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

Postal Rate and Fee Changes, 2006	Docket No. R2006-1

NEWSPAPER ASSOCIATION OF AMERICA
INSTITUTIONAL ANSWERS TO INTERROGATORIES OF
ADVO, INC. REDIRECTED FROM WITNESS INGRAHAM (ADVO/NAA-T2-4, 5)
October 5, 2006

The Newspaper Association of America hereby provides the answers to interrogatories ADVO/NAA-T2-4(a) & (b) and ADVO/NAA-T2-5(b), filed on September 21, 2006, redirected from witness Dr. Allan T. Ingraham (NAA-T-2). Each interrogatory is stated verbatim and is followed by the answer.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By: *William B. Baker*

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

William B. Baker

October 5, 2006 William B. Baker

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INSTITUTIONAL ANSWERS TO INTERROGATORIES OF
ADVO, INC. REDIRECTED FROM WITNESS INGRAHAM (ADVO/NAA-T2-4, 5)

ADVO/NAA-T2-4. On page 18 (lines 8-11), you state that you ". . . used [in your rate design] the current pound charge of 64.3 cents instead of the Postal Services proposed 64.1 cents, because to my knowledge witness Kiefer nowhere specifically explained why he proposed to change this charge."

(a) Did NAA ask witness Kiefer anything about his proposed pound charge? Please explain.

(b) In this case, did NAA obtain any data on weight-related ECR costs?

(c) Did you, in any way, attempt to determine the extent of weight-related ECR flat costs? Please explain.

Answer:

(a) Yes. Please see NAA/USPS-T36-4. See also NAA/USPS-T36-5 and NAA/USPS-T36-6.

(b) Please see NAA/USPS-1 and the Postal Service's answer thereto.

(c) Answered by witness Ingraham.

ADVO/NAA-T2-5

On pages 8 ff, you take issue with the fact that the USPS did not de-average the basic/high density flat delivery cost for use in its rate design. You state (page 10, lines 9-12): . . . an appropriate rate design for ECR mail should use the data estimating the cost differences between the high-density and saturation flats worksharing tiers."

(a) Please confirm that neither the USPS nor you used a de-averaged high-density/saturation flat mail processing cost in rate design. If this is incorrect, please explain.

(b) Please confirm that NAA did not request de-averaging of the high-density/saturation flat mail processing cost for rate design purposes. If this is incorrect, please explain.

(c) Under ECP, when there are separate rates for separate services, is it appropriate to base the rate differential on a cost differential that, in part, ignores service cost differences associated with a major cost category?

Answer:

(a) Answered by witness Ingraham.

(b) Confirmed. However, NAA was aware that ADVO requested the subject information in ADVO/USPS-T27-5. Witness Talmo responded as follows:

> "Estimated costs by shape for High Density ECR demonstrate considerable sample variation. Combined with sample variation in Saturation ECR costs, the estimated cost difference by shape between High Density and Saturation costs also shows considerable variation. Due to the uncertainty in the estimated difference in costs, High Density and Saturation cost by shape are treated as having the same mail processing costs."

(c) Answered by witness Ingraham.