

BEFORE THE
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

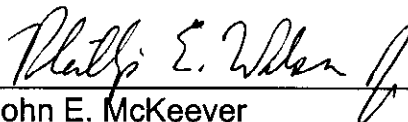
POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

FIRST SET OF INTERROGATORIES AND REQUESTS
FOR PRODUCTION OF DOCUMENTS FROM
UNITED PARCEL SERVICE TO UNITED STATES
POSTAL SERVICE WITNESS KAY
(UPS/USPS-T23-1 through 4)
(January 31, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Kay (UPS/USPS-T23-1 through 4).

Respectfully submitted,



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William J. Pinamont
Phillip E. Wilson, Jr.
Attorneys for United Parcel Service

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Of Counsel.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS KAY

UPS/USPS-T23-1. Refer to Library Reference I-150, folder "Support Materials," file "By98Data.xls," worksheet tab "advertising," and Library Reference I-150, folder "IC MODEL," subfolder "R00-1," file "IC_Forms.xls," worksheet tab "PROD SPEC."

(a) Confirm that the total advertising expenditures of the Postal Service in FY1998 were \$300,800,216.

(b) Confirm that the Postal Service considers \$87,701,000 of total advertising expenses in FY1998, or approximately 29 percent, to be product-specific advertising.

(c) Refer to Docket No. R97-1, Appendices to Opinion and Recommended Decision (May 11, 1998), Volume 2, Appendix J, at 15, which shows Test Year 1998, After Rates, total advertising costs of \$299,001,000, of which \$64,312,000 (or approximately 22%) were attributed to Priority Mail. The Base Year 1998 total advertising costs reported in Library Reference I-150 are \$300,800,216, -- slightly higher than the Test Year 1998 estimate in Docket No. R97-1 -- of which \$36,633,000 are attributed to Priority Mail.

(i) Please explain the reasons for the decrease of approximately \$27,679,000 in Priority Mail advertising costs from the Test Year 1998 estimate in Docket No. R97-1 to the Base Year 1998 amount which the Postal Service attributes to Priority Mail in this proceeding.

(ii) What factors contributed to the apparent decrease in Priority Mail advertising in Base Year 1998 from the level estimated in Docket No. R97-1, while

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the overall level of advertising costs remained essentially as estimated in Docket No. R97-1?

UPS/USPS-T23-2. (a) Explain the process by which advertising costs for BY 1998 were determined to be product-specific or non-product-specific, and the extent to which you verified that determination.

(b) Who made the determination of whether particular advertising costs were product-specific or not?

(c) What criteria were used to make that determination?

(d) From whom did you receive the information you present on product-specific and non-product specific advertising costs?

UPS/USPS-T23-3. Provide an itemized listing by project or advertising campaign of all product-specific advertising costs that make up the total BY1998 product-specific advertising cost of approximately \$87,701,000, including a description of each campaign, the cost of each campaign, the placement or distribution of the advertising, and the product or group of products to which each campaign was attributed. For each such campaign, provide copies of the advertising produced for the campaign, including that used in print, broadcast, or electronic media, whether or not the materials were actually published, broadcast, or distributed.

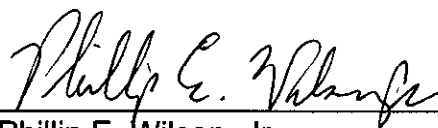
UPS/USPS-T23-4. Provide an itemized listing by project or advertising campaign of all non-product-specific advertising costs that make up the total BY1998 non-product-specific advertising cost of approximately \$213,099,216, including a

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description of each campaign, the cost of each campaign, the placement or distribution of the advertising, and the reason why the cost of each advertising campaign was not attributed to a specific product or group of products. For each such campaign, provide copies of the advertising produced for the campaign, including that used in print, broadcast, or electronic media, whether or not the advertising materials were actually published, broadcast, or distributed.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.

A handwritten signature in cursive script, reading "Phillip E. Wilson, Jr.", written over a horizontal line.

Phillip E. Wilson, Jr.
Attorney for United Parcel Service

Dated: January 31, 2000
Philadelphia, Pa.