

DOCKET SECTION

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

Postal Rate and Fee Changes, 1997

Docket No. R97-1.

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**NEWSPAPER ASSOCIATION OF AMERICA
INTERROGATORIES TO
THE UNITED STATES POSTAL SERVICE (NAA/USPS-22-27)
February 27, 1998**


The Newspaper Association of America hereby submits the attached interrogatories to the United States Postal Service and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

Robert J. Brinkmann
NEWSPAPER ASSOCIATION OF AMERICA
529 14th Street, N.W.
Suite 440
Washington, D.C.
(202) 638-4792

By:


William B. Baker
WILEY, REIN & FIELDING
1776 K Street, N.W.
Washington, DC 20006-2304
(202) 429-7255

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

February 27, 1998


William B. Baker

NEWSPAPER ASSOCIATION OF AMERICA
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NAA/USPS-22. Please refer to the attached article from the February 20, 1998, issue of *Postal Points*, published by the Mail Advertising Services Association, entitled "Postal Service to Pilot a New Marketing Approach." The article describes a "joint marketing effort between the Postal Service and the automobile industry . . . aimed at getting advertising mail into targeted mailboxes on a specific day each week." According to the article, a pilot program of this approach will begin in the Milwaukee area in April.

- a. Please confirm that the Postal Service plans to begin the pilot program described in the article in April 1998. If you cannot confirm, please explain why not.
- b. Please confirm that the Postal Service will provide participating advertisers "with a series of unique requirements that must be met in preparing advertisements for this program." Please identify these "unique requirements," as the Postal Service has determined them to date.
- c. Please confirm that the Postal Service will provide participating advertisers with a unique "Auto-Day" logo to be used by postal operations to identify this mail in the mailstream. If you cannot confirm, please explain why not.
- d. Please confirm that the Postal Service plans to commit to advertisers that this "Auto-Day" mail will be delivered to residents on Fridays. If you cannot confirm, please explain why not.
- e. Please confirm that participating advertisers are to use the "Auto-Day" logo to identify the piece so that the Postal Service will be able to meet the commitment to deliver the piece to residents on Fridays. If you cannot confirm, please explain why not.
- f. Please refer to the last sentence of the first paragraph of the article, which states that the "unique 'Auto-Day' logo . . . will be used by postal operations to identify this mail in the mailstream."
 - i. What will postal operations personnel be expected to do with "Auto-Day" logo mail once they "identify" it in the mailstream?

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- ii. Will "Auto-Day" mail be charged rates for Enhanced Carrier Route ("ECR") mail?
- iii. Will "Auto-Day" logo mail receive any mail processing, transportation, or delivery that differs from that received by other pieces of Enhanced Carrier Route subclass mail?
- iv. Will "Auto-Day" logo mail receive processing, transportation, or delivery service ahead of other mail, including other ECR mail, that happened to arrive at a particular point in the system sooner, if necessary to meet the commitment for delivery to residences on Friday? If so, please identify each situation in which "Auto-Day" logo mail is anticipated to receive service before other mail which arrives at the same point in the system sooner.
- v. Will "Auto-Day" logo mail receive processing, transportation, or delivery service ahead of Periodicals mail that happened to arrive at a particular point in the system sooner, if necessary to meet the commitment for delivery to residences on Friday? If so, please identify each situation in which "Auto-Day" logo mail will receive service before Periodicals mail will arrives at the same point in the system sooner.
- vi. Will "Auto-Day" logo mail receive processing, transportation, or delivery service ahead of First Class mail that happened to arrive at a particular point in the system sooner, if necessary to meet the commitment for delivery to residences on Friday? If so, please identify each situation in which "Auto-Day" logo mail will receive service before First Class mail which arrives at the same point in the system sooner.
- g. Please confirm that the specific test described in the article is planned to begin in Fiscal Year 1998. If you cannot confirm, please explain why not.
- h. Please confirm that the roll-forward cost projections submitted in this proceeding by the Postal Service contain no specific adjustments for any additional activities that will be performed by the Postal Service in meeting its "Auto-Day" program, including the commitment for day-certain delivery on Friday. If you cannot confirm, please identify where such costs are accounted for in the Postal Service's roll-forward cost estimates for FY 1998.

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NAA/USPS-23. With respect to the "Auto-Day" program described in NAA/USPS-

22:

- a. Please confirm that Express Mail is currently the only Postal Service product that provides a commitment for delivery on a specific day (e.g., overnight delivery). If you cannot confirm, please identify all Postal Service products that offer a commitment for delivery on a specific day.
- b. Please confirm that the current rate for Express Mail Next Day delivery to addressee service, for a package weighing 4 ounces, is \$10.75. If you cannot confirm, please provide the correct rate.
- c. Will "Auto-Day" logo mail be charged Express Mail rates?
- d. Please confirm that, under the Milwaukee pilot program, "Auto-Day" logo mail is to be mailed at Standard (A) Enhanced Carrier Route subclass rates. If you cannot confirm, please explain why not.
- e. Will participating advertisers or mailers be charged any fees, surcharges, or other charges (other than existing ECR rates) in order to participate in the "Auto-Day" program? If so, please identify all such fees, surcharges, or other charges.

