

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

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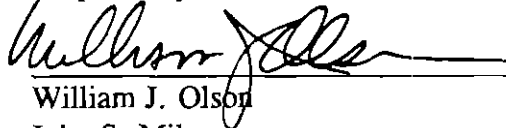
POSTAL RATE AND FEE CHANGES, 1997)

SEP 4 4 56 PM '97
Docket No. R97-1
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

NASHUA PHOTO INC., DISTRICT PHOTO INC.,
MYSTIC COLOR LAB, AND SEATTLE FILMWORKS, INC.
FIFTH INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
TO POSTAL SERVICE WITNESS DAVID R. FRONK (NDMS/USPS-T32-37-46)
(September 4, 1997)

Pursuant to sections 25 and 26 of the Postal Rate Commission rules of practice and procedure, Nashua Photo Inc. (hereinafter "Nashua"), District Photo Inc. ("District"), Mystic Color Lab ("Mystic"), and Seattle FilmWorks, Inc. ("Seattle") (hereinafter collectively referred to as "NDMS"), proceeding jointly herein, hereby submit the following interrogatories and document production requests. If necessary, please redirect any interrogatory and/or request to a more appropriate Postal Service witness.

Respectfully submitted,



William J. Olson

John S. Miles

Alan Woll

William J. Olson, P.C.

8180 Greensboro Drive, Suite 1070

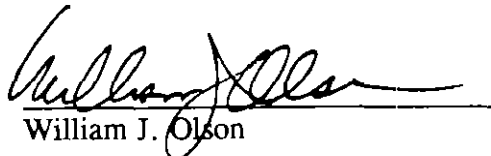
McLean, Virginia 22102-3823

(703) 356-5070

Counsel for Nashua Photo Inc., District Photo Inc.,
Mystic Color Lab, and Seattle FilmWorks, Inc.

CERTIFICATE OF SERVICE

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



William J. Olson

September 4, 1997

NDMS/USPS-T32-37.

- a. What was the total number of BRMAS accounts in Base Year 1996?
- b. What was the total volume of BRMAS mail which paid BRMAS rates in Base Year 1996?
- c. What was the average volume of BRMAS mail paid by BRMAS accounts in Base Year 1996?
- d. When BRMAS mail is handled manually through the postage due unit, is such BRMAS mail processed seven days a week, including Fridays, Saturdays, Sundays, and holidays?

NDMS/USPS-T32-38.

Please provide all available data showing the distribution of BRMAS mail volume received (either daily, weekly, monthly, or annual) by BRMAS users in Base Year 1996, using whatever breakdowns are available (*e.g.*, fewer than 1,000 pieces/year; 1,000-10,000 pieces/year; 10,000 to 100,000 pieces/year; more than 100,000 pieces/year).

NDMS/USPS-T32-39.

- a. Suppose a mailer with a BRMAS account received only one piece of BRMAS mail on a particular day during Base Year 1996. (i) What would be the Postal Service's cost to count **and account** for that piece of mail? (ii) Would you agree that the cost of debiting the mailer's advance deposit account would exceed the 2 cent fee? (iii) Would you agree that in Test Year 1998, the cost of debiting the mailer's account would likely exceed the proposed 6 cent per-piece QBRM fee?

- b. During Base Year 1996, if the same mailer received the following number of pieces of BRM on a particular day, what would be the Postal Service's total cost to count and account for that mail? (i) 10; (ii) 100; (iii) 1,000; (iv) 10,000.
- c. During Test Year 1998, would the proposed QBRM 6-cent per-piece fee cover the cost of counting and accounting for the following number of QBRM mailpieces? (i) 10; (ii) 100; (iii) 1,000; (iv) 10,000.

NDMS/USPS-T32-40.

- a. In your opinion, could a monthly fee be charged for (i) QBRM, and/or (ii) advance deposit BRM that would eliminate the need to charge per-piece fees to recipients of such types of mail? Why or why not? Please explain your answer fully.
- b. In your opinion, will the per-piece rates which would be charged (i) QBRM mailers, and/or (ii) advance deposit BRM mailers who receive a daily volume of hundreds or thousands of mailpieces subsidize the accounting costs incurred by the Postal Service to calculate the postage due from QBRM and/or advance deposit BRM mailers whose daily volumes are small (*i.e.*, under 100 pieces)? Please explain your answer fully.
- c. In your opinion, which of the following methods would be superior to ensure that a mailer receiving QBRM or advance deposit BRM pays all costs incurred by the Postal Service in calculating that mailer's postage due from the BRM received: (i) a monthly fee with no per-piece charge; (ii) a per-piece charge with no monthly fee; or (iii) a two-part fee consisting of a fixed amount plus a per-piece fee? Please explain your answer fully.

NDMS/USPS-T32-41.

Please refer to your testimony at page 41, where you state that the proposed PRM “monthly fee of \$1,000 is set at a level which recovers the administrative and auditing costs associated with making sure that the mailer-supplied piece counts are correct.” Without regard to whether various types of mail are automatable, or would qualify for PRM as proposed by the Postal Service:

- a. Do any of these administrative and auditing costs vary with size of the mailpiece?
- b. Do any of these administrative and auditing costs vary with shape of the mailpiece?
- c. Would this monthly fee be sufficient to recover the administrative and auditing costs associated with confirming that the mailer-supplied piece counts are correct for a weight-averaging system?

NDMS/USPS-T32-42.

Please refer to your testimony in this docket, at page 39, where you state that each business participating in the proposed PRM program “would need to maintain a certified, high-quality, easily-audited system for determining the amount of mail received.” Without regard to whether various types of mail are automatable, or would qualify for PRM as proposed by the Postal Service:

- a. Please define the standards for certification of the mailer’s system for determining the amount of mail received.
- b. Please define “high quality,” as you use the term and explain the standards by which quality is measured with respect to the envisioned auditing system(s).
- c. Please define “easily-audited,” as you use the term.

NDMS/USPS-T32-43.

- a. In what ways, and to what extent, has the Postal Service publicized the existence and the amount of the First-Class nonstandard surcharge to the general public since Docket No. R78-1? Please explain in full, including such dates as are available, any changes in the various methods used, and copies of print advertisements used (if any).
- b. Since Docket No. R78-1, has the Postal Service ever commissioned any surveys of the general public's awareness of the existence of the First-Class nonstandard surcharge?
 - (i) If so, please indicate when each such survey was conducted and provide a summary of the results.
 - (ii) If not, why not?

NDMS/USPS-T32-44.

- a. Please provide the volumes of First-Class nonstandard (i) letters, (ii) flats, and (iii) parcels for each year since FY 1980.
- b. Please provide the volume of First-Class nonstandard nonpresort letters, as a percentage of total First-Class single piece letters, for each year since FY 1980.
- c. Please provide the volume of First-Class nonstandard nonpresort flats, as a percentage of total First-Class single piece flats, for each year since FY 1980.
- d. What efforts has the Postal Service undertaken to determine the effectiveness of the nonstandard surcharge since FY 1980 at encouraging mailers to reduce the volume of nonstandard letters and flats? Please explain in full, including a description of surveys and other data collected, as well as any determinations made by the Postal Service.

NDMS/USPS-T32-45.

Please provide the volume of First-Class parcels by ounce increment for Base Year 1996.

NDMS/USPS-T32-46.

Library Reference H-112 (the nonstandard surcharge cost update) utilizes manual letter cost data (see LR-H-112, Exhibits A and B). Where else does the Postal Service utilize manual letter cost data?