid Courtesy Reply Mail, please describe the nature of all costs which the Postal Service incurs that are different from or are in addition to the normal costs of handling First-Class Mail in prebarcoded courtesy reply envelopes with postage affixed by the sender rather than being paid by the addressee.

**NM/USPS-55.**

Does Prepaid Courtesy Reply Mail enable the Postal Service to avoid any costs that it incurs when handling BRMAS-qualified BRM? Please describe fully all costs avoided by the Postal Service and all worksharing activities performed by the recipients of Prepaid Courtesy Reply Mail that enable the avoidance of those costs.

**NM/USPS-56.**

List each rate that has been and each rate that is now charged for Prepaid Courtesy Reply Mail. If no rate is charged, please describe fully the Postal Service's rationale for not charging a per-piece fee for Prepaid Courtesy Reply Mail. If a fee is charged, please state the basis used to determine the fee.

**NM/USPS-57.**

- a. Please specify all annual or intermittently recurring fees (*e.g.*, permit fee, deposit account fee, etc.), including the amount, that the Postal Service charges each mailer who participates in the Prepaid Courtesy Reply Mail experiment.
- b. If the fees specified in response to preceding part (a) differ from the fees for BRM mail (BRMAS accounts), please explain fully the rationale for the different fees.

**NM/USPS-58.**

Does the Postal Service consider its experimental Prepaid Courtesy Reply Mail product (or special service) to be competitive with or complementary to its BRM/BRMAS product (or special service)? Please explain fully.

**NM/USPS-59.**

- a. Must Prepaid Courtesy Reply Mail meet the same machinability and automation requirements as BRM mail that qualifies for the BRMAS rate?
- b. If the answer is anything other than an unqualified affirmative, please specify all differences in the requirements for Prepaid Courtesy Reply Mail, and the rationale for those differences.

**NM/USPS-60.**

List by name and address each mailer which has participated in the Prepaid Courtesy Reply Mail Program.

**NM/USPS-61.**

Can mailers that wish to participate in the Prepaid Courtesy Reply Mail Experiment apply at the local or regional level and have the application approved at that level, or must the application be submitted to and approved by Headquarters? How are such mailers selected?

**NM/USPS-62.**

To what organizational unit of the Postal Services should applications to participate in the Prepaid Courtesy Reply Mail Experiment be directed?

**NM/USPS-63.**

Do any pieces of Prepaid Courtesy Reply Mail ever weight more than one ounce? Unless the answer is an unqualified negative, please explain how the recipient and/or the Postal Service determines the number of pieces for which extra-ounce postage is payable.

**NM/USPS-64.**

Please explain fully all steps taken by the recipient of Prepaid Courtesy Reply Mail and the Postal Service to assure that the Postal Service is fully compensated for all mail delivered under the Prepaid Courtesy Reply Mail Experiment. If the procedure can produce results

that are anything less than 100 percent accurate (*e.g.*, is subject to sampling or any other type of statistical variation error), please indicate the extent to which revenues actually paid may deviate from revenues that would be payable under a 100 percent accurate census of incoming Prepaid Courtesy Reply Mail.

**NM/USPS-65.**

Under the Prepaid Courtesy Reply Mail experiment, what work is the mailer required to do to produce "in-house statements for withdrawals from a trust account?"

# Postal World

Vol. 20 No. 12

April 22, 1996

## Streamlined reply nixes accounting fee

Here's an important new phrase: **Prepaid Courtesy Reply Mail (PCRM)** it's being tested now by a major mailer to the tune of over 20,000 pieces/day. The reply envelope does not have postage preapplied -- it's prepaid to USPS -- just as with Business Reply Mail -- but there is one key difference: No 2¢/piece BRMAS accounting fee. Instead of USPS doing the accounting work, the mailer produces in-house statements for withdrawals from a trust account.

The test, confirmed by USPS Chief Ratemaking Counsel, Dan Fouchieux, has been ongoing with no scheduled end date, indicating the concept is receiving favorable reviews. Still, there is no guarantee PCRM will continue or will be made available after final evaluation by postal reg officials.

How it works: The test mailer has kept a close watch on average daily volumes of BRMAS mail for many years and has estimated how much money to put into the Prepaid Courtesy Reply Mail account. Monies are pulled from the account based on a simple postage verification method. The reply piece has a special barcode and FIM that keeps the stream pure and separate from other reply devices. The PCRM pieces are provided to the mailer in a lump group. All the tally work is done by the mailer using standard USPS weight-based accounting methods.

**Benefit to test mailer:** A daily savings of over \$500/day on the 2¢ accounting fee, plus far quicker access to incoming payments.

