

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

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POSTAL RATE AND FEE CHANGES, 1997

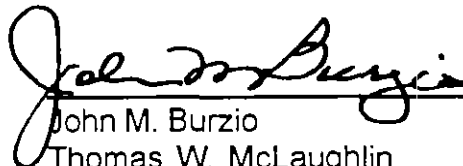
Docket No. R97-1

SEP 16 4 38 PM '97
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

INTERROGATORIES OF ADVO, INC.
TO UNITED STATES POSTAL SERVICE WITNESS
PETER BERNSTEIN (ADVO/USPS-T31-1)

Pursuant to sections 25 and 26 of the Rules of Practice, Advo, Inc. (Advo) directs the following interrogatories to United States Postal Service witness Peter Bernstein. 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.
Washington, D. C. 20007
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

September 16, 1997

ADVO/USPS-T31-1. USPS Witness Thress has estimated a cross-volume elasticity of .04 for first class non-workshare mail with respect to enhanced carrier route (ECR) mail.

- (a) Has this cross-volume elasticity been included into your Ramsey price calculation for ECR mail? If not, please explain fully.
- (b) Please confirm that the positive cross-volume effect estimated by Witness Thress can be considered a negative cross-price effect between these two types of mail (a lower total response of first class mail to a higher rate for advertising-related ECR mail). If you cannot confirm, please explain fully.
- (c) Please confirm that the negative cross-price elasticity of first class mail with respect to ECR mail can be derived through the chain rule of calculus as the positive elasticity of the cross-volume effect multiplied by the negative own price elasticity with respect to enhanced carrier route mail. If you cannot confirm, please explain fully.
- (d) Do you agree that incorporating this negative cross-price effect in your analysis lowers the Ramsey price for ECR mail? Please explain.