

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

RECEIVED
SEP 12 4 45 PM '97

POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS FRONK
TO INTERROGATORIES OF NASHUA, DISTRICT, MYSTIC & SEATTLE
(NDMS/USPS-T32-33a, 35, 36)**

The United States Postal Service hereby files the response of David Fronk to the following interrogatory of Nashua, District, Mystic & Seattle, dated August 29, 1997:

NDMS/USPS-T32-33a, 35 and 36.

Each interrogatory is stated verbatim and is followed by the response.

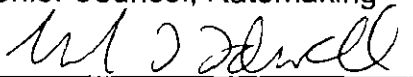
Interrogatories T32-33b-d have been redirected to the Postal Service for response. Those responses are being filed today. The response to T32-34 is forthcoming.

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
September 12, 1997

RESPONSE OF U.S. POSTAL SERVICE WITNESS FRONK
TO INTERROGATORIES OF NDMS

NDMS/USPS-T32-33. From 1995 to 1996 the Postal Service and Brooklyn Union Gas ("BUG") conducted a "test" with Prepaid Courtesy Reply Mail ("PCRM"); see Docket No. MC96-3, response to NM/USPS-T37.

- a. Please explain how the proposal for PRM in this docket is related to the PCRM test.
- b. Did the Postal Service prepare any analysis, summary or other report on the results of that test with BUG?
- c. If so, please supply as a library reference a copy of each such analysis, summary or other report.
- d. If no analysis, summary or other report concerning the test with BUG was prepared, please explain why not.

RESPONSE:

(a) The former is a proposal for the establishment of a classification and a rate for PRM. The latter was a test conducted by the Postal Service to obtain experience with a similar concept. For a description of the BUG test, please see responses of USPS to NM/USPS 38-44, 47, 50, 52, 56, 57, 59, 61, 62, and 63 in Docket No. MC96-3, Tr. 8/2825 et. seq. See also USPS Library Reference SSR-149 in Docket No. MC96-3.

(b) - (d) Redirected to the Postal Service for response.

RESPONSE OF U.S. POSTAL SERVICE WITNESS FRONK
TO INTERROGATORIES OF NDMS

NDMS/USPS-T32-35. Your testimony at page 34 states that "[t]he discounted letter rate is intended to benefit the customers of large-volume business mailers, such as utility companies or credit card companies."

- a. Please define "large-volume" as you use the term in your testimony.
- b. Under your definition, what is the smallest annual volume that, in your opinion, would qualify a mailer as "large-volume"?

RESPONSE:

- (a) There is no hard-and-fast figure associated with "large volume." The term is meant to suggest mailers who have ongoing, month-to-month mailing relationships with a significant customer base.
- (b) There is no specific minimum volume needed to qualify for PRM.

RESPONSE OF U.S. POSTAL SERVICE WITNESS FRONK
TO INTERROGATORIES OF NDMS

NDMS/USPS-T32-36. At page 39 of your testimony you state:

"Auditing approaches will be modeled after those currently in use for outbound manifests of bulk mailings. A monthly fee of \$1,000 will be charged to cover Postal Service costs associated with these activities."

- a. Is it your testimony that you expect every mailer using PRM to establish a reverse manifest system? Please explain any answer that is not an unqualified affirmative.
- b. In the PCR test, did Brooklyn Union Gas establish a reverse manifest system?

RESPONSE:

(a) No. The portion of my testimony you quote above indicates that the Postal Service will draw upon its experience in auditing manifests used by bulk mailers as we develop PRM auditing approaches. For instance, auditing mailer manifests involves periodic visits to the mailer's facility to observe the system in operation in order to ensure required documentation is being maintained and agreed upon procedures are being followed. The Postal Service is likely to apply such activities to PRM recipients.

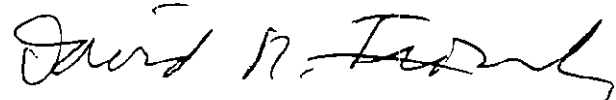
As I state elsewhere on page 39 (lines 13-16), "the Postal Service will establish auditing procedures for each PRM recipient which are designed to protect postal revenue in a manner which minimizes disruption of mail processing and permits expeditious transfer of processed mail from the delivery unit to the PRM recipient."

As I also note on page 39 of my testimony (lines 9-10), each participating mailer would need to maintain a certified, high-quality, easily-audited system for determining the amount of mail received. This could involve a reverse manifest. Another alternative involves using data on PRM returns from a third-party lockbox operation. In such a case, audits may take place at the lockbox site. Other mailer systems are possible, consistent with the protection of postal revenue and operational feasibility.

(b) No.

DECLARATION

I, David R. Fronk, hereby declare, under penalty of perjury, that the foregoing Docket No. R97-1 interrogatory responses are true to the best of my knowledge, information, and belief.

A handwritten signature in cursive script that reads "David R. Fronk".

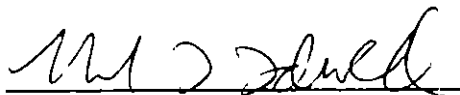
David R. Fronk

9-12-97

Date

CERTIFICATE OF SERVICE

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

A handwritten signature in black ink, appearing to read "Michael T. Tidwell", written over a horizontal line.

Michael T. Tidwell

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1145
September 12, 1997