

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

COMPELLED RESPONSE OF THE UNITED STATES  
POSTAL SERVICE TO OCA/USPS-147.a,  
PURSUANT TO PRESIDING OFFICER'S RULING NO. R2005-1/70  
(August 18, 2005)

Pursuant to Presiding Officer's Ruling No. R2005-1/70 (August 11, 2005), the Postal Service hereby provides its response to part a of OCA/USPS-147, filed by the OCA on June 10, 2005. That Ruling denied the OCA's motion to compel responses to OCA/USPS-147.a, d., and OCA/USPS-148.a, but directed that certain alternative information be provided. The most logical format to provide that information seems to be in the form of a response to OCA/USPS-147.a.

The question is restated verbatim, and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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August 18, 2005

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF THE OCA**

OCA/USPS-147. Please refer to the “Affiliates and Alliances” paragraph of Attachment Two to OCA/USPS-53.

- a. Please furnish copies of the 75 linking agreements referred to in the interrogatory. (One of the major purposes for this request is to gain a better understanding of the activities performed by the parties to the agreement, particularly the Postal Service, so as to see whether expenses incurred by the Postal Service in performing its activities have been fully and appropriately accounted for). For each, please indicate whether the purpose of the agreement is: (1) to complement the Postal Service’s core product offering; (2) to generate mail; and/or (3) to provide value to our customers.

**RESPONSE:**

Pursuant to Presiding Officer’s Ruling No. R2005-1/70 (August 11, 2005), the Postal Service hereby provides the following information to supplement the information already provided in response to OCA/USPS-53 with regard to “Affiliates and Alliances.”

**Fee Based Affiliate Linking Agreements**

Description:

Fee based affiliate linking agreements are links from USPS.com to third-party web sites. In such agreements, the Postal Service links to a merchant’s site through a banner or text hyperlink on USPS.com, and the merchant pays the Postal Service remuneration based on a variety of negotiated payment mechanisms. These typically include payments based on the traffic sent to the merchant site, or a royalty percentage based on transactions made on the merchant site as a result of the USPS.com link(s). In all instances, the nature of the service provided by the Postal Service is the facilitation of access to another website by persons using the Postal Service’s website.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF THE OCA**

Financial Results:

Currently, the Postal Service has five fee-based affiliate linking agreements. Three of those, however, are too recent to have generated any revenue in the base year. The aggregate revenue reported in the base year for affiliates was \$42(000). In terms of base year expenses, there are no direct expenses reported for any particular agreement.

Overall, however, \$55(000) in Information Technology (IT) expenses were reported for affiliates and alliances, relating to the operation of USPS.com.

These expenses, however, would relate to no-fee linking agreements as well as to fee-based agreements. As previously explained in response to OCA/USPS-53, no attempt is made to generate test year figures by product for nonpostal services, and none are available.

**No-Fee Affiliate Linking Agreements**

Description:

No-fee affiliate linking agreements are linking agreements either to or from USPS.com, but no payment is provided by either party to the agreement. The Postal Service does not pay third parties to generate traffic to USPS.com. Banners or text hyperlinks are used to allow customers to link to another site. Informal categories of no-fee affiliate linking agreements (and the number of agreements in each category) include direct mail vendors (16), mail and jobs coalition (1), Mailing

**RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORY OF THE OCA**

Industry Task Force research providers (3), mailing list providers (3), Merlin training providers (1), mail preparation Total Quality Management Qualified companies (15), parcel return service vendors (2), postage solutions providers (6), postal qualified wholesalers (7), repositionable note providers (5), residential delivery indicator vendors (4), and shipping consolidators (11). In all instances, the nature of the service provided by the Postal Service is the facilitation of access to another website by persons using the Postal Service's website.

**Financial Results:**

Given the structure of no-fee affiliate linking agreements, there are no direct financial results to report. Any costs or benefits would be indirect in nature. Please note, however, the information in the above discussion of fee-based agreements regarding IT expenses.

## **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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