

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 ASSOCIATION OF ALTERNATE POSTAL SYSTEMS
WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.
(ADVO/AAPS-T1—1-18)**

The Association of Alternate Postal Systems hereby provides the responses of witness White to the following interrogatories of Advo, Inc.: ADVO/AAPS-T1—1-18.

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

Respectfully submitted,

Bonnie S. Blair

Bonnie S. Blair
Attorney for Association of Alternate
Postal Systems

Thompson Coburn LLP
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Suite 600
Washington, D.C. 20006
(202) 585-6900
June 29, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the following document upon all participants in this proceeding in accordance with section 12 of the Rules of Practice.

Bonnie S. Blair
Bonnie S. Blair

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-1. Please confirm that Distribution Systems of Oklahoma is a division of The Oklahoma Publishing Company, publisher of Oklahoma's largest newspapers, The Daily and Sunday Oklahoman. If you cannot confirm, please describe specifically the legal and corporate relationships between Distribution Systems of Oklahoma and both The Oklahoma Publishing Company and The Daily and Sunday Oklahoman.

Response

Confirmed. I will add that DSO is established as a separate, independent division with a separate location, employee base, carriers, general accounting ledger, sales department and management. I also note that ownership by another media company is hardly unique in this case. I understand that The Flyer, published by AISOP witness Baro, is owned by Harte Hanks, and that both Carol Wright and ValPak are owned by Cox Target Media, the parent of which, Cox Enterprises, owns sixteen daily newspapers, including the Atlanta Journal-Constitution.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-2. Please confirm that The Daily and Sunday Oklahoman is the only daily local newspaper in the Oklahoma City metropolitan MSA area (excluding college newspapers). If you cannot confirm, please identify each other daily local newspaper in the MSA area, and provide its estimated daily circulation.

Response

Not confirmed. The daily local newspapers in the Oklahoma City SMA include: The Edmond Sun (20,000), The Norman Transcript (25,000), The Shawnee News-Star (20,000), The Chickasha Evening Star (15,000), and The Oklahoma City Journal Record (20,000).

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-3. Please confirm that Distribution Systems of Oklahoma provides weekly Wednesday delivery of The Express Line, the total market coverage (TMC) product of The Daily Oklahoman.

Response

Confirmed.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-4. Please describe DSO's distribution and circulation of The Express Line TMC product, including the following:

- (a) Is The Express Line distributed by DSO only to nonsubscribers of The Daily Oklahoman newspaper, or is it also distributed to subscribers?
- (b) Please provide the weekly nonsubscriber circulation of The Express Line distributed by DSO.
- (c) Please provide the weekly subscriber circulation of The Express Line distributed by DSO.
- (d) Please provide the total subscriber circulation of The Daily Oklahoman in the areas or zones where DSO distributes The Express Line.
- (e) Please provide the total household count in the areas or zones where DSO distributes The Express Line.
- (f) In areas or zones where DSO distributes The Express Line, does DSO make deliveries to all households or just to those that are to receive The Express Line?

Response

- a) Non-subscribers only
- b) 210,000
- c) See answer to T1-4 (a)
- d) Objection filed
- e) Objection filed
- f) Sometimes we make deliveries to nearly all households, and sometimes only to those that receive Expressline. It depends on the needs of DSO clients at the time.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-5. Please provide the following information for both Distribution Systems of Oklahoma and The Daily and Sunday Oklahoman.

- (a) For each year from 1987 to the present, please provide the total annual volume of preprint circulars distributed by (i) The Daily and Sunday Oklahoman, and (ii) Distribution Systems of Oklahoma.
- (b) For each year, of the total volume of preprints distributed by DSO, how many were distributed only to nonsubscribers of The Daily Oklahoman?
- (c) In addition to the Express Line and preprints, has DSO delivered other publications such as shoppers or buyers guides? If so, please provide the annual volumes of such publications distributed by DSO from 1987 to the present.

Response

- a) Objection filed.
- b) Objection filed. Without waiving that objection, however, I am willing to state that, for DSO, a rough estimate would be a little more than half are distributed to non-subscribers.
- c) Yes. Objection filed to the second part of the question.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-6. Does DSO offer its distribution services to independent shopper or buyers guide publications (i.e., publications not affiliated with the Oklahoman newspaper)? If so,

- (a) Please provide the rates offered or charged for such distribution services.
- (b) Does DSO accept preprint inserts that accompany a shopper publication? If so, please provide the rates offered or charged for preprints accompanying such a publication.

