

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
ADVO, INC.
(ADVO/USPS-1-3)

The United States Postal Service hereby provides responses to the following interrogatories of Advo, Inc.: ADVO/USPS-1-3, filed on August 20, 1997.

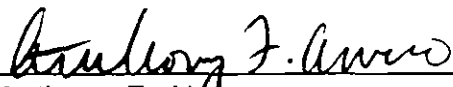
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Anthony F. Alverno

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September 3, 1997

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

ADVO/USPS-1.

Library Reference H-109, pages 4 and 5, identifies LR H-106 as the source for column 6. Please identify the specific pages and line numbers in H-106 which provide those numbers or demonstrate fully how they were calculated.

RESPONSE:

The figures were calculated as described in witness Crum's response to NDMS/USPS-T28-11 using the Carrier Route columns and combining flats and parcels.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
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ADVO/USPS-2. Please refer to Library Reference H-106.

- (a) Please confirm that footnote 5 on pages II-5, III-5, and IV-5 of Library Reference H-106 should read ". . . from PVI-5."
- (b) Please confirm that the figures on pages II-4, III-4, and III-4 (sic) were calculated using the appropriate PVI-5 factors.
- (c) If you cannot confirm, please explain how these figures were calculated and why this method was used, or provide corrected calculations using the appropriate method.

RESPONSE:

- (a) Confirmed. Footnotes 3 to 6 on these pages all reference the incorrect page in part VI. Revised pages II-6, III-6 and IV-6 correct these citation errors.
- (b) Not confirmed.
- (c) Pages II-4, III-4 and IV-4 are intermediate outputs used to compute the results on pages II-5, III-5, and IV-5. The costs on pages II-4, III-4 and IV-4 do not reflect the mail mix adjustments provided on pages VI-4 to VI-7.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO
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ADVO/USPS-3. Please refer to Library Reference H-109.

- (a) On Table 1 for Regular ECR letters and Table 1 for non-letters, does “no key” mean that there were no direct tallies, and that costs in “no-key” pools were distributed to Regular ECR only through the mixed mail/overhead distribution keys?
- (b) If so, explain how there can be costs allocated to Regular ECR even though there are no direct ECR tallies.
- (c) If not, please explain what “no key” means, how costs were calculated and distributed, and why this approach is appropriate.

RESPONSE:

- a. In USPS-LR-H-109 “no key” means that there were no direct tallies for that cost pool. These costs were distributed in proportion to the sum of the distributed costs from pools which had direct tallies.

- b. This is consequence of the distribution of uncounted items and container tallies in the new mail processing methodology. See part 2 of USPS LR-H-146 for a discussion of the methods used.

- c. N/A

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.


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