

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

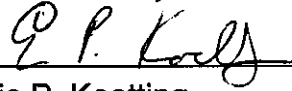
RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO UPS INTERROGATORY UPS/USPS -15
(November 21, 2001)

The United States Postal Service hereby provides its response to the following interrogatory of United Parcel Service: UPS/USPS-15, filed on November 7, 2001. The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:



Eric P. Koetting

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November 21, 2001

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

UPS/USPS-15. Refer to the Postal Service's Response to Interrogatory UPS/USPS-1(d), which identifies changes in "the competitive environment" as one of the factors that caused "Advertising and Market Research" costs to increase from \$30.7 million in 1980 to \$1,332.8 million in 1999. What portion of that increase is a result of the competitive environment? What portion of the Postal Service's annual budget for "Advertising and Market Research" is dedicated to promotion of products and/or services which compete with private sector enterprises?

RESPONSE:

As stated in the response to UPS/USPS-1, the accounts aggregated for purposes of TFP calculations under the label "Advertising and Market Research" have no particular functional homogeneity. Moreover, those accounts are not grouped together in the budget process, either as "Advertising and Market Research," or under any other label. Consequently, attempting to treat this aggregation of accounts as a monolith, including, for example, for purposes of discussing trends over time, is unlikely to be constructive. The portion of the earlier response that mentioned changes in the competitive environment was intended to refer essentially to advertising expenditures, which, as also noted in the earlier response, constituted less than one-fourth of the aggregate total in FY 1999. To the extent that such advertising expenditures increased between 1980 and 1999, it is impossible to quantify how much of that increase might be due to changes in the competitive environment. The breakout of advertising expenses for FY 2000 to products is shown in LR-J-72. With very rare exceptions (e.g., "free-for-the-blind"), for virtually all of the Postal Service's products and/or services, there are private sector enterprises seeking to satisfy the needs of the Postal Service's customers by means outside of the nation's postal system.

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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