Response

Yes.

- a) Vary by publication and are individually negotiated. Specific rates range from 7.3¢ per piece to 13.8¢ per piece or more if necessary.
- b) Yes. No separate rates if inserted within the publication.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-7. Please identify (by estimated annual preprints distributed in the Oklahoma City metro area MSA market) the five largest multi-page preprint distribution competitors of Distribution Systems of Oklahoma and The Daily and Sunday Oklahoman. For each competitor, please

- (a) indicate its primary method of preprint distribution (i.e., privately delivered newspaper inserts, mailed newspaper inserts, privately delivered shopper publication inserts, mailed shopper publication inserts, or saturation shared mail).
- (b) provide an estimate of its annual volume of preprints distributed in the Oklahoma City MSA market.

Response

- a) I cannot answer for The Daily and Sunday Oklahoman, although probably anyone who competes with DSO for insert distribution also competes with all of the local weekly & daily newspapers, including The Daily Oklahoman. DSO's largest competitors are The Daily and Sunday Oklahoman (newspaper inserts, mailed inserts, product samples); Buyers Guide/Advo (saturation shared mail); Central Oklahoma Newspaper Group (privately delivered & mailed newspaper inserts); USPS Saturation Mail (mailed saturation of stand alone inserts, product samples); VAL PAK/Carol Wright Coupons (saturation shared mail inserts).
- b) I don't know. It's not a common business practice for competitors to share proprietary information with DSO.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-8. Please provide the following market share information. If precise data are not available, please provide DSO/The Daily and Sunday Oklahoman's best estimate of its market share, and explain the basis for the estimate.

- (a) What is the market share of multi-page preprint circulars held by DSO/The Daily and Sunday Oklahoman in the Oklahoma City metro MSA area?
- (b) What is the market share of single-sheet (8" x 10" or larger) preprint circulars held by DSO/The Daily and Sunday Oklahoman in the Oklahoma City metro MSA area?
- (c) If information on the breakout of multiple-page v. single-sheet preprints is not available, what is the market share of total preprint circulars held by DSO/The Daily and Sunday Oklahoman in the Oklahoma City metro MSA area?

Response

- a) Objection filed.
- b) Objection filed.
- c) Objection filed.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-9. Please provide copies of the last two issues of The Express Line, the TMC product of The Daily Oklahoman that is delivered by DSO, including inserts and other materials distributed along with it.

Response

The requested copies have been filed as Library Reference AAPS-LR-2.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-10.

- (a) What is the average weight, and weight range, of The Express Line product distributed by DSO?
- (b) What is the average weight, and weight range, of The Express Line product including preprint inserts?
- (c) What is the average number of preprint inserts carried in The Express Line, and the average weight and weight range of those individual preprint inserts?

Response

- a) 2 to 3 ozs.
- b) 8.1 ozs.; 7.23 to 11 ozs.
- c) The typical number and average weight range of individual preprint inserts are much the same as the Expressline examples provided in response to T1-9.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-11. Please provide the current retail rate card (or booklet) of The Daily and Sunday Oklahoman newspaper, including rates for distribution of preprint inserts. If the rate cards do not show specific rates for preprint inserts, please provide the rates charged for preprint inserts, including rates by weight or pages, and volume and frequency discounts.

Response

Objection filed.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-12. Please provide the current retail rate card (or booklet) of Distribution Systems of Oklahoma, including rates for distribution of preprint inserts. If the rate cards do not show specific rates for preprint inserts or other publications, please provide the rates charged for preprint inserts and other publications, including rates by weight or pages, and volume and frequency discounts.

Response

See the attached.

