

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

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Postal Rate and Fee Changes

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Docket No. R2000-1

RESPONSE OF POSTAL SERVICE WITNESS ROBINSON  
TO INTERROGATORIES UPS/USPS-T34-5, 7 AND 10  
(February 29, 2000)

The United States Postal Service hereby provides the responses of Postal Service witness Robinson to the following interrogatories of the United Parcel Service: UPS/USPS-T34-5, 7 and 10, filed on February 15, 2000. Objections were filed to interrogatories 6 and 9. Over objection, however, institutional responses to these questions will be filed separately by the Postal Service. Interrogatory 8 was redirected to witness Musgrave.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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February 29, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ROBINSON  
TO INTERROGATORIES OF UNITED PARCEL SERVICE

**UPS/USPS-T34-5.** Refer to the attached article on a contract awarded to TIC Enterprises, LLC ("TIC"), by the Postal Service (labeled Attachment to UPS/USPS-T34-5).

- (a) Produce a copy of the contract.
- (b) For the initial term of the contract, provide by year the amounts that the Postal Service is obligated to pay, or expects to pay, TIC under the contract.
- (c) Are the amounts of the payments to TIC under the contract dependent on any measure or estimate of additional volume or additional revenue realized by the Postal Service as a result of the contract? If so, provide the formula or formulas for determining the amounts to be paid to TIC.
- (d) Provide by year and class, subclass, or type of mail, or to the greatest extent of disaggregation possible, the amounts the Postal Service is obligated to pay, or is expected to pay, to TIC under the contract.
- (e) Provide the cost to the Postal Service in the Test Year of the "dedicated sales force that will be bringing the USPS' Priority Mail [and] Express Mail . . . to small- to medium-sized businesses" that is referred to in the article.
- (f) Are there members of the "dedicated sales force" which devote their time exclusively to marketing Priority Mail? If so, provide by fiscal year the cost to the Postal Service of that part of the "dedicated sales force."
- (g) Are there members of the "dedicated sales force" that devote their time exclusively to Express Mail? If so, provide by fiscal year the cost to the Postal Service of that part of the "dedicated sales force."
- (h) Are there members of the "dedicated sales force" who devote their time exclusively to both Priority Mail and Express Mail? If so, provide by fiscal year the cost to the Postal Service of that part of the "dedicated sales force."
- (i) Are any of the costs of the TIC contract attributed to either Priority Mail or Express Mail in the base year, or in any other year through (and including) the Test Year? If so, indicate by year and by class of mail the amount of costs so attributed to Express Mail and/or Priority Mail.

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(j) The article states that the contract award to TIC "follows a successful 18-month pilot program in which TIC marketed these products in the Los Angeles and San Francisco areas." State the dates of the pilot program, and indicate whether any of the costs of the pilot program were attributed to either Express Mail or to Priority Mail. If costs were attributed either to Express Mail or to Priority Mail, state the amount that was attributed by year.

**RESPONSE:**

(a) See USPS-LR-I-202, to be filed shortly.

(b) See USPS-LR-I-202, to be filed shortly.

(c) See USPS-LR-I-202, to be filed shortly.

(d) See USPS-LR-I-202, to be filed shortly.

(e) In the referenced article, the term "dedicated sales force" is attributed to James Greiff, President of TIC Enterprises. I am not aware of any agreement with TIC Enterprises that results in a "dedicated sales force" for any single Postal Service product or service. It is my understanding that all TIC Enterprises sales representatives are trained and expected to offer four USPS products: Priority Mail, Express Mail, Global Priority Mail and International Express Mail. Therefore, I cannot provide costs for any such "dedicated sales force" for Priority Mail and Express Mail.

(f) See response to UPS/USPS-T34-5(e).

(g) See response to UPS/USPS-T34-5(e).

(h) See response to UPS/USPS-T34-5(e).

(i) I am not an expert on cost attribution. However, I am informed that these costs are not attributed to Express Mail and / or Priority Mail.

(j) I am informed that the San Francisco pilot program contract was issued on 3/20/1998 and ended on 12/2/1999. I am further informed that the Los Angeles pilot program contract was issued on 6/23/1998 and ended on 12/2/1999. I am not an expert on cost attribution. However, I am informed that these costs are not attributed to Express Mail and / or Priority Mail.

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**UPS/USPS-T34-7.** Refer to the attachment (labeled Attachment to UPS/USPS-T34-7), which refers to the Priority Mail packaging program.

- (a) Provide the total cost to the Postal Service of Priority Mail packaging other than customized packaging (i.e., packaging containing a mailer's logo) for each year from FY 1995 through FY 1999.
- (b) In which cost segment and component, and in what account, are these costs recorded?
- (c) Are all of these costs attributed exclusively to Priority Mail? If not, for each of the years from FY 1995 through FY 1999, state how much is attributed/assigned to Priority Mail, and how much is attributed/assigned to other classes and services.
- (d) Provide the total cost to the Postal Service of customized Priority Mail packaging (i.e., Priority Mail packaging containing a mailer's logo) for each year from FY 1995 through FY 1999, and state what cost segment and component, and the Postal Service account, in which these costs are collected.
- (e) Are all of the costs of customized Priority Mail packaging attributed to Priority Mail? If not, state for each year from FY 1995 through FY 1999 how much was attributed/assigned to Priority Mail and how much was attributed/assigned to other classes and subclasses of mail.
- (f) Provide the Postal Service's estimates of the costs it expects to incur for Priority Mail packaging (other than customized packaging) in FY 2000, and, separately, in the Test Year, and state whether all such costs will be attributed exclusively to Priority Mail. If not, state how much is expected to be attributed/assigned to Priority Mail, and how much is expected to be attributed/assigned to other classes and subclasses of mail.
- (g) State how much the Postal Service estimates it will spend on customized Priority Mail packaging in FY 2000, and, separately, in the Test Year, and state whether all of those costs will be attributed exclusively to Priority Mail. If not, state how much is expected to be attributed/assigned to Priority Mail, and how much is expected to be attributed/assigned to other classes and subclasses of mail.

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**RESPONSE:**

- (a)-(g) I am unaware of any report that contains the requested information. It is my understanding that the Postal Service neither tracks nor manages packaging costs on the basis of whether or not the package has a mailer logo.

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**UPS/USPS-T34-10.** Has the Postal Service ever, at any time during the past three years, given computers away for free to large Priority Mail users? If so, provide the total cost of this program separately by year for BY 1998, FY 1999, FY 2000 (estimated), and the Test Year (estimated), and indicate whether the total cost of the program has been and is being attributed in full to Priority Mail.

**RESPONSE:**

It is my understanding that the Postal Service (Tactical Marketing and Sales Development -- TM&SD) established a developmental program to provide shippers with manifest systems. These systems facilitate the shipper's use of Postal Service package services by enabling the manifesting of packages sent using the Postal Service. The Postal Service entered into individual test agreements with nineteen customers for up to a three-year period under which it leased, at no charge to the customer, manifest mailing systems (hardware and / or software). At this time the program has been suspended. I am informed that total costs for these systems are:

FY 1998    \$165,545

FY 1999    \$425,561

FY 2000    \$110,238

It is possible that offices other than TM&SD may have provided similar systems to customers. I am unaware of the costs, if any, of these programs. I am not an expert on cost attribution. Despite my best efforts, I have not been able to determine how or if the cost of this program is being attributed to Priority Mail.

**DECLARATION**

I, Maura Robinson, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
MAURA ROBINSON

Dated: 2/29/2000

## CERTIFICATE OF SERVICE

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

  
Richard T. Cooper

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February 29, 2000