

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, 2000

Docket No. R2000-1

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DANIEL TO INTERROGATORIES OF ADVO, INC.
(ADVO/USPS-T28—12 AND 14)**

The United States Postal Service hereby provides the responses of witness Daniel to the following interrogatories of Advo, Inc.: ADVO/USPS-T28—12 and 14, filed on March 23, 2000. The Postal Service will move for late acceptance of interrogatory ADVO/USPS-T28—13.

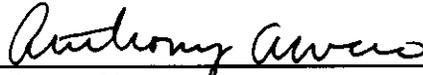
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anthony Alverno
Attorney

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April 6, 2000

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DANIEL TO INTERROGATORIES OF ADVO, INC.

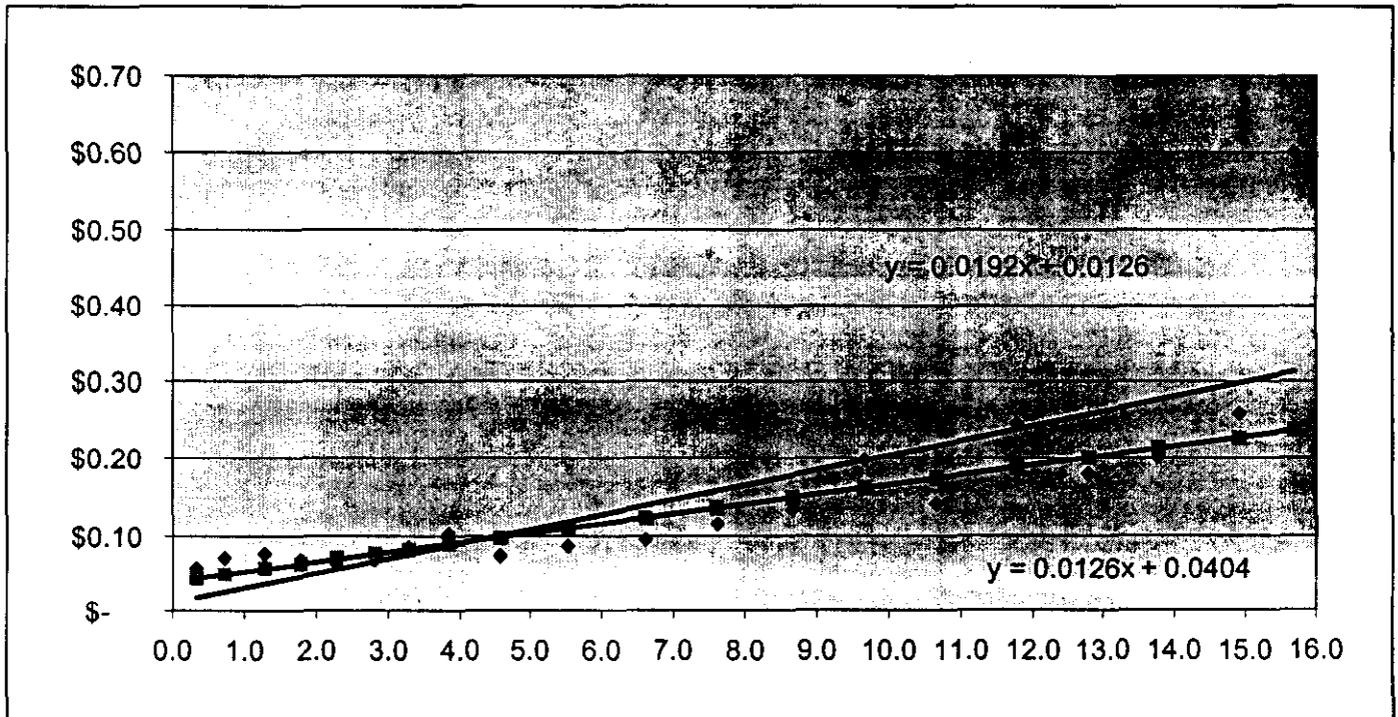
ADVO/USPS-T28-12. Please refer to the graph in ADVO/USPS-T28-8, which reproduces the graph in your LR-92 showing ECR unit costs by weight increment. The graph includes an unweighted linear regression line with the formula $y = 0.0192x + 0.0126$.

- (a) Please re-run this regression excluding the data point for the last 15-16 ounce weight increment, and provide the resulting equation.
- (b) Please provide a graph comparable to that in ADVO/USPS-T28-8 showing (i) all unit cost data points, (ii) your original regression line and equation, and (iii) the regression line and equation from part (a) above.

RESPONSE:

a. $y = 0.0126x + .0404$

b.



**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF ADVO, INC.**

ADVO/USPS-T28-14. Please refer to Table 7 on page 29 of your testimony.

- (a) Please identify the test year attributable costs, by cost component, that are not included in those figures.
- (b) Please provide a unit estimate of those excluded attributable costs by shape and density level.
- (c) If those excluded attributable costs do not vary by shape or density level, please so state.

RESPONSE:

- a. These costs do not include:
 - window service (Cost Segment 3.2) or related indirect costs, and
 - vehicle service drivers (Cost Segment 8) or related indirect costs,
 - transportation (Cost Segment 14)
- b. Using the data in USPS LR-I-98, but changing the window service piggyback to 1.459 for window service and 1.371 for vehicle service drivers, the costs by shape are:

<u>ECR</u>	<u>Window Service</u>	<u>Vehicle Service</u>	<u>Transportation</u>
	<u>C/S 3.2</u>	<u>Drivers C/S 8</u>	<u>C/S 14</u>
Letters	0.042	0.060	0.050
Flats	0.036	0.323	0.268
Parcels	0.035	0.802	0.656

- c. Data are not available to determine if or how these costs vary by density level.

DECLARATION

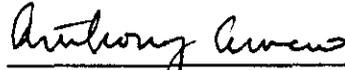
I, Sharon Daniel, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.


SHARON DANIEL

Dated: 4/6/00

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.



Anthony Alverno

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