

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS TO THE UNITED STATES POSTAL SERVICE (AAPS/USPS-1-7)
(June 16, 2005)

The United States Postal Service hereby provides its responses to the above-listed interrogatories of the Association of Alternate Postal Systems to the United States Postal Service, filed on May 17, 2005.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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AAPS/USPS-1. Please refer to the USPS publication Deliver and (a) state when prior issues have been dated and distributed, (b) how frequently the Postal Service intends to publish and distribute future issues and (c) for how long the Postal Service intends to publish and distribute future issues.

RESPONSE:

(a) The first issue was dated "March 2005" and was distributed in middle to late February. The second issue was dated "May 2005" and was distributed in middle to late April.

(b) During Fiscal Year 2005, Deliver will be distributed five times.

(c) There are plans to distribute Deliver in Fiscal Year 2006.

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AAPS/USPS-2. (a) Please confirm that Deliver is sent by First-Class mail, (b) state what the postage costs have been for the March and May, 2005, issues (or would have been if mailed by an outside party), and (c) explain why First-Class mail is used for delivery, including an explanation for any time value associated with the publication.

RESPONSE:

(a) The first and second issues were sent by First-Class Mail. The third and all subsequent issues will be sent via Standard Mail.

(b) Cost for the March 2005 issue: \$329,331. Cost for the May 2005 issue: \$328,237.

(c) First-Class Mail was used in order to assure timely delivery (because this material was time sensitive) and to receive and update our mailing list (via nixes).

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AAPS/USPS-3. (a) To how many individual recipients and discrete addresses were the March and May, 2005 issues mailed, and (b) what is the planned level of circulation as future issues are produced?

RESPONSE:

- (a) Roughly 350,000.
- (b) Currently, 350,000.

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AAPS/USPS-4. (a) Please explain why the card bound into the March 2005 issue of Deliver appears to permit someone to order a one-year subscription at no charge but the masthead on page 6 states that the subscription rate for the U.S. is \$3.95. (b) How many copies of the March and May issues were paid for? (c) How many paid subscriptions does the Postal Service expect to obtain?

RESPONSE:

- (a) Our mailing lists were carefully selected to target large business marketing professionals. As such, anyone that received Deliver would be in our target audience. We bound the card into the March 2005 issue with the hope of adding new recipients (within the same organization). We believe that our target audience would be more likely to use Deliver, and so we could economically justify giving the issues to these persons for free.
- (b) None
- (c) None

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AAPS-USPS-5. (a) What was the total cost to the Postal Service of producing and distributing the May, 2005 issue of Deliver? (b) What were the total revenues associated with that issue?

RESPONSE:

(a) Complete production for the May issue was approximately \$200,000. List costs are excluded (these were negotiated not on an issue by issue basis, but on the entire year's usage).

(b) Because the idea behind Deliver is the selling of Direct Mail as an advertising medium, the Postal Service is unable to allocate specific revenue to a specific issue. The idea behind Deliver is to establish an ongoing dialogue with our audience and encourage the use of Direct Mail as part of their marketing communication mix.

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AAPS-USPS-6. Does the Postal Service have any plans to accept paid advertising for publication in Deliver? If so, explain those plans. If not, state why not.

RESPONSE:

As a custom publication, Deliver offers insight on direct marketing (direct mail). As such, the Postal Service will be the only sponsor.

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AAPS-USPS-7. (a) Does the Postal Service expect to produce and distribute Deliver during the test year used in this case? (b) If so, what cost has been included in the rate filing, and to which class, classes, subclass, or subclasses of mail have those costs been attributed. (c) Please explain fully your answer to part (b).

RESPONSE:

(a) Yes.

(b) – (c) The Postal Service estimates test year product specific Advertising costs for Standard Mail of \$13.463 million. See Workpapers of witness Kay (USPS-T-18) Vol. II at pages III-140, III-143. While there is no specific estimate for Deliver, its costs are charged as Advertising costs to Standard Mail, and therefore are implicitly included in that estimate.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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