

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

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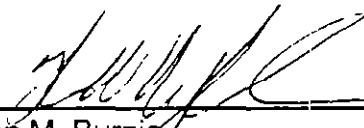
POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

INTERROGATORIES OF ADVO, INC.
TO UNITED STATES POSTAL SERVICE WITNESS
DONALD M. BARON (ADVO/USPS-T17-1-6)

Pursuant to sections 25 and 26 of the Rules of Practice, Advo, Inc. (Advo) directs the following interrogatories to United States Postal Service witness Donald M. Baron. If the witness is unable to respond to any interrogatory, we request that a response be provided by appropriate USPS witness capable of providing an answer.

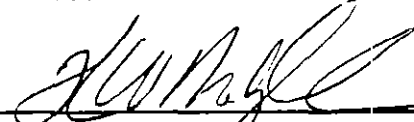
Respectfully submitted,



John M. Burzio
Thomas W. McLaughlin
Burzio & McLaughlin
1054 31st Street, N.W.
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Counsel for ADVO, Inc.

CERTIFICATE OF SERVICE

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



Thomas W. McLaughlin

August 14, 1997

Interrogatories of ADVO. Inc. to USPS Witness Baron (USPS-T-17)

ADVO/USPS-T17-1. Within USPS LR-H-137, please specify the lines of code in LOAD2OLD.ELAST.CNTL and LOAD2.ELAST.CNTL which describe the following:

- (a) Entry of CCS96 shape volume data into the elasticity calculations.
- (b) All differences in model coefficient estimation between the two programs.
- (c) All differences in marginal cost and elasticity calculations between the two programs.

ADVO/USPS-T17-2. On page 9, you state that the stops effect is: "the additional time resulting from the conversion of a previously uncovered stop into a covered stop. The activity encompassed by this time increment includes all the work that a carrier performs to prepare for loading receptacles and collecting mail." You describe this as a "preparatory activity" or "preloading activity" that can be "viewed as a constant amount [of time] per stop." Are there non-preloading (e.g., post-loading) activities that may also be viewed as causing a constant time per stop – such as closing the receptacle after inserting mail, checking for undelivered or misdelivered mail or collection mail, or reviewing the remaining mail in the mailbag or the geographic position on the route to identify the location of the next covered stop? Please discuss your response.

ADVO/USPS-T17-3. Please consider the fixed stop times for each stop type in Table 1.

- (a) Do you consider these to be "reasonable proxies" for the average of preloading time for each stop type? If not, please clarify your definition of what these times represent.
- (b) Please explain whether or not you assume that fixed stop time varies, within a stop type, with type of carrier, type of container, type of receptacle, or position of stop on the carrier's route (e.g., beginning or end of loop).

ADVO/USPS-T17-4. On pages 16-19, you describe a "new interpretation of equation (3)," particularly with respect to the possible deliveries variables. You state:

"Possible deliveries appears as an additional explanatory variable in equation 3 to account for the increase in load time per stop that occurs when the number of deliveries accessed by carriers at a given stop increases. . . . possible deliveries operates as an effective proxy for actual deliveries."

- (a) Please explain fully your understanding of the "old interpretation" (or any other alternative interpretation) of the possible deliveries variables.
- (b) Please state whether the interpretations discussed in (a) also apply to the squared and cross-product possible deliveries variables.

ADVO/USPS-T-17-5. Referring to equation (3), please confirm the following interpretations. If you cannot, please fully explain your response.

- (a) LT is load time per stop (average actual delivery time at the stop multiplied by number of actual deliveries for at the stop).
- (b) V_k is volume of k shape per stop (average volume per delivery at the stop multiplied by number of actual deliveries at the stop).
- (c) β_k and β_{kk} describe the impact of V_k on both:
 - (1) Average time per actual delivery on the stop, and
 - (2) Number of actual deliveries per stop.

ADVO/USPS-T-17-6. You describe the "volume effect" on page 6 as "the direct effect of volume on carrier time: as volume increases at deliveries that had already been receiving mail, more load time is required to enter the mail into and to collect mail from containers." Please confirm the following or fully explain your response if you cannot confirm.

- (a) The elasticity of load time with respect to the kth volume term is the volume effect to which you refer on page 6.
- (b) β_k and β_{kk} are used to calculate $\partial LT / \partial V_k$ ("marginal load time with respect to a change in volume for the kth volume term") in equations (2)

and (7) which, in turn, is used to calculate the elasticity of load time with respect to the k th volume term.

- (c) β_k and β_{kk} are used to calculate the "volume effect."