NAA/USPS-24. With respect to the "Auto-Day" program described in

NAA/USPS-22:

- a. Please confirm that, under the Milwaukee pilot program, "Auto-Day" logo ECR mail will receive a delivery commitment greater than that provided for First Class mail. If you cannot confirm, please explain why not?
- b. Please confirm that, under the Milwaukee pilot program, "Auto-Day" logo ECR mail will receive a delivery commitment greater than that provided for Periodicals mail. If you cannot confirm, please explain why not.
- c. Please confirm that, under the Milwaukee pilot program, "Auto-Day" logo ECR mail will receive a delivery commitment greater than that provided for Priority Mail. If you cannot confirm, please explain why not.
- d. Please confirm that, under the Milwaukee pilot program, "Auto-Day" logo ECR mail will receive a delivery commitment greater than that provided for other ECR mail.

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NAA/USPS-25. With respect to the "Auto-Day" program described in NAA/USPS-22, the article states that plans call for a second test of the same concept in the Baltimore area this summer.

- a. Please confirm whether the USPS plans for a test of the same concept to begin in the Baltimore area this summer.
- b. If confirmed, would the details of the second test be generally the same (i.e., day-certain delivery of a particular type of mail, ECR rates, etc.). Please explain any material differences.

NAA/USPS-26. . With respect to the "Auto-Day" program described in NAA/USPS-22, please refer to the third paragraph of the article, which states that the "Auto-Day" program will be "one of the first programs that will incorporate a 'day certain' feature. With respect to every other program that will incorporate a "day certain" feature that the Postal Service is considering beginning in the Test Year, please:

- a. describe such program;
- b. identify all costs specific to such program; and
- c. state what rates will apply to participants in such programs.

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NAA/USPS-27. With respect to the "Auto-Day" program described in NAA/USPS-22, please refer to the statement in the article to the effect that the USPS "will promote this concept through radio, television, newspaper, and direct mail campaigns in the target market."

- a. Please confirm that, because "Auto-Day" mail is to be mailed at Standard (A) ECR rates, such advertising should be attributed to the Standard (A) ECR subclass. If you cannot confirm, please explain why not.
- b. Do the Test Year incremental costs presented in the testimony of witness Takis include a projection of these anticipated advertising costs? If so, please explain where such costs are included.

***** Postal Service to Pilot a New Marketing Approach ***** A joint marketing effort between the Postal Service and the automobile industry is aimed at getting advertising mail into targeted mailboxes on a specific day each week.

The pilot program will be launched in the Milwaukee area in April. The concept is to solicit participation from a wide range of automobile companies including new and used car dealers, auto parts stores and other suppliers to automobile owners. The Postal Service will provide these companies with a series of unique requirements that must be met in preparing advertisements for this program. In addition to meeting the requirements, advertisers will be given access to a unique "Auto-Day" logo, which will be used by postal operations to identify this mail in the mailstream.

Identification of the advertising piece is essential since the Postal Service is committing to advertisers that this mail will be delivered to Milwaukee area residents on Friday. The Postal Service will promote this concept through radio, television, newspaper, and direct mail campaigns in the target market. The focus of the promotion will be to get advertising messages in the

mailboxes of consumers at a time when studies indicate they are considering the purchase of a new or used car or when they may be buying some other related product to enhance their own vehicle.

This will be one of the first programs to grow advertising mail that will incorporate a "day certain" feature. Rod DeVar, USPS manager of advertising mail, says the pilot is designed to see if focusing on a specific topic on a particular day of the week with unique identification of the advertising will increase the amount of advertising by automobile associated businesses. He said if the approach is successful, other "day certain" approaches may be introduced. During the pilot phase, advertisers will have to prepare the mail as Enhanced Carrier Route letters (or flats) and will be required to include a barcode on the letter-size pieces. DeVar said any mailer in the country will be eligible to participate in this test by coordinating with Milwaukee postal officials ahead of

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time. Current plans call for a second test of this same concept in the Baltimore area this summer (MASA members who would like to participate in either of these pilots should contact Rod DeVar at Postal Service headquarters at 202-268-3373)

MASA is excited about the possibility of growing advertising mail in this way and is particularly interested in the "Day Certain" delivery prospect, as this is something MASA has been encouraging the Postal Service to do for many years. It is felt that advertisers would be willing to commit more of their advertising dollars to mail if there was a certainty of when the piece would be in the home. It is hoped that "Auto-Day" will be only the beginning of many new fresh approaches to growing admail on many fronts.



You have been reading Postal Points, MASA's communication tool for conveying postal information in a timely fashion to MASA members. Any questions or comments should be directed to Barry D Brennan, Director of Postal Affairs, MASA.