

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
WITNESS TAKIS TO INTERROGATORIES OF
THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS
(AAPS/USPS-T41-1-3.a)

The United States Postal Service hereby provides responses of witness Takis to the following interrogatories of the Association of Alternate Postal Systems: AAPS/USPS-T41-1-3.a, filed on September 5, 1997. Subparts (b)-(e) of interrogatory AAPS/USPS-T41-3 were redirected to the Postal Service.


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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September 19, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAKIS
TO INTERROGATORIES OF ALTERNATE POSTAL SYSTEMS

AAPS/USPS-T41-1. In response to UPS/USPS-T41-4(d), you state that only advertising expenses related to “particular products” are specific costs assigned to classes of mail and that of \$235 million of advertising expenses, only \$66 million is so assigned. How much of this \$66 million is assigned to Standard Mail?

AAPS/USPS-T41-1 Response:

Of the \$66 million in “specific fixed” advertising costs (please see my response to UPS/USPS-T41-5 for a discussion of the term “specific fixed”), a total of \$1.502 million is assigned to Standard Mail. As shown in my Workpapers (page IV.A.202), \$739,000 is “specific fixed” to Third Class/Standard A, Bulk Rate Regular - Carrier Route, and \$763,000 is “specific fixed” to Third Class/Standard A, Bulk Rate Regular - Other.

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AAPS/USPS-T41-2. Are advertising expenses promoting "direct mail" or "advertising mail" considered related to "particular products"? Please explain.

AAPS/USPS-T41-2 Response:

It is my understanding that the terms "direct mail" or "advertising mail" can refer to a variety of different classes and subclasses. Therefore, general advertising expenditures to promote these types of mail would not be considered related to any "particular product", by which I mean any particular subclass. The most detailed breakdown of advertising expenditures across subclasses of which I am aware is contained on pages 51-52 of LR-H-3.

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AAPS/USPS-T41-3. Within the past two years, the Postal Service produced and circulated a direct mail advertising ensemble consisting of a cardboard outside wrapper designed to look like a leather briefcase containing, among other things, a 96-page booklet entitled "A Small Business Guide to Advertising with Direct Mail," a pamphlet entitled "A Short Course in Direct Mail for Small Business," a pamphlet entitled "Advertising with Mail, a Smart Solution," a large folder (with enclosures) entitled "Mail Brings It All Home," and a videotape entitled "Growing Your Business with Advertising Mail." With respect to this promotion, please state: (a) would an expenditure of this type be deemed related to "particular products" and therefore assigned to a class of mail or would it be considered an institutional cost? (b) how many copies of the material described above were produced and distributed? (c) to whom were they distributed? (d) how much did this advertising campaign cost the Postal Service and over what period of time? (e) is this material still being distributed? If so, please explain current and future plans for this campaign.

AAPS/USPS-T41-3 Response:

Part (a): Please see my response to AAPS/USPS-T41-2.

Parts (b) through (e): These questions have been redirected to the Postal Service.

DECLARATION

I, William M. Takis, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

W. M. Takis

Dated: 9-14-97

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 P. Koetting

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