DSO CUSTOMIZED SATURATION DELIVERY OPTIONS

SATURATION BY UPSCALE NEIGHBORHOODS

NORTHWEST OKLAHOMA CITY

Subdivision	Total HH	Subdivision	Total HH
Blue Stem	243	Mesta Park	552
Bluff Creek	525	Nichols Hills	2,023
Briar Creek	336	Putnam Heights	440
Camelot/Bel Aire/Stonegate	1,726	Quail Creek	2,191
Cobblestone	96	Rumsey Road	597
Edgewater	765	Ski Island	359
Greens	806	Summerfield East	518
Gun Club	517	Summerfield West	231
Harvest Hills N.	330	Summit Place	818
Harvest Hills S.	423	Surrey Hills	787
Heritage Park	435	Val Verde	293
Hefner Middle School	421	Warwick	381
Lakehurst	345	Warwick V	336
Lansbrook	409	Willow Creek	526
Westbury South	685		
Kingsgate	135		
		Total	18,249

EDMOND

Arrowhead Hills	61	Huntwick	134
Arrowhead Valley	99	Kickingbird	230
Blue Quail Ridge/Silver Creek	395	Kingston	187
Brasswood	159	N. Brook/Olde Town	433
Cedar Ridge	196	Northwood	411
Cheyenne Ridge/Wellington	468	Oaks I & II/Fox Hollow	286
Chimney Hill	455	Spring Hill	204
Copperfield	420	Tall Oaks IV	67
Danforth Farms	213	Timber Ridge	285
Eagle Crest	213	Timberdale	307
Edmond Oaks	107	Trails North/Pine Valley	452
Faircloud	395	Turtle Creek/	
Fairway Est/N. Creek	128	Walnut Cove/Woodlands	90
Fox Lake	204		
Glen Eagles	200		
		Total	6,799

SOUTH OKLAHOMA CITY

Greenbriar/Kingspark/		Ranchwood	660
Lake Ridge Run	855	Village Green/Rivendell	462
Greenbriar Kingsridge	570		
		Total	2,547

NORMAN

Bar Harbor	430	Hall Park	380
Barry Estates	461	Rustic Hills	426
Brookhaven	1,946	Trails	417
Cambridge	621	Westbrook	291
		Total	4,972

GRAND TOTAL: 32,567

SATURATION AREAS BY INCOME

Based on U.S. Census Block Group Data

Area*	Total DSO Residential and Apartment Coverage	Greater Than \$40,000 HHI	Greater Than \$50,000 HHI	Greater Than \$60,000 HHI
1	26,720	5,050	4,535	0
2	26,036	18,363	14,697	4,731
3	27,441	12,344	9,910	2,079
4	30,632	2,691	2,303	424
5	21,181	0	0	0
6	27,377	869	869	0
7	32,773	5,704	3,907	0
8	38,232	8,261	6,202	2,060
9	27,123	5,115	3,873	2,084
10	24,939	13,515	9,575	1,613
Totals	282,454	71,942	55,871	12,991

*Can be split into specific Zips upon request

TOTAL DSO RESIDENTIAL & APARTMENT COVERAGE

Zip	Covered by DSO Routes	Zip	Covered by DSO Routes	Zip	Covered by DSO Routes
73003	8,155	73107	12,160	73129	5,684
73008	8,018	73109	7,590	73130	3,993
73013	7,117	73110	13,422	73131	285
73034	6,043	73111	5,574	73132	10,295
73064	2,793	73112	15,217	73135	5,574
73069	8,793	73114	5,841	73139	6,915
73071	8,759	73115	8,691	73142	2,680
73072	9,571	73116	4,812	73145	664
73078	236	73117	1,131	73149	1,937
73084	304	73118	7,498	73150	125
73099	12,204	73119	11,654	73159	11,040
73103	2,215	73120	15,561	73160	14,182
73105	2,231	73122	5,663	73162	8,970
73106	6,299	73127	6,463	73170	6,095
		Total	282,454		

*Includes all residential and apartment deliveries within DSO routes
*Counts available by routes within each Zip Code

DISTRIBUTION SYSTEMS

100 N. E. 5th
Oklahoma City, OK 73104
(405) 231-3111 FAX: (405) 231-3199



Private Postal Delivery

Rate Card

ALL TOTALS WILL VARY SLIGHTLY NEAR ACTUAL DELIVERY DATE

No. 5, June 1, 1998

SATURATION DELIVERY

- Delivery will be made as an outsert with ExpressLine and delivered solo or with other items to all other households.
- Special requests may require additional charges.
- Customized delivery areas according to geographic or demographic needs.

