

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF NEWSPAPER ASSOCIATION OF AMERICA
(NAA/USPS—2(b-d))**

The United States Postal Service hereby provides its response to the following interrogatory of the Newspaper Association of America: NAA/USPS—2(b-d), filed on March 23, 2000. Subpart (a) was answered on April 6, 2000, but is reprinted here for convenience.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 10, 2000

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TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

NAA/USPS-2. On June 10, 1998, the Postal Service released a press release (News Release Number 57) in which Postmaster General William J. Henderson announced that the Postal Service would "discontinue its operational test of an advertising mail concept called Auto Day."

- a. Please confirm that the Postal Service incurred costs in connection with the Auto Day program during FY98. If you cannot confirm, please explain why not.
- b. In what account are those costs located?
- c. Were those costs treated as attributable in the Base Year? If so, please explain how those costs were attributed.
- d. Has the Postal Service made an adjustment to remove those costs in the Test Year cost projection? If so, please describe the adjustment.

RESPONSE:

a) All costs were incurred in FY 98.

b) 52418, 52359, 52111, 52325, 56605, 52435

c) Accounts 52418, 52359, 52111 are in cost segment 16, component 177.

Component 177 is 59.8% volume variable. Account 52325 is in CS 16, component 246. Component 246 is 0% volume variable, but some costs in that component are identified as product (or product group) specific costs for purposes of incremental cost estimation. Account 56605 is in CS 18, component 211. Component 211 is 0% volume variable. Account 52435 is in CS 16, component 179. Component 179 is 0% volume variable.

d) There was no need to make any such adjustments. The costs of specific programs such as Auto Day are not rolled-forward in the way that, for example, a pool of mail processing costs might be treated. To the extent that costs of certain types were spent on Auto Day in the Base Year, those types of costs would be expected to be spent on other programs in the Test Year.

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.


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