

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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

Docket No. R2005-1

RESPONSES OF ADVO INC. TO INTERROGATORIES OF VALPAK (VP/ADVO-1-6)

(August 22, 2005)

ADVO, Inc. (Advo) hereby submits its responses to Valpak interrogatories
VP/ADVO-1-6. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

John M. Burzio

Thomas W. McLaughlin

Counsel for ADVO, INC.

1054 31st Street, N.W., Suite 540
Washington, D.C. 20007-4403
(202) 965-4555; Fax (202) 965-4432
burziomclaughlin@covad.net

VP/ADVO-1.

Please refer to section 602.4 of the Domestic Mail Manual (“DMM”) which describes detached address labels (“DALs”).

a. Please identify all products, including its Shopwise(TM) product, that Advo, Inc. (“Advo”) mails with a DAL.

b. For Advo’s Shopwise(TM) product, and any other product identified in response to preceding part a, please indicate the annual number of items accompanied by a DAL that Advo entered with the Postal Service for the three years starting January 1, 2002 and ending December 31, 2004.

c. Please provide the percentage or the number of DALs indicated in response to preceding part b that were barcoded by Advo.

d. What plans does Advo have to increase the percentage of DALs that it barcodes by September 30, 2006; *i.e.*, the end of the Test Year in this docket?

e. For the DALs indicated in response to preceding b, please provide the annual number of DALs that were addressed to Post Office boxes.

f. For the DAL mailings indicated in response to preceding part b, what percentage were mailed to businesses?

g. For Advo’s DALs identified in response to preceding part b, (i) what are their dimensions (*i.e.*, height and length), and (ii) what is the thickness of the paper stock used?

h. Please indicate whether the specifications of Advo’s DALs that were provided in response to preceding part g conform with the automation standards in the DMM.

i. Unless the response to preceding part h is to the effect that all of Advo’s DALs currently conform with the automation standards in the DMM, please indicate each automation requirement that Advo’s DALs fail to meet; *e.g.*, size, thickness of paper stock, etc.

j. Unless the response to preceding part h is to the effect that all of Advo’s DALs currently conform with the automation standards in the DMM, for each automation standard with which Advo’s DALs fail to conform, please indicate whether, by September 30, 2006, Advo plans to change its DALs in any way so that they will conform.

a. Shopwise.

b. The following is the total of all Advo mailings, including weekly and

nonweekly programs, that were mailed using a DAL:

3,135,110,063 in 2002; 3,113,136,402 in 2003; 3,145,472,576 in 2004.

About 15 percent of Advo's total volumes were distributed without DALs via non-saturation mail and private delivery.

- c. None.
- d. None.
- e. The following are the volumes mailed to Post Office Boxes, as well as to Highway Contract Routes and General Delivery.

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Post Office Box	129,972,258	129,061,296	130,401,857
Highway Contract	25,968,117	25,786,109	26,053,949
General Delivery	216,323	214,806	217,038

- f. Estimated to be less than 2 percent.
- g. (i) Ranges from 3-1/2 x 7-1/3 to 5 x 9 inches.
(ii) .007 inches.
- h. No.
- i. Thickness of paper stock.
- j. No.

VP/ADVO-2.

Please respond to the following questions for Advo's subsidiary, Mail Marketing Systems, Inc. ("MMSI"), which is identified in Advo's most recent Form 10-K filed with Securities and Exchange Commission.