Quantity	Cost Per Piece
Under 25,000	10.8¢ each
25,001-50,000	9.4¢ each
50,001-150,000	8.3¢ each
Over 150,000	7.3¢ each

EXPRESSLINE OUTSERTS

- All deliveries are placed inside the bag on the outside of ExpressLine.
- Customized delivery areas according to geographic or demographic needs to selected households.

Quantity	Cost Per Piece
Under 25,000	4.5¢ each
25,001-50,000	4.2¢ each
50,001-150,000	3.9¢ each
Over 150,000	3.6¢ each

SPECIFIC ADDRESS DELIVERY

- Customer or demographic list delivery to specifically addressed households.
- Customer can provide list or use available DSO demographic lists.
- All addresses must be within DSO routings for delivery. DSO can provide mail labels for areas outside our delivery area.
- Delivered items must meet certain postal restrictions to qualify.

Quantity	Cost Per Piece
Under 25,000	12.5¢ each
25,001-50,000	11.5¢ each
Over 50,000	10.5¢ each

DISCOUNTS

- Annual discounts can be quoted based on frequency and/or quantities.

ADVANTAGES OF DSO DELIVERY OVER MAILING SERVICES AND THE POST OFFICE

1. MUCH LOWER COSTS

- No label or handling charges.
- Lower per piece delivery charge.
- Accurate delivery counts allow savings on printing overages.

2. SUPERIOR DELIVERY

- DSO is audited by the Audit Bureau of Circulations (A.B.C.), the same company that independently audits every major newspaper in the United States.
- All DSO routes are manager verified for delivery and written documentation on each and every route is filed.

3. UPDATED ROUTING/ACCURATE DELIVERY COUNTS

- All DSO routes are updated weekly (in the Oklahoma City metro area) by The Oklahoma Publishing Company.

4. EXCLUSIVE DELIVERY

- Front door delivery insures your publication the ultimate impact of standing out. No bills, catalogs or gimmick mail to compete with.

5. CONVENIENT DEADLINES

- Publications can arrive on Friday prior to the Wednesday delivery day. On an emergency basis however, Monday morning could be arranged.

Visit our website at: www.dsok.com



A Division of
OPUBCO
member
aaps
 Association of Alternate
 Postal Systems, Inc.

RECEIVING INSTRUCTIONS

Warehouse Address: 100 N.E. 5th
 Oklahoma City, OK 73104
 (Southside receiving doors)
 Attn: Warehouse Manager

Packaging: • On skids - Shrink wrapped or boxed (preferred)
 • Turns of 50 (preferred)
 • Skid Tag showing quantity delivered and number of skids

Mailing Address: P.O. Box 25125
 Oklahoma City, OK 73125

Dock Hours: Monday-Friday, 8:30-5:00 p.m.
 (Central time)

Questions (?): Warehouse Manager
 Business: (405) 231-3135
 Fax: (405) 231-3199

GENERAL INFORMATION

QUANTITIES:

All quantities are based on number of deliveries on a weekly basis.

SIZE & WEIGHT:

All publications and product samples must be no larger than 8 1/2 x 11 folded size, and can weigh up to 5 oz. without extra charge.

PRINTING AND DESIGN:

Assistance with design, composition and printing is available with any DSO delivery.

ADVERTISING AGENCIES:

All recognized Advertising Agencies will receive a standard 15% commission on any scheduled delivery. Some restrictions may apply on saturation delivery.

INQUIRIES ABOUT A COMPLETED DELIVERY:

If you have a question about delivery to a specific area or even a specific address, DSO can provide a detailed list of documented addresses receiving delivery in that area.

DELIVERY DAYS/DEADLINES

- Most DSO deliveries are made each Wednesday. Some routes are completed on Thursday. Delivery is available on other days for an additional charge.
- All delivery items should arrive by the Friday prior to the Wednesday delivery date. DSO cannot guarantee delivery quantities if items arrive late.

WHO WE ARE

Established in 1991 by the Oklahoma Publishing Company (OPUBCO), Distribution Systems of Oklahoma (DSO), is a division of The Daily and Sunday Oklahoman, the state's largest newspaper.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-13. At page 2 of your testimony, you state that:

“Weekly deliveries to approximately 282,000 homes typically consist of commercial publications delivered by individual carrier route. Mostly, these publications would qualify as Standard mail saturation advertising pieces, or are phone books, packaged product samples, address specific newspapers, and doorhangers (coupon cards that are specifically hole punched to fit door handles).”

