

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KAY
TO INTERROGATORIES OF ADVO, INC. (ADVO/USPS-T18-2 - 3)
(June 24, 2005)

The United States Postal Service hereby provides the response of witness Kay to
the following interrogatories of Advo, Inc., filed on June 10, 2005: ADVO/USPS-T18-2 -

3.

The interrogatory is stated verbatim and is followed by its response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Eric P. Koetting

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June 24, 2005

**RESPONSE OF POSTAL SERVICE WITNESS KAY
TO INTERROGATORIES OF ADVO**

ADVO/USPS-T18-2. In response to ADVO/USPS-T18-1, you identify the numbers of evaluated, auxiliary and mileage routes for the FY03 and FY04 rural data files.

- (a) For each year, should those numbers add up to the total observations in each file? If so, there appears to be a disparity for FY04 – 62,773, 77,727, and 12 add up to 70,512, not 70,212. Please confirm or correct these figures.
- (b) Please confirm that the routes in each of those two data files are the sum total of rural routes in the system in those years. If not, please explain.

RESPONSE:

- (a) There is a typographical error in my response to ADVO/USPS-T18-1.

The number of auxillary routes for FY 2004 is 7,427 instead of the 7,727 reported in my response. The 70,212 total number of routes is correct.

- (b) The number of routes in these two data files is the total number of rural routes that had route evaluations as of the date that I received each of the data files. It is my understanding that a small number of additional routes may have been brought on line before the end of the fiscal year, or had already been created but had not yet received a route evaluation.

**RESPONSE OF POSTAL SERVICE WITNESS KAY
TO INTERROGATORIES OF ADVO**

ADVO/USPS-T18-3. In response to ADVO/USPS-T5-1, you note that the ADVO attempt to determine total year NMC volume results was inaccurate. Please provide your version of the most accurate way to consolidate the PQ 1-3 and PQ 4 evaluated route and other route results to estimate total year NMC volume results. Also, please document the weighting procedure you use to arrive at that estimate.

RESPONSE:

Please see the following table, columns 5 and 6, which uses the number of delivery days in the respective time periods to weight the average weekly pieces for PQ 1-3 and PQ4 evaluated and for other routes.

	National Mail Count Volume Average Weekly Volume per Route						
	Eval Rts PQ 1-3	Other Rts PQ 1-3	Eval Rts PQ 4	Other Rts PQ 4	Eval Rts Annual 92.12%	Other Rts Annual 7.88%	Average Weekly Vol
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Letters	4,047	2,213	3,802	2,099	3,984	2,184	3,843
Flats	3,458	1,518	3,587	1,585	3,491	1,535	3,337
Parcels	219	105	233	113	223	107	214
Boxholders	909	383	917	426	911	394	870
DPS	6,354	2,245	7,218	2,678	6,574	2,355	6,241
SS	218	344	196	327	212	340	222
Totals	15,205	6,808	15,952	7,228	15,395	6,915	14,727

Column(5) = (Column(1) * 226 days + Column(3) * 77 days) / 303 total delivery days

Column(6) = (Column(2) * 226 days + Column(4) * 77 days) / 303 total delivery days

Column(7) = .9212 * Column(5) + .0788 * Column(6)

Sources: LR USPS-K-5, CS10.xls, Inputs

Payroll weights for Eval and Oth Rts are 92.12% and 7.88%

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

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June 24, 2005