

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Docket No. R97-1

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POSTAL RATE AND FEE CHANGES, 1997

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**NOTICE OF THE UNITED STATES POSTAL SERVICE CONCERNING FILING OF  
REVISED PAGES TO USPS LIBRARY REFERENCE H-226**

The United States Postal Service hereby gives notice that it is filing revised pages to USPS Library Reference H-226.

The line on the original tables on pages 34 and 36 which separates the "current BRM users" and "current CRM users" is out of place, giving the impression that five (instead of three) of the firms interviewed were in the former category.

The corrected pages are attached and correctly reflect that there were three interviewees in the former category.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 17, 1997

## 6.0 Reaction to Proposed Prices

### 6.1 Reaction to the Three Price Levels for Implicit Billing of PRM

Exhibit 3, below, presents the level of interest identified by interviewees toward the implicit variation of PRM at different price levels.

**Exhibit 3- Level of interest in the implicit variation of PRM at different price levels**

Participating Business		Potential Price Level		
		32 cents fully loaded postage	29 cents fully loaded postage	27 cents fully loaded postage
Current BRM users	Utility Company	Medium	High	Very High
	Publishing company	Medium	Medium	Medium
	Executive business periodical	High	High	High
Current CRM users	Utility Company (Water)	Medium	Medium-high	Medium-high
	Utility Administration Company	Low	Low	Low
	Insurance Company	Uncertain	Medium	Medium-high
	Security Company	Low	Low	Low
	Bank1	Low	Low	Low
	Bank2	Low	Low	Low
	Long distance communication company	Low	Low	Low

#### Current BRM users

Current BRM users became increasingly more interested in the implicit variation of PRM at the reduced prices, as presented in Exhibit 3. This is primarily as a result of their comparison of the potential PRM prices to their current fees for offering BRM to their customers. At 32 cents fully loaded, BRM users expressed medium to high interest in this variation of the PRM product. At 29 cents fully loaded, their interest is somewhat higher, with two of the three current BRM users indicating a high level of interest. At 27 cents, fully loaded, all three BRM users expressed medium or high interest. The concern of the publisher was related to the unknown impact of a reduced rate on the level and quality of service from USPS with respect to their incoming remittance mail.

**Exhibit 4- Level of interest in the explicit variation of PRM at different price levels**

Participating Business		Potential Price Level		
		32 cents fully loaded postage	29 cents fully loaded postage	27 cents fully loaded postage
Current BRM users	Utility Company	Low	Low	Low
	Publishing company	Low	Low	Low
	Executive business periodical	Low	Low	Low
Current CRM users	Utility Company (Water)	Low	Low-medium	Medium-high
	Utility Administration Company	Low	Low	Low
	Insurance Company	Unsure	Unsure	Unsure
	Security Company	Low	Low	Low
	Bank1	Low	Low	Low
	Bank2	Low	Low	Medium
	Long distance communication company	Low	Low	Low

**Current BRM users**

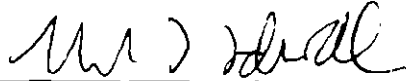
Current BRM users were not interested in this variation for three reasons: 1) they do not want to add any additional complexity to the processes involved in receiving payments from customers; 2) they are concerned that their customers would not support this product; and 3) they lack knowledge of the payment habits of their customers and would likely not be able to differentiate their customers easily in order to selectively bill them.

**Current CRM users**

Current CRM users support the concept of reduced postage rates for their customers and the idea of choice, but they are generally not interested in this variation of the product due to the anticipated increase in their administrative costs, the potential negative customer support, as well as the overall feasibility of their current systems and processes to deal with the addition of a new line item to customers' bills. The security company indicated that they currently offer some other optional services to their customers, and it has been their experience that when it is optional, customers change their minds a lot month to month. This interviewee was not sure if the cost of tracking all of the changes would be justified for the cost of a postage stamp.

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.



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September 17, 1997