- (a) Please identify, by newspaper title and publisher, the “address specific newspapers” delivered by DSO. Please identify which, if any, of these newspapers are not owned or affiliated with The Oklahoma Publishing Company and The Daily and Sunday Oklahoman newspaper.
- (b) Please identify, by publication title and publisher, the “commercial publications” delivered by DSO. Please identify which, if any, of these commercial publications are not owned or affiliated with The Oklahoma Publishing Company and The Daily and Sunday Oklahoman newspaper.

Response

- a) The Expressline (Oklahoma Publishing Co.)
 - On Air Magazine (PSI, Grand Rapids, MI)
 - OSU Spirit (OSU Alumni Association, Stillwater, OK)
 - Auto Trader (Trader Publications, Oklahoma City, OK)
 - Boat Trader (Trader Publications, Oklahoma City, OK)
 - South Oklahoma City Leader (S. OKC Leader Publications, Oklahoma City)
- b) Horizons (Oklahoma City Community College)
 - Vo-Technology (Francis Tuttle Vo-Tech)
 - Newschannel 4 Extra (KFOR-TV)
 - Feist Publications (Yellow pages, Coupon books)
 - The Real Estate Book (Real Estate Book Publications)
 - The Remington Post (Remington Park Race Track)
 - Holiday Shopper (Holiday Shopper Publications)
 - Nichols Hills News (Nichols Hills Publishing)
 - Quail Creek News (Quail Creek Publishing)
 - The Shoppers Edge (The Shoppers Edge)

This is only a partial list. The entire list would be too numerous.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-14. At page 5 of your testimony, you state: "As for shared mail packages, in our market, the Postal Service competes vigorously with alternate delivery for business." Please identify the companies that, on a regular basis (monthly or more frequently), offer shared mail programs in your market.

Response

The major ones are: Buyers Guide/Advo; VAL PAK; Central Oklahoma Newspaper Group.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-15. At page 7 of your testimony, you state that some of the members of AAPS are owned by newspapers. Please identify each of the members of AAPS that is owned, controlled, or affiliated with a newspaper; and for each, identify the newspaper name and the parent company.

Response

I don't have all of the specific information or detail you want. The AAPS Directory (submitted as library reference AAPA-LR-1) lists parent company information for some but not all members. There are a few on the roster that are easily recognizable daily newspapers such as:

- CIPS Marketing Group (Los Angeles Times)
- Custom Distribution (Sacramento Bee)
- Herald Direct (Miami Herald)
- Central Indiana Alternate Delivery (Thomson Newspapers)
- Delivery Plus System (Indianapolis Newspapers)
- Gateway Consumer Services (St Louis Post Dispatch)
- Star Precision Delivery (Kansas City Star)
- Distribution Systems of Oklahoma (Oklahoma Publishing)
- R-J ADService (Las Vegas Review-Journal)
- Distribution Systems of America (Newsday)
- Times Distribution (Seattle Times)

From the information in the Membership Directory, there appear to be approximately 15 more that are associated in some way with a daily newspaper, which would total about 30, or about 25% of our members.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
SYSTEMS WITNESS WHITE TO INTERROGATORIES OF
ADVO, INC.**

ADVO/AAPS-T1-16. In your response to USPS/AAPS-T1-9, you state that "We have already been driven out of the light weight market."

- (a) Please define what you mean by "the light weight market."
- (b) For the period from 1991 to the present, please provide the annual volumes of *preprint inserts and other materials distributed by DSO that (i) fall within your definition of "the light weight market," and (ii) fall outside that definition.*

Response

- a) I had no bright line in mind. Clearly, pieces of 2 ounces or less are considered to be light weight, and I suppose that, in general, anything up to the 3.3 ounce breakpoint would be as well.
- b) (i) and (ii) I don't have specific records containing the data you request, but I would estimate about 2 to 3 million pieces per year from 1992-1996. We had a substantial amount of light weight pieces that were distributed with magazine titles as inserts in the early to mid 90's. All are now gone.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
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ADVO, INC.**

ADVO/AAPS-T1-17. Please refer to the example you cite at page 25 of your testimony concerning the effect on your costs of an increase in weight of a TMC product from 7-1/2 ounces to 8 ounces. With respect to this example, please provide the following:

