

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 THE UNITED STATES POSTAL SERVICE  
TO QUESTIONS POSED AT HEARINGS BY COMMISSIONER OMAS  
(REDIRECTED FROM WITNESS KAY)

The United States Postal Service hereby provides its written response to the oral questions posed by Commissioner Omas at hearings on Thursday, May 4, 2000. The questions have been redirected because, as witness Kay indicated during hearings (Tr. 17/6722-23), she simply relies on the Postal Service for these inputs to her analysis.

The questions are paraphrased and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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May 11, 2000

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO ORAL QUESTION OF COMMISSIONER OMAS  
(REDIRECTED FROM WITNESS KAY)**

Tr. 17/6721-22. A request was made to reconcile the FY 1998 total advertising costs shown in Base Year Cost Segments and Components (\$300.8 million) and the corresponding amount shown on page 5 of USPS-LR-I-150, as revised on March 13, 2000 (\$291.3 million).

**RESPONSE:**

Although the total shown at the bottom of the FY98 Cost column on page 5 of LR-I-150 is \$291,254,908, that total includes an amount of \$22,612,436 for International Mail. As discussed in the footnote at the bottom of page 5, the actual amount of advertising costs for International Mail reflected in the FY 1998 CRA (and the Base Year) is \$26.923 million. If that amount (\$26.923 million) were substituted for the \$22,612,436 figure in the FY98 Cost column, the column total would increase by the difference between the two figures (\$4.311 million) to \$295.566 million.

Therefore, \$300.8 million represents the total accrued costs for Advertising, and, of that amount, \$295.6 million has been traced back to the line items shown on page 5 of LR-I-150. No information is available on the remaining accrued costs.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO ORAL QUESTION OF COMMISSIONER OMAS  
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Tr. 17/6723. A request was made to describe examples of advertising efforts reflected in the line items on page 5 of LR-I-150 (as revised on 3/13/00) of Corporate Brand, Sponsors, Industry Management, Specialty Markets, Retail Channel, and Correspondence and Transactions.

**RESPONSE:**

Corporate Brand represents the integration of brand messaging into all Postal Service advertising. For example, the "Fly Like an Eagle" tagline is featured along with the Postal Service logo in all broadcast and print advertisements, direct mail, sales materials and in store messages. It also includes general market offers featuring a multitude of products and services under an umbrella services solution.

Sponsorships include a wide range of efforts from endorsement of industry events, such as the Direct Marketing Association, to support for the US Cycling Team and Tour de France winner Lance Armstrong.

Industry Management would include advertising efforts to identify interested respondents and then send those respondents a resource kit designed to show how to use mail more effectively for their specific industries (e.g., retail, banking, financial services, etc.).

Specialty Markets would include efforts to advertise postal products in non-English speaking markets.

Retail Channel would include "in-store" advertising such as that placed in postal lobbies and other retail outlets.

Correspondence and Transactions would include advertising efforts to promote the use of the mail for purposes of correspondence and transactions, such as direct

mail and print ads targeted at decisionmakers in industries that are intensive users of the mail for correspondence and transactions with their customers, to allow them to better understand how to use mail as a strategic tool in obtaining and retaining customers.

## 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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