

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF UNITED PARCEL SERVICE
(UPS/USPS-4-13)

The United States Postal Service hereby provides responses to the following interrogatories of United Parcel Service: UPS/USPS-4-13, filed on August 1, 1997.

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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August 15, 1997

Answer of United States Postal Service to the Interrogatories of
United Parcel Service
to United States Postal Service

UPS/USPS-4. Please provide for each year FY 1991 up to and including FY 1996 the amount of cost spent in advertising Priority Mail.

UPS/USPS-4 Response:

See Attachment I to this response.

ADVERTISING COSTS

	Ln.#	F.Yr.	1998 Estim. (1)	1997 Estim. (2)	1996 Actual (3)	1995 Actual (4)	1994 Actual (5)	1993 Actual (6)	1992 Actual (7)	1991 Actual (8)
Priority Mail	1		64,312	65,677	50,704	16,179	19,200	23,226	6,421	2,837
Express Mail	2		0	0	0	12,421	20,200	31,025	23,077	23,964
Parcel Post	3		0	0	0	4,301	4,000	1,031	0	0
International mail	4		17,473	17,844	13,776	6,312	7,600	5,816	7,500	0

Sources:

Columns 1-2: Docket No. R97-1: USPS LR-H-215

FY' 98: Part 3 of 3, fy98rcam.a, page 18, column 16:15

FY' 97: Part 1 of 3, fy97rcm.a, page 18, column 16:15

Columns 3-8: Cost Segments and Components reports on file at the Postal Rate Commission:

FY' 96: Cost Segment 16, pages 51-52, column "Advertising (16.3.5)";

FY' 95: Cost Segment 16, pages 51-52, column "Advertising (16.3.5)";

FY' 94: Cost Segment 20, pages 65-66, column "Other Expenses & Credits (20.7)";

FY' 93: Cost Segment 20, pages 65-66, column "Other Expenses & Credits (20.7)";

FY' 92: Cost Segment 20, pages 61-62, column "Other Accrued Exp & Reimburs";

FY' 91: Cost Segment 20, pages 77-78, column "Other Accrued Exp & Reimburs";

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UPS/USPS-5. Please provide for FY 1997 and, separately, for FY 1998 the estimated amount of cost spent and to be spent in advertising Priority Mail.

UPS/USPS-5 Response.

The calculation of total advertising cost change factors for FY 1997 and FY 1998 is presented in the testimony of witness Tayman, USPS-T-9. These factors are used in the rollforward model to calculate the estimated total advertising costs for FY 1997 and FY 1998. In the Postal Service rollforward model, advertising costs are treated as "Other" costs and not explicitly identified with any particular class of mail. In the Commission rollforward model, advertising costs are not treated as "Other" costs and as such, they are identified with particular classes of mail. See USPS LR-H-215.

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UPS/USPS-6. Please provide for each year FY 1991 up to and including FY 1996 the amount of cost spent in advertising Express Mail.

UPS/USPS-6 Response:

See Attachment I to response to UPS/USPS-4.

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UPS/USPS-7. Please provide for FY 1997 and, separately, for FY 1998 the estimated amount of cost spent and to be spent in advertising Express Mail.

UPS/USPS-7 Response:

The calculation of total advertising cost change factors for FY 1997 and FY 1998 is presented in the testimony of witness Tayman, USPS-T-9. These factors are used in the rollforward model to calculate the estimated total advertising costs for FY 1997 and FY 1998. In the Postal Service rollforward model, advertising costs are treated as "Other" costs and not explicitly identified with any particular class of mail. In the Commission rollforward model, advertising costs are not treated as "Other" costs and as such, they are identified with particular classes of mail. See USPS LR-H-215.

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UPS/USPS-8. Please provide for each year FY 1991 up to and including FY 1996 the amount of cost spent in advertising Parcel Post.

UPS/USPS-8 Response:

See Attachment I to response to UPS/USPS-4.

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UPS/USPS-9. Please provide for FY 1997 and, separately, for FY 1998 the estimated amount of cost spent and to be spent in advertising Parcel Post.

UPS/USPS-9 Response:

The calculation of total advertising cost change factors for FY 1997 and FY 1998 is presented in the testimony of witness Tayman, USPS-T-9. These factors are used in the rollforward model to calculate the estimated total advertising costs for FY 1997 and FY 1998. In the Postal Service rollforward model, advertising costs are treated as "Other" costs and not explicitly identified with any particular class of mail. In the Commission rollforward model, advertising costs are not treated as "Other" costs and as such, they are identified with particular classes of mail. See USPS LR-H-215.

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UPS/USPS-10. Please provide for each year FY 1991 up to and including FY 1996 the amount of cost spent in advertising parcel services generally.

UPS/USPS-10 Response:

Not available.

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UPS/USPS-11. Please provide for FY 1997 and, separately, for FY 1998 the estimated amount of cost spent and to be spent in advertising parcel services generally.

UPS/USPS-11 Response:

Not available.

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UPS/USPS-12. Please provide for each year FY 1991 up to and including FY 1996 the amount of cost spent in advertising International Mail generally.

UPS/USPS-12 Response:

See Attachment I to response to UPS/USPS-4.

Answer of United States Postal Service to the Interrogatories of
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UPS/USPS-13. Please provide for FY 1997 and, separately, for FY 1998 the estimated amount of cost spent and to be spent in advertising International Mail generally.

UPS/USPS-13 Response:

The calculation of total advertising cost change factors for FY 1997 and FY 1998 is presented in the testimony of witness Tayman, USPS-T-9.

These factors are used in the rollforward model to calculate the estimated total advertising costs for FY 1997 and FY 1998. In the Postal Service rollforward model, advertising costs are treated as "Other" costs and not explicitly identified with any particular class of mail. In the Commission rollforward model, advertising costs are not treated as "Other" costs and as such, they are identified with particular classes of mail. See USPS LR-H-215.

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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