- (a) Please provide all calculations and state all assumptions used in concluding that this change required your carriers to make two additional restocking trips and to walk an extra half-to-one-mile each delivery day.
- (b) What was the average number of total deliveries per route for DSO carriers prior to this weight change?
- (c) What was the average number of walking "loops" per route for DSO carriers prior to this weight change?
- (d) What was the average number of deliveries per walking loop for DSO carriers prior to this weight change?
- (e) What was the average satchel weight per loop (the weight of delivery materials in the satchel at the start of the loop) for DSO carriers prior to this weight change?
- (f) Explain how, and by how much, each of (b)-(e) above changed as a result of the example you cite?

Response

- a) Depending on an Expressline weight that varies from 7 to 11 ozs., DSO carriers carry between 20-40 Expressline products in their bag, even less if there are other delivery items that day. On average these weigh 15-25 lbs. They also carry plastic bags (saddled on a hook), manifests (route cards), the thick canvas bag itself, maps, and personal needs. A bag typically slung from the shoulder weighs in the range of 25 to 30 lbs. Based on the additional average weight increase of a 1/2 oz., the typical contractor (carrier) on average will carry two less Expresslines per "loop" from his vehicle. It is not important to focus on the 1/2 oz. average increase for purpose of this example. The additional weight a contractor carried over the course of 1999 was 7%. The additional bulk of the Expressline most weeks forced contractors to lessen the amount of product in their bags. Some neighborhoods require the carrier to go to 70% of the households with Expressline and some 30%. The average used to compute this example was 50% with 700 Expressline households per route and 1400 total households over the route. A contractor parks and restocks about 20 to 30 times each delivery day. A difference of just

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ADVO, INC.**

two Expresslines less (if an average were used) requires the carrier to increase by two his restocking stops and loops. With an average delivery of 2 to 3 per block face, a full bag can cover 40 to 100 households. This computes to 8 to 12 city blocks up and then back. A total round trip is 16 to 24 city blocks, and since this happens twice (on average), a total of 32 to 48 city blocks. Based on 12 city blocks as an accepted distance for a mile, the DSO contractor (carrier) actually has as much as an additional 4 miles to negotiate, which renders my original conclusion on Page 25 of my testimony considerably conservative. If a carrier can arrange his or her loop into square block areas, he or she could conceivably cut the distance down. However, geography and topography of the areas dictate the chances for that. Overall, the additional weight added a minimum of 104 miles of walking for the year and a maximum of 208 miles.

- b) 700
- c) No finite average available, 18 to 35 loops.
- d) No finite average available, weight of product increases or decreases deliveries per loop from 20 – 40.
- e) 25 to 30 lbs.
- f) (b) did not change (c) increased annual distance walked by 7% (d) increased the total amount of loops (e) did not change

All estimates (b) through (e) vary by contractor (carrier) based on physical ability, geography, topography and additional delivery items in the course of a day.

**RESPONSE OF ASSOCIATION OF ALTERNATE POSTAL
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ADVO, INC.**

ADVO/AAPS-T1-18. Please refer to the example you cite at page 25 of your testimony concerning the effect on your costs of an increase in weight of a TMC product from 7-1/2 ounces to 8 ounces. You state that the TMC delivery in question was "address specific products, so not every household was delivered." You also state that "we increased the delivery charge to the customer."

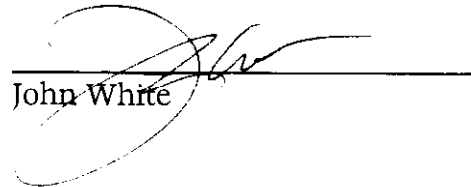
- (a) Please identify, by TMC product name and publisher, the TMC product in question.
- (b) What was the delivery charge to the customer on a per piece basis before, and after, this change?

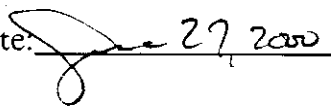
Response

- a) The Expressline, TMC product of The Daily Oklahoman
- b) Objection filed. Our specific per piece charges are commercially sensitive and confidential at the request of DSO clients. I am willing to state, however, that on a percentage basis, rates were raised 4.2%.

DECLARATION

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


John White

Date:  27, 2000