**Benefit to USPS:** There's no revenue loss and a major administrative thorn is removed.  
(Continued on Page 2, Column 1)

### mail center ops Centralized mail query

As firms expand, re-engineer and re-examine all administrative services, including mail, there's a great opportunity for multi-site operations to benefit from centralized printing and mailing.

If your firm has sites linked by a network it's possible to transfer correspondence print activities from small branch offices to the HQ by wire. The benefits: Economies of scale can cut multi-site operating costs, slash postage and often increase mail delivery service quality.

If your organization has made such a move, we'd like to hear from you. Please call us at: 301-816-8950 x204, or fax, at: 301-816-8945.

### What's inside...

- Publications to ADVANCE into tracking... Page 2
- Escaping NCAA limits for special address quality needs... Page 2
- Site Reports On the Job with PBMs at the Post Office... Page 2
- Making the most of a merger by bringing 4th savings... Page 2
- Spelling the end of... Page 2

E.H.A.

## 2 • Postal World

**(PCRM: Continued from Page 1, Column 1)**

Indeed, the mailer has found that by it's own accounting it's paying slightly more postage than when USPS did the work.

**Systemwide implications:** The simple weighing technique used under this test could be replaced with something more sophisticated. Mailers who have bought MLOCR/barcode sorting equipment to sort and barcode outgoing pieces for discounts, could use the same equipment to produce full accounting manifests. The privately operated equipment is nearly the same as what USPS uses for BRMAS accounting.

We've also noted that in recent years MLOCR/barcoders are increasingly being used for sorting incoming reply pieces with either special barcodes on the backs or unique ZIP+4 barcodes.

Until now, all such mail has been strictly standard Courtesy Reply Mail and the sorts were done for internal reasons only. The advent of PCRM could take this existing technology to the next level. For instance, PCRM could open up a whole new revenue stream for presort bureaus who could share the saved costs with a variety of smaller mailers. ☐

### delivery quality monitoring

### **New ADVANCE rules ease use for 3C mail, add publications**

By August, 2C/Periodicals can take advantage of ADVANCE, the Postal Service's electronic delivery notification program. ADVANCE has been available for carrier-route presorted 3C/Standard Mail for sometime.

ADVANCE allows participating mailers to track arrivals of carrier-route mail at Destination Delivery Units (DDU).

The rules for publications will be:

Mailers with a minimum quantity to be processed will get a confirmation of arrival. The minimum quantity will be 25 pieces per carrier-route. For more than 6 pieces, the carrier will be notified. The likely rate will be 15-50%.

There will be no minimum volume requirement for the mailer. This will enable the mailer to use the program for the

In addition, USPS is making ADVANCE more appealing for 3C/Standard mail users by eliminating the 1,000 piece/5-digit requirement and switching to 50 pieces per carrier-route as the trigger. The switch will increase the number of confirmation reports by carrier-route about 200% over the old method for a 500,000-piece mailing.

Also, don't let the 500k minimum mailing requirement stop you. In special situations -- such as a high percentage of carrier-routed mail -- mailings as small as 25k can be tracked through to DDUs.

Want to be a participant? USPS especially needs periodical publishers for a test series of the expanded ADVANCE. Contact: Glen D. Courmoyer, ADVANCE, National Team Leader, USPS, 475 L'Enfant Plz SW Rm 7143, Washington, DC 20260-2806. ☐

### reclass shut out

### **NCOA has limits for some mailers**

Under reclass, to qualify for 1C barcode discounts mailers must use National Change of Address/Address Correction Service, the address correction requested endorsement, FAST-FORWARD or other approved services.

**WARNING:** Copyright violations will be prosecuted. POSTAL WORLD shares 50% of the proceeds of settlements or jury awards with individuals who provide essential evidence of illegal photocopying or electronic redistribution. To report violations, contact Roger Klein, Esq., Howery & Simon, 4200 Reservoir Road, NW, Washington, DC 20004-2402. Confidential line: (202) 383-8846. POSTAL WORLD is published bi-monthly by United Communications Group, Suite 1100, 11900 Rockville Pike, Rockville, MD 20852-3030. Copyright 1996. Subscriptions: \$367/one year, \$704/two years. Phone: (301) 816-8950; Editorial: (202) 383-8846; Fax: (301) 816-8945. Marcus Smith, editor/publisher; Bruce Lavenson, Edwin Packovits, Chief Executive Officers. To receive photocopying or electronic redistribution permission, call (800) 825-4824 x333 and ask about our copyright waiver, bulk subscription and site license programs. Or e-mail: owl@ucg.com.