Postal Rate Commission
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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

POSTAL RATE AND FEE CHANGES PURSUANT TO PUBLIC LAW 108-18	:	Docket No. R2005-1

INTERROGATORIES OF ADVO INC. TO VAL-PAK
WITNESS JOHN HALDI (ADVO/VP-T2-9-16)

(July 29, 2005)

Pursuant to sections 25 and 26 of the Rules of Practice, ADVO, Inc. (Advo) directs the following interrogatories to Val-Pak witness John Haldi (VP-T-2). If the witness is unable to respond to any interrogatory, we request that a response be provided by appropriate witness capable of providing an answer.

Respectfully submitted,

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ADVO, INC. INTERROGATORIES TO VAL-PAK WITNESS JOHN HALDI

ADVO/VP-T2-9. At page 5 of your testimony, you state that Valpak Direct Marketing Systems, Inc. is a wholly owned-subsidiary of Cox Enterprises, Inc. of Atlanta, Georgia. Please confirm that Valpak is a wholly-owned subsidiary of Cox Target Media, Inc., which is a wholly-owned subsidiary of Cox Newspapers, Inc.

ADVO/VP-T2-10. Please confirm that Cox Newspapers, Inc. is the publisher of 17 daily newspapers, including the Atlanta Constitution Journal.

ADVO/VP-T2-11. At page 8 of your testimony, you state that 99 percent of ValPak's mail is entered at the destinating SCF, with the remainder "entered at BMCs, or locally, in either St. Petersburg, Florida or Elm City, North Carolina" where Val-Pak's production facilities are located.

(a) Please confirm that this means that well less than 1 percent of Val-Pak's coupon enveloped mail is entered at destination delivery units. If you cannot confirm, please provide the correct percentage of Val-Pak's DDU-entered mail.

(b) Please confirm that in Docket MC95-1, you then similarly testified that 98 percent of Val-Pak's mail was entered at destination SCFs, and that "the remaining 2 percent is entered at BMCs (with a fraction of a percent of the mail being entered locally in the St. Petersburg, Florida area)." VP-T-1, Docket MC95-1, at 6.

(c) Is this very small proportion of volume drop shipped to destination delivery units typical of the other national coupon envelope mailers that produce their mailings at central locations for distribution to multiple markets and postal facilities across the country? If not, explain your understanding of coupon envelope mailer practices and how Val-Pak's practices differ.

ADVO/VP-T2-12. On page 33 of your testimony, you assert that it would be reasonable to expect that, when carriers have to select from two or more mailings one that is to be handled as an extra bundle, carriers select only one saturation flat mailing to be handled as an extra bundle on an individual day and case the others. To support your assertion, you cite the USPS institutional response to VP/USPS-T39-60 in R2001-1.

(a) Please confirm that the question asked by Val-Pak in VP/USPS-T30-12 in this Docket R2005-1 proceeding is identical to the question asked in the interrogatory you cite from Docket R2001-1.

(b) Please confirm that USPS witness Lewis, in this proceeding, responded to that interrogatory by stating that the supervisor would most likely direct carriers to collate the two mailings together to make a third bundle.

(c) Please explain how your assertion comports with another USPS response in this rate case to VP/USPS-T30-6 [positing two saturation mailings to be delivered on a certain day]: " . . . normally, where motorized carriers are serving centralized, cluster box, curbline, and dismount deliveries, the supervisor would ensure they take their sequenced mailings directly to the street uncased. If the carriers in your example were carriers on motorized routes that served park and loop deliveries, for those park and loop deliveries, the supervisor would ensure the carriers collated the mailings together into a third bundle."

(d) Please explain how your assertion comports with USPS witness Lewis's responses in this rate case to VP/USPS-T30-11, 12, and 19 (TR 6/2365, 2368, 2376) that city carriers would most likely collate two or more flat saturation mailings into a third bundle in order to avoid casing those flats.

ADVO/VP-T2-13. On page 30 of your testimony (lines 7-12) you state that "Private vehicles are more constrained, and the interior layout typically gives the [city] carrier less flexibility." Please provide your estimate of the number of city letter carriers that use private vehicles. If you cannot provide a specific number, please indicate whether you believe the use of private vehicles on city delivery routes is common or rare, and explain the basis for your belief.

ADVO/VP-T2-14. Referring to Table 2, page 41 of your testimony, please confirm the following or explain fully why you cannot:

(a) You intend to measure the direct casing costs per actually-cased saturation letter and saturation flat.

(b) The flats casing cost includes not only the cost to case the flats actually cased but also any DALs that were also cased.

(c) If your estimate of the number of DALs is correct, then there is a correspondingly lower number of non-DAL letters cased and a correspondingly higher unit letter casing cost.

ADVO/VP-T2-15. Have you (or witness Mitchell) made any estimates of the impact on ECR rates of the use of your Table 4 marginal cost estimates for saturation mail by shape in combination with the USPS's estimates of marginal costs for High-Density, Basic, and Automation categories by shape? If so, please provide them, all assumptions you used to develop them (e.g., period that costs and volumes represent, coverage levels, cost differential passthroughs, etc.), and the workpapers you used to develop them.

ADVO/VP-T2-16. On page 38 (lines 4-7), you state: "When carriers take saturation mailings directly to their vehicles as an extra bundle, the likelihood that carriers will be sampled by the IOCS while handling such mailings is greatly reduced, to the point of being minimal. . . . for those mailings that carriers handle as extra bundles, the Postal Service will attribute little or no in-office cost, because the mailing is handled only briefly, and in bulk, not as individual pieces."

(a) Will the IOCS also attribute little or no in-office cost (on a per piece basis) to DPS letters that have avoided in-office casing and been taken directly to carrier vehicles? Please explain.

(b) Do you have any reason to believe that the unit attributable in-office costs of saturation letters taken out as extra bundles is any greater than for DPS saturation letters? Please explain.