

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, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF UNITED PARCEL SERVICE
(UPS/USPS-12(b) and 14)

The United States Postal Service hereby provides its responses to the following interrogatories United Parcel Service UPS/USPS-12(b) and 14, filed on November 5, 2001. Interrogatory UPS/USPS 12(a) was redirected to USPS Witness Cochrane. A Response to UPS/USPS-13 is forthcoming.

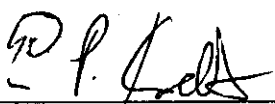
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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November 19, 2001

**RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF UNITED PARCEL SERVICE**

UPS/USPS-12(b). Refer to the Postal Service's response to UPS Interrogatories redirected from Witness Tayman UPS/USPS-T6-7 (erroneously identified by the Postal Service as UPS/USPS-T6-6).

- (a) Provide the proportion of volume that is not Priority Mail and that is processed at those Priority Mail Processing Centers that are now operated by the Postal Service.
- (b) Describe how the costs for the ten Priority Mail Processing Centers are attributed to classes and subclasses in the Test Year.

Response:

- (a) Response provided by witness Cochrane (USPS-T40).
- (b) Please refer to the responses of witness Patelunas to PSA/USPS-T40-3
 - (c) redirected from witness Cochrane, and UPS/USPS-T6-4 (b) redirected from witness Tayman. As UPS/USPS-T6-4 (b) states concerning bringing PMPCs in-house, "the transition is expected to be completed in FY2002". As such, by FY2002, Cost Segments 3, 15 and 16 were adjusted to include the impacts of bringing PMPCs in-house as described in the response to PSA/USPS-T40-3. These costs are then "rolled-forward" to the Test Year using the usual six routine rollforward effects: cost level, mail volume, nonvolume workload, additional workday, cost reductions and other programs. Once the PMPC costs are included in the FY2002 costs and "rolled-forward", there is no way to isolate the costs explicitly, although applying the proper Test Year rollforward effects would yield the proper attribution to classes and subclasses.

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UPS/USPS-14. Refer to the Postal Service's response to Interrogatory OCA/USPS-22 and to library reference USPS-LR-J-72. Provide the advertising copy and each radio and television script used to provide "image" advertising for both Fiscal Year 2000 and Fiscal Year 2001.

RESPONSE:

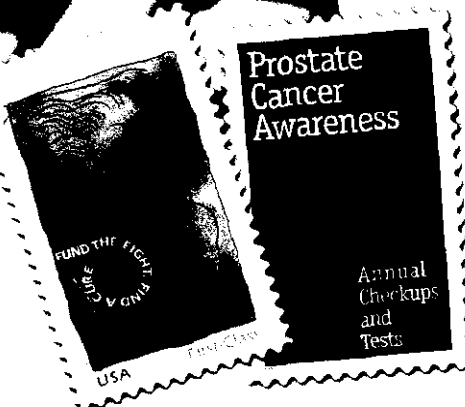
For FY 2000, as indicated in the Postal Service's response to UPS/USPS-T21-3, some of the "image" expense was associated with integrating brand messaging into ads. Thus, the "Fly Like an Eagle" tagline would have been included as part of many ads. In FY 2000, however, the tagline did not generate discrete "image" ads, as such. Advertising for that year considered "image" advertising related to Lance Armstrong. A copy is attached.

For FY 2001, the ads considered "image" ads were those showing collection boxes in unusual locations, and another Lance Armstrong ad. Copies are attached. Since those ads were not in circulation in the base year for costs in this case, however, the Postal Service does not concede the relevance of the costs of those ads to any issues currently in this proceeding.

WE ARE PROUD OF YOU!

BRIL

UNITED STATES
POSTAL SERVICE



The 800,000 employees of the Postal Service, who deliver everywhere, every day, salute Lance Armstrong and the U.S. Postal Service Pro Cycling Team.

 **UNITED STATES
POSTAL SERVICE**
Pro Cycling Team

The U.S. Postal Service is everywhere
so you can be anywhere™




The U.S. Postal Service is everywhere
so you can be anywhere



**The U.S. Postal Service is everywhere
so you can be anywhere™**





Un, Deux, Trois!

Congratulations Lance!
When you need a winner, we deliver.

Congratulations to Lance and the U.S. Postal Service Pro Cycling Team from your 800,000 biggest fans.

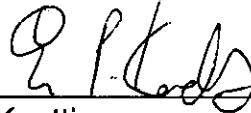


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Photo by Graham Watson

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.



Eric Koetting

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