- a. Please identify all products that MMSI mails with a DAL.
- b. For all MMSI products identified in response to preceding part a, please indicate the annual number of items accompanied by a DAL that MMSI entered with the Postal Service for the three years starting January 1, 2002 and ending December 31, 2004.
- c. Please provide the percentage or the number of DALs indicated in response to preceding part b that were barcoded by MMSI.
- d. What plans does MMSI have to increase the percentage of DALs that it barcodes by September 30, 2006; *i.e.*, the end of the Test Year in this docket?
- e. For the DALs indicated in response to preceding b, please provide the annual number of DALs that were addressed to Post Office boxes.
- f. For MMSI's products that are accompanied by DALs, approximately what percentage was mailed to businesses?
- g. For MMSI's DALs identified in response to preceding part b, (i) what are their dimensions (*i.e.*, height and length), and (ii) what is the thickness of the paper stock used?
- h. Please indicate whether the specifications of MMSI's DALs that were provided in response to preceding part g conform with the automation standards in the DMM.
- i. Unless the response to preceding part h is to the effect that all of MMSI's DALs currently conform with the automation standards in the DMM, please indicate each automation requirement that MMSI's DALs fail to meet; *e.g.*, size, thickness of paper stock, etc.
- j. Unless the response to preceding part h is to the effect that all of MMSI's DALs currently conform with the automation standards in the DMM, for each automation standard with which MMSI's DALs fail to conform, please indicate whether, by September 30, 2006, MMSI plans to change its DALs in any way so that they will conform.
 - a. Shared mail.
 - b. 38,717,782 in 2002; 41,185,516 in 2003; 53,581,776 in 2004.
 - c. None.

- d. None.
- e. The following are the volumes mailed to Post Office Boxes, as well as to Highway Contract Routes and General Delivery (information for 2002 and 2003 is not available, but is assumed to be roughly proportional to 2004).

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Post Office Box	not available	not available	7,603,000
Highway Contract	n/a	n/a	1,779,000
General Delivery	n/a	n/a	27,000

- f. None.
- g. (i) 3-1/2 x 7-1/4 inches or 4-3/8 x 8-1/2 inches.
(ii) .007 inches.
- h. No.
- i. Thickness of paper stock.
- j. No.

VP/ADVO-3.

- a. Please identify all subsidiaries of Advo, other than MMSI, that mail products with DALs.
- b. For all each subsidiary identified in response to preceding part a, please indicate the annual number of items accompanied by a DAL that were entered with the Postal Service for the three years starting January 1, 2002 and ending December 31, 2004.
- c. Please provide the percentage or the number of DALs indicated in response to preceding part b that were barcoded before being entered with the Postal Service.
- d. For each subsidiary identified in response to preceding part a, what plans exist to increase the percentage of DALs that will be barcoded by September 30, 2006; *i.e.*, the end of the Test Year in this docket?
- e. For the DALs indicated in response to preceding b, please provide the annual number of DALs that were addressed to Post Office boxes.
- f. For the items with DALs indicated in response to preceding b, approximately what percentage was mailed to businesses?
- g. For DALs identified in response to preceding part b, (i) what are their dimensions (*i.e.*, height and length), and (ii) what is the thickness of the paper stock used?
- h. Please indicate whether the specifications of DALs that were provided in response to preceding part g conform with the automation standards in the DMM.
- i. Unless the response to preceding part h is to the effect that all DALs currently conform with the automation standards in the DMM, please indicate each automation requirement that such DALs fail to meet; *e.g.*, size, thickness of paper stock, etc.
- j. Unless the response to preceding part h is to the effect that all of DALs currently conform with the automation standards in the DMM, for each automation standard with which the DALs fail to conform, please indicate whether, by September 30, 2006, any subsidiary plans to change its DALs in any way so that they will conform.
 - a. None.
 - b-j. Not applicable.

ADVO-4.

For all mail products distributed through the network identified as "A.N.N.E." in Advo's most recent Form 10-K filed with Securities and Exchange Commission, please respond to the following:

