

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

RECEIVED

AUG 28 4 51 PM '97

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS NELSON TO INTERROGATORIES OF
ADVO, INC.
(ADVO/USPS-T19-1-9)

The United States Postal Service hereby provides responses of witness Nelson to the following interrogatories of Advo, Inc.: ADVO/USPS-T19-1-9, filed on August 14, 1997.

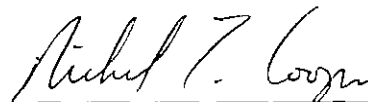
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Richard T. Cooper

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2993; Fax -5402
August 28, 1997

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-1. In regard to Library Reference H-151, please provide the full working definitions (as used in the survey) of:

- (a) Deviation stop.
- (b) Routine walking loop.
- (c) Routine dismount.

Response:

(a) It is assumed that this question refers to deviation delivery. As shown in Line 21 of the Motorized Letter Route Survey - Street Form (presented on page 34 of Library Reference H-151), deviation delivery involves delivery from stops that are not the regular, designated vehicle parking locations for the given route.

(b) "Routine walking loop" refers to delivery to more than 1 address made from a stop that is a regular, designated vehicle parking location for the given route.

(c) "Routine dismount" refers to delivery to 1 address made from a stop that is a regular, designated vehicle parking location for the given route.

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-2. Referring to your workpaper 1.2:

(a) Are the units in columns 3 and 4 weighted stops from the Motorized Letter Route Survey - Street Form? If not, please describe the units and identify their source.

(b) Please provide a cross-walk between the Street Form and the Activities in your workpaper 1.2 (i.e., line items in the form go into each of the activities on the workpaper).

Response:

(a) Yes.

(b) The column labeled "Variables" in Workpaper 1.2 contains the line number or numbers from the Street Form that correspond to each "Activity". For example, the activity "Express Mail Facility Drop/Pickup" corresponds to line 12 and line 14 on the Street Form.

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-3. Referring to your workpaper 1.10, please identify the specific source (line number, page and library reference or workpaper) of the data in each column.

Response:

Additional documentation relating to this workpaper is being prepared and will be filed shortly as a library reference.

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-4. Referring to your workpaper 1.11, please explain how it was used to develop the factors in Alexandrovich's worksheet 7.0.4.1, lines 7a, 7b and 8a.

Response:

In general, the data in Workpaper 1.11 were used to identify driving activity within STS tallies formerly treated as "Route/Access (FAT)" and "Collection". Within each route type, the proportions of tallies associated with such driving are used to develop the factors in W/S 7.0.4.1, L7a.

Among STS tallies formerly treated as "Collection", only a single tally, from a residential curblin route, reflected driving activity (see Workpaper 1.11). Because this tally represented 33.33% of the collection tallies from this route type (note that collection "load" tallies are not shown on this workpaper), 33.33% of the time formerly treated as "Collection" on residential curblin routes is now treated as driving time. With the exception of this change (which reduced the previous value of 0.0057 to 0.0038), the values in L8a have not been changed.

Among STS tallies formerly treated as "Route/Access (FAT)", the values now appearing in L7a and L7b are derived from the information in Workpaper 1.11 as follows:

Response of Postal Service Witness Nelson to ADVO Interrogatories

<u>Route Type</u>	<u>Former L7</u>	<u>% Driving¹</u>	<u>Base Year L7a²</u>	<u>Base Year L7b³</u>
Business foot	0.3943	0.00	0.0000	0.3943
Business motorized	0.5880	34.69	0.2040	0.3840
Residential foot	0.3479	5.07	0.0176	0.3303
Residential P&L	0.5676	12.92	0.0733	0.4943
Residential curblines	0.1689	36.96	0.0643 ⁴	0.1065
Mixed foot	0.6725	7.02	0.0472	0.6253
Mixed P&L	0.5049	23.29	0.1176	0.3873
Mixed curblines	0.3633	21.88	0.0795	0.2838

¹From Workpaper 1.11.

²Former L7 x % Driving/100.

³Former L7 x (1 - (% Driving/100)).

⁴(0.1689 x 0.3696) + (0.3333 x 0.0057)

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-5. Referring to your workpaper 1.14, please provide the following:

(a) Sources for all the data.

(b) Units in columns 2 and 3.

(c) Description of how dismounts were identified as being due to volume/weight.

(d) Description of how loops were identified as being due to volume/weight.

Response:

(a) These data are from a follow-up question that was posed to a subset of supervisors from routes that participated in the Motorized Letter Route Survey. Specifically, if the Street Form from an MLR survey showed that routine loops/dismounts had occurred (Line 20), the supervisor of the sampled route was contacted and asked to provide supplemental information (see attached "Parking Point Worksheet").

(b) The units in columns 2 and 3 are weighted numbers of stops. It is noted that some of the numbers in these columns are incorrect. None of the incorrect values were used in the development of spreadsheet inputs. A corrected version of Workpaper 1.14 is attached.

(c) The identification was performed by route supervisors using the attached worksheet.

(d) The identification was performed by route supervisors using the attached worksheet.

INDEX 1

Motorized Letter Route Survey - Parking Point Worksheet

To: Supervisor _____

Date Received _____

Route _____ participated in the Motorized Letter Route Survey on 4/6/96.
 On that date, the survey shows that a total of 11 routine looping / dismount stops were made. (See attached - Motorized Letter Route Survey - Line 20).

