

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

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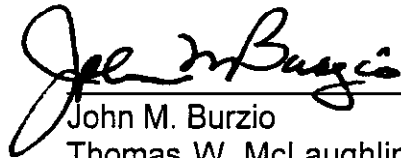
POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

INTERROGATORIES OF ADVO, INC.
TO UNITED STATES POSTAL SERVICE WITNESS
MICHAEL BRADLEY (ADVO/USPS-T16-1-6)

Pursuant to sections 25 and 26 of the Rules of Practice, Advo, Inc. (Advo) directs the following interrogatories to United States Postal Service witness Michael Bradley. 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.

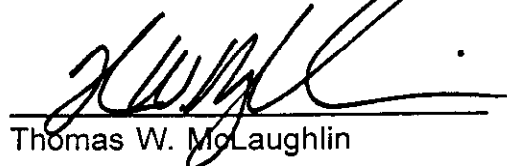
Respectfully submitted,



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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

November 30, 2001

ADVO, INC. INTERROGATORIES TO USPS WITNESS MICHAEL BRADLEY

ADVO/USPS-T16-1. Please refer to section V, line 17 of your testimony where you refer to the Commission's systemwide load time formulation as:

$$LT = H \{(VL + VF + VP)/AS\} * AS,$$

where load time (LT) is a function of the volumes of letters, flats, and parcels (VL , VF and VP) and actual stops (AS).

- (a) Does your critique of the Commission's H function formulation described in section C of your testimony also apply to your use of this function for deriving incremental costs? Please explain fully.
- (b) Is your critique of the Commission's H function specific to the use of stop level data? Please explain fully.
- (c) Could system level load time be represented using data aggregated higher than the stop level? Please explain fully.

ADVO/USPS-T16-2. Please refer to page 34 line 20 of your testimony where you refer to systemwide average load time as:

$$LT = \alpha (V_L/AS)^{\epsilon_L} (V_F/AS)^{\epsilon_F} (V_P/AS)^{\epsilon_P} * AS.$$

Please confirm that this function can also be written as:

$$LT = \alpha (V_L)^{\epsilon_L} (V_F)^{\epsilon_F} (V_P)^{\epsilon_P} * AS^{(1-\epsilon_L-\epsilon_F-\epsilon_P)}.$$

If not, please explain why not.

ADVO/USPS-T16-3. For purposes of this question, please assume that load time for any route i can be explained by

$$LT_i = \alpha (V_{Li})^{\epsilon_L} (V_{Fi})^{\epsilon_F} (V_{Pi})^{\epsilon_P} * AS_i^{(1-\epsilon_L-\epsilon_F-\epsilon_P)},$$

where V_{Li} , V_{Fi} , and V_{Pi} are route letter, flat and parcel volumes, and AS_i is the number of actual stops on the route. Under this assumption, would you agree that the route level parameter values α , ϵ_L , ϵ_F , and ϵ_P for this function could be estimated using route level data for LT , V_L , V_F , V_P and AS if such data were available? If not, please explain why not. If you disagree with the above formulation, please separately explain why.

ADVO/USPS-T16-4. Assume two subclasses *A* and *B* with volumes of letters, flats and parcels on route *i* such that $V_{Li} = V_{LAi} + V_{LBi}$, $V_{Fi} = V_{FAi} + V_{FBi}$ and $V_{Pi} = V_{PAi} + V_{PBi}$. Please confirm that route *i* load time can then be represented using the previous function in ADVO/USPS-T16-3 as:

$$LT_i = \alpha (V_{LAi} + V_{LBi})^{\epsilon_L} (V_{FAi} + V_{FBi})^{\epsilon_F} (V_{PAi} + V_{PBi})^{\epsilon_P} * AS_i^{(1-\epsilon_L-\epsilon_F-\epsilon_P)}.$$

If not, please explain why not.

ADVO/USPS-T16-5. For purposes of this question, assume that route level actual stops are explainable by route level subclass volumes and possible stops (*PS*) such that for route *i*:

$$AS_i = f(V_{Ai}, V_{Bi}, PS_i),$$

$$\text{where } V_{Ai} = V_{LAi} + V_{FAi} + V_{PAi} \text{ and } V_{Bi} = V_{LBi} + V_{FBi} + V_{PBi}.$$

Under this assumption, please confirm that route *i* load time can then be fully explained by that route's volume variables shown by shape and subclass combination, and possible stops from:

$$LT_i = \alpha (V_{LAi} + V_{LBi})^{\epsilon_L} (V_{FAi} + V_{FBi})^{\epsilon_F} (V_{PAi} + V_{PBi})^{\epsilon_P} * f(V_{LAi} + V_{FAi} + V_{PAi}, V_{LBi} + V_{FBi} + V_{PBi}, PS_i)^{(1-\epsilon_L-\epsilon_F-\epsilon_P)}.$$

If not, please explain why not. If you disagree with the above formulation, please separately explain why.

ADVO/USPS-T16-6. Consider *M* number of total routes in the postal system. Please confirm that system level load time can be represented as the sum of the load times from routes 1 through *M*, each route load time estimated as a function of the respective route-level volume and possible stop variables indicated above. If not, please explain why not.