

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

RECEIVED

Postal Rate and Fee Changes, 1997

AUG 29 3 38 PM '97
Docket No. R97-1
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
UNITED STATES POSTAL SERVICE**

August 29, 1997

The Newspaper Association of America hereby submits the attached
interrogatories to the United States Postal Service and respectfully requests a timely
and full response.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By: 


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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all
participants of record in this proceeding in accordance with section 12 of the Rules of
Practice.

August 29, 1997


William B. Baker

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NAA/USPS-1. Please list all postal data systems which collect information regarding:

- a. Standard (A) Mail Regular volume:
 - (i) by weight
 - (ii) by shape;
 - (iii) by weight and shape
 - (iv) by rate category and
 - (a) by weight
 - (v) by shape; or
 - (vi) by weight and shape.
- b. Standard (A) Enhanced Carrier Route volume
 - (i) by weight
 - (ii) by shape;
 - (iii) by weight and shape
 - (iv) by rate category and
 - (a) by weight
 - (v) by shape; or
 - (vi) by weight and shape.
- c. Periodicals Mail volume
 - (i) by weight
 - (ii) by shape;
 - (iii) by distance
 - (iv) by rate category and
 - (a) by weight
 - (v) by shape; or
 - (vi) by distance.

NAA/USPS-2. With respect to Postal Service advertising:

- a. Please confirm that the Postal Service has a national advertising budget.
- b. Please confirm that in addition to this national advertising budget, each region has a regional advertising budget.
- c. In addition to the budgets referenced in a and b above, are there also advertising budgets in local Postal Service organizations?

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- d. Please provide for the years FY 1996, FY 1997, and FY 1998 the aggregate amount spent (or budgeted in the case of FY 98) by the Postal Service on advertising in the national budget and each regional budget.
- e. Please indicate whether these advertising expenditures are attributed, and is so, to what subclasses of mail.
- f. Please indicate whether there are separate advertising budgets for different classes or subclasses of mail.
- g. Please indicate whether for FY 1996 and FY 1997, whether the sums expended in the national and each regional advertising budget were within the appropriate budget set by the responsible postal official.
- h. Please provide citations for the answers provided.

NAA/USPS-3. Please provide for each year from FY 1994 up to and including FY 1997 the amount spent in advertising direct mail. Please provide the budgeted figure for the Test Year.

NAA/USPS-4. Please provide for each year from FY 1994 up to and including FY 1996 the amount of cost spent in advertising third class bulk business (regular) mail.

NAA/USPS-5. Please provide for FY 1996 the amount of cost spent in advertising Standard Enhanced Carrier Route mail.

NAA/USPS-6. Please provide for FY 1996 the amount of cost spent in advertising Standard Regular mail.

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NAA/USPS-7. Please provide for FY 1997 the actual to date and projected (for the remainder of the FY) amount spent in advertising (a) Standard Enhanced Carrier Route mail and (b) Standard Regular mail, stated separately if possible.

NAA/USPS-8. Please provide for FY 1998 the projected amount of cost to be spent in advertising Standard Enhanced Carrier Route mail.

NAA/USPS-9. Please provide for FY 1998 the projected amount of cost to be spent in advertising Standard Regular mail.

NAA/USPS-10. Please refer to page 2 of the *1996 Annual Report of the United States Postal Service*. The first paragraph of the Letter from the CEO states:

"The Postal Service faces a daily struggle with formidable competitors, high-tech alternatives and changing customer needs. To deliver messages, *gain market share* and earn the opportunity to serve the communication needs of our nation, we recognize that we must win our customers' business to stay in business." (emphasis added)

- a. Is gaining market share one of the Postal Services corporate goals?
- b. Does the Postal Service have any measures of its market share in any of its key lines of business? If so, please provide these measures and indicate the source of the data.
- c. Did the Postal Service gain market share in 1996 in any of its key lines of business? If so, please indicate the amount of the gain.
- d. Is it possible for a firm regularly and steadily to report record volumes, revenues, and profits each year, and yet "lose" market share?

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NAA/USPS-11. Please refer to page 38 of the *1996 Annual Report of the United States Postal Service*. In this section of the *Annual Report*, the Postal Service states that it adopted "Economic Value Added" in 1996 as a measurement to determine whether a business strategy makes financial sense.

- a. Please list the reasons why the Postal Service adopted the EVA in 1996.
- b. Please provide a numeric example which describes specifically how the Economic Value Added (EVA) is calculated for a particular project.
- c. Please describe what guidelines are used to determine whether the EVA indicates that a business strategy makes financial sense.
- d. The *Annual Report* indicates in 1996 the EVA was \$1.07 billion. Please describe what this number indicates and explicitly how the figure is calculated.
- e. Please illustrate how net operating income is defined for EVA purposes.
- f. Please define the "charge for the capital" that is used in the computation of the EVA.
- g. Please describe how the incentive payment system is affected by the EVA.

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NAA/USPS-12. Has the Postal Service signed an agreement that provides that Ace Hardware will be the first piece of mail that will reach any new address or new occupant of an existing address, either in a particular region or nationally?

- a. If so, please provide a full description of the agreement and a copy thereof.
- b. Has any any agent or subcontractor of the Postal Service, such as Targeted Marketing Solutions, Inc.) entered into such an agreement with Ace Hardware or any other advertiser? If so, please provide a full description of the agreement and a copy thereof.

NAA/USPS-13.

- a. Please confirm that the Postal Service has developed data showing the extent of on-time performance in a variety of postal delivery services.
- b. Please confirm that the Postal Service has developed data showing the extent of on-time performance on a city-pair basis.
- c. Please confirm that the Postal Service has developed data showing the extent of on-time performance on a facility basis.
- d. Please confirm that the Postal Service has developed data showing the extent of on-time performance on a market basis.
- e. Please confirm that the Postal Service has developed data showing the extent of on-time performance on a customer specific basis.
- f. For what classes of mail have customer specific data been collected?
- g. Where the Postal Service has developed on time data on a customer specific basis, how was the customer chosen?
- h. Where the Postal Service has developed on time data on a customer specific basis, was the customer provided with the performance data?

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- i. Where the Postal Service has developed on time data on a customer specific basis, was this service made available to the customer's competitor[s]?
- j. Where the Postal Service has developed on time data on a customer specific basis, was the customer charged for this service? If so, what was the amount of the charge?
- k. Where is the Domestic Mail Classification Schedule or the Domestic Mail Manual are specifics for the provisions for such a public postal service?

NAA/USPS-14.

- a. Please confirm that the United State Postal Service is providing lockbox service for American Express in a Staten Island facility.
- b. Is this lock-box service a "postal service" requiring a recommendation by the Postal Rate Commission?
- c. Will this lock-box service give rise to attributable costs in the Test Year? If so, please quantify those costs and provide an appropriate citation. If not, please explain why not.
- d. Were that service to be provided on a below-cost basis, would that service not be subsidized by other mail services?
- e. Please provide a copy of the contract, including the financial terms

NAA/USPS-15.

- a. Please confirm that the Postal Service is offering "telephone pole" services to wireless telephone companies (such as cellular telephone companies), at least in Illinois.
- b. Is the Postal Service offering like services to other wireless telephone companies in other locales?

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- c. What is the total expected income from such services? What is the total expected expense of such services?
- d. Please state whether and how the net revenues from "telephone pole" services are reflected in the Test Year, and the extent to which these revenues have allowed domestic rates to be reduced.