

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

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

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO OFFICE OF THE CONSUMER ADVOCATE INTERROGATORY T32-68
AND MOTION FOR LATE ACCEPTANCE**

The United States Postal Service hereby files its response to the following interrogatory of the Office of the Consumer Advocate, dated September 2, 1997: OCA/USPS-T32-68.

Redirected from witness Fronk to the Postal Service for response, the interrogatory is stated verbatim and is followed by the response.

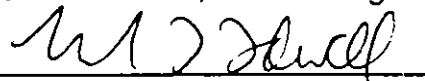
The answer was due to have been filed on September 16, 1997. Preparation of the answer required consultation with personnel at Headquarters and the field and could not be accomplished within the 14-day time limit in the Commission's rules. To make matters worse, a Law Department computer malfunction prevented the Postal Service from filing the response yesterday. The Postal Service regrets this unavoidable delay.

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.
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September 24, 1997

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF THE
OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS FRONK

OCA/USPS-T32-68. Please describe all auditing performed by the Postal Service to ensure that BRM users comply with BRM requirements. In your description, include any databases that contain the identities of such mailers specifically as BRM users.

RESPONSE: When a mailer completes an application to mail using reply mail pieces, the mailer must submit samples of the proposed pieces in a pre-production format. The pieces are provided to the mailing requirements office in a district or to the postmaster if the permit is held in an associate office.

All BRM permit holders are asked to submit samples of their pre-production BRM mailpieces to the USPS mailpiece design analyst (MDA) when the BRM permit is renewed each year. Additionally, a review of a permit holder's pieces can also be triggered when postal operations experience problems processing BRM pieces. The office experiencing the problem will notify the post office where the permit is held. That office will then contact the mailer to explain the problem and to determine corrective action the mailer must take to correct the problem. Depending on the severity of the problem, the mailer may be required to pay a higher BRM rate for all returned pieces.

MDAs and bulk business mail acceptance employees will also randomly select mailings containing BRM pieces for review and testing when bulk mailings are deposited at the business mail entry unit. All BRM pieces enclosed in an automation rate mailing must meet additional automation standards. These BRM pieces are reviewed as part of a regularly scheduled verification and acceptance process used in each business mail entry unit.

The verifications of BRM pieces include a review of the content and placement of BRM legends and markings in the format design, accuracy of the ZIP Code and barcode data for the size and type of piece submitted, paper basis weight and mil thickness, and verification that appropriate fees have been paid.

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RESPONSE to OCA/USPS-T32-68 (continued)

A list of all BRM permit holders is maintained in the mailing requirements office for each district or at the local post office. Most districts have a coordinator or mailing requirements clerk that maintains a file of BRM applications and sample mailpieces. The file also contains a listing of out-of-town permit holders that have paid the appropriate local fees and receive BRM pieces at the local post office. In addition, BRM data is contained in the Permit data base.

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OCA/USPS-T32-86. Please refer to page 27 of the report where it is stated:
"They therefore anticipated that the PRM product would slow down the process."
The process apparently refers to use of lock box vendors to process incoming
CRM. If this assumption is not correct, please clarify.

- a. Why would PRM slow down this process?
- b. Please explain the use of lock box vendors by mailers to process CRM.
- c. Could such vendors process incoming mail under the CEM proposal as easily as the current CRM system? If not, why not?

RESPONSE:

- (a) Please refer to USPS Library Reference H-264, Transcript #4.
- (b) Lockbox vendors can be banks or other third party remittance processors. On behalf of their business clients, they typically retrieve the mail from the post office (from a box or at caller service) open remittance envelopes, scan the remittance slips, encode the information, and deposit the checks. The lockbox vendor maintains an electronic record that the transaction has occurred and its amount.
- (c) The Postal Service has not studied the implementation of the OCA's CEM proposal.

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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475 L'Enfant Plaza West, S.W.
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September 24, 1997