- a. Please identify all products that were mailed through the Postal Service with DALs.
- b. For all products identified in response to preceding part a, please indicate the annual number of items accompanied by a DAL that were entered with the Postal Service for the three years starting January 1, 2002 and ending December 31, 2004.
- c. Please provide the percentage or the number of DALs indicated in response to preceding part b that were barcoded before being entered with the Postal Service.
- d. For each product identified in response to preceding part a, what plans exist to increase the percentage of DALs that will be barcoded by September 30, 2006; *i.e.*, the end of the Test Year in this docket?
- e. For the DALs indicated in response to preceding b, please provide the annual number of DALs that were addressed to Post Office boxes.
- f. For the items with DALs indicated in response to preceding b, approximately what percentage was mailed to businesses?
- g. For DALs identified in response to preceding part b, (i) what are their dimensions (*i.e.*, height and length), and (ii) what is the thickness of the paper stock used?
- h. Please indicate whether the specifications of DALs that were provided in response to preceding part g conform with the automation standards in the DMM.
- i. Unless the response to preceding part h is to the effect that all DALs currently conform with the automation standards in the DMM, please indicate each automation requirement that such DALs fail to meet; *e.g.*, size, thickness of paper stock, etc.
- j. Unless the response to preceding part h is to the effect that all of DALs currently conform with the automation standards in the DMM, for each automation standard with which the DALs fail to conform, please indicate whether, by September 30, 2006, Advo and its A.N.N.E. affiliates have any plans to change those DALs in any way so that they will conform.
 - a. Each of the 14 current A.N.N.E. participants is an independent company that mails some form of shared mail program, some under a company-specific trade name and others as a generic shared mail product. Note that MailSouth is an A.N.N.E. participant, and its volumes are included in the totals shown in

part b.

- b. Three of the fourteen A.N.N.E. participants do not use DALs. For the remaining eleven, the volumes are as follows:

340,886,000 in 2002; 368,618,000 in 2003; 383,785,000 in 2004.

The above volumes for 2002 and 2003 are understated by an unknown amount due to missing information from companies that are no longer members of the A.N.N.E. network. The 2004 volumes are complete.

- c. 20,440,000 in 2002; 22,940,000 in 2003; 20,440,000 in 2004.
- d. None.
- e. The following are the volumes mailed to Post Office Boxes, as well as to Highway Contract Routes and General Delivery.

	<u>2002</u>	<u>2003</u>	<u>2004</u>
Post Office Box	43,073,000	45,204,000	45,650,000
Highway Contract	7,055,000	7,983,000	8,104,000
General Delivery	104,000	117,000	125,000

- f. Unknown, but estimated to be less than 2 percent.
- g. Various sizes ranging from 3-1/2 x 5 to 5 x 8-1/2 inches.
- h. No.
- i. Thickness of paper stock.
- j. No.

VP/ADVO-5.

Does Advo mail any flat-shaped products in envelopes? If so, please indicate the annual volume of such enveloped flat-shaped mailings in calendar years 2002, 2003 and 2004.

No.

VP/ADVO-6.

Are any of Advo's products distributed by private (non-mail) delivery? If so, please provide the following information:

- a. The total volume of such privately-delivered pieces in calendar years 2002, 2003 and 2004.
- b. The percentage of Advo's products that is delivered privately.
- c. The markets where private delivery is used, and, for each market, the name of the private delivery company used.
- d. Whether privately-delivered items include a card that is similar in size and shape to DALs used for mailings with the Postal Service and, if so, whether any such cards contain a name or address.

Yes.

- a. 147,350,000 in 2002; 171,317,000 in 2003; 224,160,000 in 2004.
- b. About 4.5 percent in 2002; about 5 percent in 2003; about 6 percent in 2004.
- c.

Cincinnati	Various independent distributors.
Detroit	Fast Flyers, Stanley's Distributing, various independents.
Las Vegas	Advo.
Philadelphia	Donnelley Distribution, Quality Mailing Services, various independents.
MediaNews	Pasadena Star, Inland Valley Daily Bulletin, San Bernadino Sun, Long Beach Press Telegram, Whittier Daily News, LA Daily News, San Gabriel Valley Tribune, Redlands Daily Facts.
Knight Ridder, MediaNews	San Jose Mercury News, Contra Costa Times, Monterey Herald, Oakland Trib, Alameda Times Star, Daily Review, Argus, Tri Valley Herald, San Mateo County Times, Marin, Vallejo.

Gannett, Knight Ridder	Detroit News, Detroit Free Press.
New York Times	Boston Globe.
MediaNews	Denver Post, Rocky Mountain News.
Freedom	Orange County Register.
MediaNews	Connecticut Post.
Tribune	The Advocate, The Greenwich Times.
Poynter	St. Petersburg Times.

- d. Advo does not use DALs in private delivery. In a very few markets, Advo inserts its "Missing Child" card inside the piece. None of these cards is addressed.