Please indicate how many of these stops fall into each of the following categories:

- _____ A. Routine dismounts (i.e. serving a single address) established due to recipient mail volume / weight.
- _____ B. Routine dismounts established due to other factors.
 (Describe factors: _____)
- _____ C. Routine looping points established due to mail volume / weight.
- _____ D. Routine looping points established due to other factors.
 (Describe factors: _____)
- _____ 11 Total

Please give a convenient time during a typical day for us to call you if needed regarding this worksheet. _____

If you need further clarification or assistance in filling out this worksheet you may contact survey support personnel at Foster Associates, Inc. (a consulting firm under contract with USPS Headquarters) or USPS Headquarters, both located in the Washington, D.C. area:

Technical Assistance: Foster Associates, Inc. - David Neal (301) 664-7839

Administrative Assistance: USPS Headquarters - Dennis Stevens (202) 268-3786

Please complete this worksheet within 48 hours and return it via fax. If no fax is available, please mail it to the following address. Whether you use fax or mail, retain a copy of this form.

David Neal
 Foster Associates, Inc.
 4550 Montgomery Avenue, Suite 350N
 Bethesda, MD 20814
 FAX (301) 664-7810 / VOICE (301) 664-7839

Attachments: MLR Survey Street Form

WP 1.14 (Revised - 8/25/97)

Output to W/S 7.0.4.x, C3L6 = 0.4099

242,294,460 / (85,273,149 + 242,294,460 + 263,516,968) = 0.4099

Responses	118	%	
DISMOUNTS			
Stops A--Dismounts Due to Volume / Weight	162,610,282	38%	
Stops B--Dismounts Due to Other Factors	263,516,968	62%	
---NDCBU	30,556,172	7%	
----Parcels	17,981,401	4%	
----Distance between del. points	37,271,814	9%	
---Safety	8,502,943	2%	
----Terrain	6,379,860	1%	
----School Bldgs.	2,535,424	1%	
---Office Bldgs. / Business	60,104,997	14%	
---Apts	17,796,452	4%	
---COMBINATION: apts./offices./schools/	17,516,008	4%	
----Other	63,192,985	15%	
----No Curbside Del.	1,676,911	0%	
Total Dismounts Due to Other Factors	263,516,968	62%	
Total Dismounts	426,127,249	100%	
LOOPS			
Stops C--Loops Due to Volume / Weight	242,294,460	74%	
Stops D--Loops Due to Other Factors	85,273,149	26%	
----Improves performance	2,686,257	1%	
----Numerous Dismounts	26,526,787	8%	
----Light Volume	3,693,603	1%	
----Safety	433,562	0%	
----Separate Streets	671,564	0%	
----No Curbside Del	1,343,128	0%	
---NDCBU	1,007,346	0%	
---Other	46,560,427	14%	
-----"Line of travel"		7,695,729	2%
-----"Deliveries across the street"		22,497,401	7%
---Apts	2,350,475	1%	
Total Loops Due to Other Factors	85,273,149	26%	
Total Loops	327,567,609	100%	

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-6. Referring to your workpaper 1.14, please define and describe the response categories for dismounts and explain the logic for each's separate categorization:

- (a) NDCBU
- (b) Parcels
- (c) Distance between del. points
- (d) Safety
- (e) Terrain
- (f) School bldgs.
- (g) Office bldgs/business
- (h) Apts
- (i) Other
- (j) No curbside del.

Response:

These are the factors that were supplied by supervisors. See item "B" on the worksheet attached to the response to ADVO/USPS-T19-5.

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-7. Referring to your workpaper 1.14, please define and describe the response categories for loops and explain the logic for each's separate categorization:

- (a) Improves performance
- (b) Numerous dismounts
- (c) Lite volume
- (d) Safety
- (e) Separate streets
- (f) No curbside del
- (g) NDCBU
- (h) Other
- (i) Line of travel
- (j) Deliveries across the street
- (k) Apts

Response:

These are the factors that were supplied by supervisors. See item "D" on the worksheet attached to the response to ADVO/USPS-T19-5.

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-8. Referring to your workpaper 1.14, please explain the logic for placing the data for "line of travel" and "deliveries across the street" loops in the third column (rather than the second column).

Response:

These are subsumed within the "other" category. They are reported in a separate column to help ensure that they are distinguished in this manner.

Response of Postal Service Witness Nelson to ADVO Interrogatories

ADVO/USPS-T19-9. Referring to your workpaper 1.14, please explain the logic associated with the variables chosen to calculate variability.

Response:

Variability is calculated from the following considerations:

- The number of discounts due to factors other than volume/weight (263,516,968) is not related in any identifiable way to mail volume. Volume variability for such stops is treated as 0%.
 - The number of loops due to volume/weight (242,294,460) is related directly to mail volume. Volume variability for such stops is treated as 100%.
 - The number of loops due to factors other than volume/weight (85,273,149) is not related in any identifiable way to mail volume. Volume variability for such stops is treated as 0%.
- The variability factor of 0.4099 developed in Workpaper 1.14 is based on these considerations.

The computation presented in Workpaper 1.14 omits discounts due to volume/weight (162,610,282). Volume variability for such stops is unknown. On the one hand, higher volume levels may reasonably be expected at the margin to increase somewhat the number of volume-related discount stops. On the other hand, once a discount is established for volume-related reasons, it may reasonably be expected to be insensitive to further volume changes. The computation shown in Workpaper 1.14 implicitly imparts to volume-related discounts the aggregate variability figure (0.4099) derived from and applicable to the other categories.

DECLARATION

I, Michael A. Nelson, declare under penalty of perjury that the foregoing are true and correct, to the best of my knowledge, information and belief.

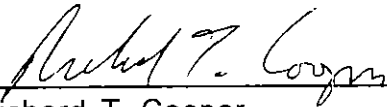


Michael A. Nelson

Dated: 8-28-97

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.


Richard T. Cooper

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
August 28, 1997