

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

**RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS FRONK
TO INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA
(MPA/USPS-T32-1, 2 AND 4)**

The United States Postal Service hereby files the responses of witness Fronk to the following interrogatories of Magazine Publishers of America, dated September 17, 1997: MPA/USPS-T32-1, 2 and 4.

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

MPA/USPS-T32-3 has been redirected to witness Needham for response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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October 1, 1997

RESPONSE OF U.S. POSTAL SERVICE WITNESS FRONK TO
INTERROGATORIES OF MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T32-1. Please refer to Page 5, Lines 14 and 15 of your testimony and explain the basis of the apparent assumption that a business will convert to paying postage costs under PRM if it is not presently enrolled as a Business Reply Mail user.

RESPONSE: Please see page 35 of my testimony, at lines 3-5. Also, please see my response to OCA/USPS-T32-66.

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MPA/USPS-T32-2. Please refer to Page 6, Lines 8-10 and provide the Postal Service's estimate for the value of the total cost avoidance and the cost avoidance per piece resulting from outsourcing the postage accounting functions.

RESPONSE: As I state on page 42 of my testimony (at lines 11-19), PRM will come from two sources. First, certain courtesy reply mail will convert. Since the Postal Service does not perform any postage accounting for this mail at present, there is no cost avoidance associated with courtesy reply mail.

Second, I estimate that up to 347.8 million pieces of existing prebarcoded Business Reply Mail (that currently qualifies for the 2-cent per-piece BRM fee) will convert to PRM. Please recognize that this estimate is based only on a postage and fees comparison under PRM versus BRM for mailers currently using prebarcoded BRM. Since the postage due accounting for this mail costs about 5.54 cents per piece, this represents an overall cost avoidance of about \$19.3 million. At the same time, the Postal Service will incur new auditing and administrative costs associated with verifying the PRM postage calculations. The 347.8 million pieces are associated with approximately 377 BRM customers. At a Test Year auditing cost of about \$5,800 (see page 41 of my testimony), this represents new costs of about \$2.2 million.

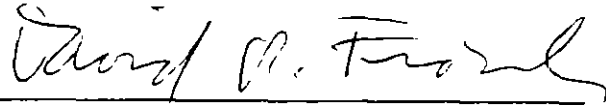
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MPA/USPS-T32-4. Please refer to Page 7, Lines 18-21. Please provide the Postal Service's estimate of the reply volume that would make the PRM option advantageous financially.

RESPONSE: Please see page 42 of my testimony (at lines 18-19) through page 43 (at lines 1-4). Also, please see my response to MMA/USPS-T32-2.

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.



David R. Fronk

10-1-97

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.


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