

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 RAMAGE TO INTERROGATORIES OF
ADVO, INC.
(ADVO/USPS-T2-1-2)

The United States Postal Service hereby provides the responses of witness Ramage to the following interrogatories of Advo, Inc.: ADVO/USPS-T2-1-2, filed on March 22, 2000.


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



Kenneth N. Hollies

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.



Kenneth N. Hollies

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April 5, 2000

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

ADVO/USPS-T2-1. The IOCS tallies are used to allocate Cost Segment 6 and 7 accrued costs among the eight city letter carrier route types. For each of those eight route type accrued cost estimates, please provide (a) the base year 1998 cost estimate and (b) its standard deviation, confidence interval, and coefficient of variation.

RESPONSE:

(a) My understanding is that these base year 1998 cost estimates are contained in witness Meehan's workpapers.

(b) In Table 2 of my testimony, I have provided CVs for base year IOCS cost estimates at the subclass level. It is not feasible to directly compute sampling error estimates at all other levels of disaggregation or for all other estimates, so I have presented a generalized variance function which may be used to approximate CVs for these estimates. Please see my response to ANM/USPS-T2-13. The generalized variance approximation may slightly understate sampling error for these accrued cost estimates since it was developed from attributable cost estimates.

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

ADVO/USPS-T2-2. The IOCS tallies are used to allocate letter carrier route costs for each letter route type between in-office and out-office activity components. For each of the eight city letter route types, please provide the base year 1998 in-office and out-of-office cost estimates with their standard deviations, confidence intervals, and coefficients of variation.

RESPONSE:

Please refer to my response to ADVO/USPS-T2-1.

DECLARATION

I, Mark F. Ramage, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.



Mark F. Ramage

Date: April 5, 2000