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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS FRONK
TO INTERROGATORY OF MAJOR MAILERS ASSOCIATION
(MMA/USPS-T24-3(k))

The United States Postal Service hereby provides the response of witness Fronk to the following interrogatory of Major Mailers Association: MMA/USPS-T24-3(k). This interrogatory has been redirected from witness Miller to witness Fronk for response.

The interrogatory 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



Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2998 Fax -5402
February 22, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS FRONK TO
INTERROGATORIES OF MMA REDIRECTED FROM WITNESS MILLER**

MMA/USPS-T24-3 On page 12 of your prepared testimony, you state that BMM is "the most likely to convert to worksharing."

- (a) What is the average unit weight for First-Class metered letters?
- (b) What portion of metered First-Class letters is prebarcoded?
- (c) What portion of First-Class BMM letters is prebarcoded?
- (d) What volume of First-Class letters was entered as BMM during the base year?
- (e) What was the average volume per BMM mailing during the base year?
- (f) What incentives are there for BMM mailers to drop their trayed letters at a local post office?
- (g) Are there any address requirements for BMM, similar to those in effect for Automation First-Class letters?
- (h) When a First-Class mailer includes reply envelopes in outgoing BMM letters, is there a requirement that such reply envelopes be prebarcoded and machineable, the requirement applicable for reply envelopes included in outgoing Automation First-Class letters?
- (i) Before volumes of nonpresorted letters were able to convert to presorted letters by virtue of being commingled with other First-Class letters by a presort bureau, were such letters brought to the post office in trays, similar to BMM? Please explain your answer.
- (j) Are presort bureaus the major source for new First-Class Automation letter volumes which convert from First-Class Single Piece letters?
- (k) Assuming that the presort discount offered by the Postal Service were lower than a mailer's incremental cost to qualify for presort rates, would you expect that the mailer would still take his letters to the post office in trays and enter them as BMM? Please explain your answer.

RESPONSE:

(a) – (j) Answered by the Postal Service.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS FRONK TO
INTERROGATORIES OF MMA REDIRECTED FROM WITNESS MILLER

RESPONSE to MMA/USPS-T24-3 (Continued)

(k) The bulk metered benchmark (BMM) described in my testimony (USPS-T-33 at pages 16-19) represents a pricing reference point to appropriately identify workshare savings. The benchmark is not meant to imply that every new piece of mail that is workshared physically comes from a pool of bulk metered pieces, or that every piece of mail that is no longer workshared physically reverts to a pool of bulk metered pieces.

For example, in this proceeding, the Postal Service is proposing a 0.5-cent reduction in the discount for nonautomation presort letters and the maintenance of the discounts for automation letters. Should this proposal be recommended by the Commission and adopted by the Governors, some customers, given their mail preparation costs, would then find the nonautomation presort discount uneconomic. Some of those customers may then choose to send their mail at the single-piece rate and some may choose to barcode their mail, finding the automation discounts relatively more attractive. Others may find it beneficial to consolidate their mail with others and use a presort bureau.

DECLARATION

I, David R. Fronk, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



David R. Fronk

Dated: 2-22-00

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.



Michael T. Tidwell

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Washington, D.C. 20260-1137
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