

ORIGINAL

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-21-24 and 25(b)-30)

The United States Postal Service hereby provides responses to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-21-24 and 25(b)-30, filed on August 9, 1996. An objection to interrogatory OCA/USPS-25(a) was filed on August 19, 1996.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

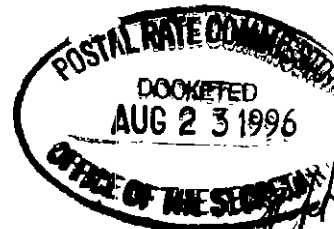
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OCA/USPS-21. Please refer to page 50 of library reference SSR-22. This describes the SAS item "F9246" as the "Heavy/Light Sample Weight." In addition, a further notation states, "For SAS analysis purposes, divide field f9246 by 1000 to obtain proper Weighting Factor."

- a. Please confirm that the IOCS weighting factor is "f9246/1000" for each observation. If you do not confirm, please provide the correct weighting factors.
- b. The response to OCA/USPS-T5-13c refers to changes to the IOCS weighting procedure. Please confirm that these weighting modifications are reflected in the f9246 weighting factors included in the IOCS data set. If you do not confirm, please provide a citation to the appropriate variables in the IOCS data set that contain these weighting modifications.
- c. Please provide complete documentation describing the calculation of the IOCS weighting factors. If this information has already been provided, please provide a citation to the appropriate MC96-3 document.

OCA/USPS-21 Response:

- a. Confirmed.
- b. Confirmed.
- c. See Attachment, and SSR-18 page 66, SSR-19 pages 752-764, ALB095C4.

Attachment to OCA/USPS-21.c Response

The f9246 weighting factor is applied to an IOCS tally when assigning a dollar weight to that tally (see response to OCA/USPS-T-29). If w_i is the f9246 weight for the i_{th} tally in the k_{th} cost pool, C_k is the labor cost for the k_{th} cost pool, and n_k is the number of tallies in the k_{th} cost pool, the dollar weight for the i_{th} tally is computed as

$$C_k * w_{ki} / \sum_{i=1}^{n_k} w_{ki} .$$

The f9246 weighting factor is based on the inverse of the probability of selection of the employee within a cost pool. Since cost pools correspond to crafts within CAG strata where employees are generally selected with the same probability, the derived f9246 weighting factor is generally 1. For example, if all office employees within a cost pool are selected at a 3 percent sampling rate, then the inverse of the probability of selection is 1/.03, which cancels out in the numerator and denominator of the above equation leaving $w_{ki} = 1$ and $\sum w_{ki} = n_k$.

There are offices where employees are sampled at rates different from most offices within a cost pool. They are primarily offices with concentrated international activities where greater informational details are needed, and some offices which are realigned in the appropriate cost pools for dollar weighting. The f9246 weighting factors are calculated to give weights of 1 to the majority of offices where employees are sampled at the same rate, and to scale the weights for the special offices relative to those in the majority. For example, suppose employees within a cost pool are selected at a 3 percent sampling rate, but within that same cost pool, employees in some special offices are selected at a 9 percent rate, and others at a 2 percent rate. w_{ki} for each one of those three categories would be respectively $(1/.031) \times .03 = 1$, $(1/.09) \times .03 = .333$ and $(1/.02) \times .03 = 1.5$.

It follows from the F9246 weighting factors that the dollar weight is the same for the majority of tallies within a cost pool, but differs between cost pools, since C_k and the number of tallies differ between cost pools. In IOCS CAG B, however, tallies reflecting differences in representation of mail processing and non-mail processing facilities were pooled together for dollar weighting. As a result, the f9246 weighting factor was further modified to adjust sample proportions to universe proportions. See response of witness Patelunas to UPS/USPS-T5-5.

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OCA/USPS-22. Please refer to the response to OCA/USPS-T5-13c. The last sentence states, "The weighting was based on costs rather than the number of facilities." Please provide the computational formulas used to compute weighting factors from costs. Please explain why the number of universe or sampled facilities was not utilized.

OCA/USPS-22 Response:

See response of witness Patelunas to UPS/USPS-T5-5 for the computational formulas used to compute weighting factors from costs. Since the dollar weight of an IOCS tally is the basis for all cost distributions (see response to OCA/USPS-29), it follows that facility labor costs, rather than the number of facilities, are more appropriate for weighting the IOCS tallies.

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OCA/USPS-23. Please refer to the response to OCA/USPS-T5-13 and page 14 of SSR-90. SSR-90 defines the first stage sampling unit as the office, yet the response to OCA/USPS-T5-13 seems to indicate that it is now the finance number. The response to OCA/USPS-T5-13c indicates that an office could have different CAG designations for each of its two finance numbers.

- a. Please clarify what defines the first stage sampling unit for the FY 95 IOCS sample.
- b. Is it now possible for a CAG A mail processing function in an office to be in the IOCS sample, but the CAG C customer service function to be excluded from the sample? Please explain.
- c. Refer to subpart (b) of this interrogatory. Suppose that an office classified as CAG C in FY 92 was not in the FY 92 IOCS sample.
 - i. Please confirm that due to the restructuring, all such CAG C offices had their processing function assigned a new CAG A finance number. Further, the customer service functions would keep the office's original finance number and remain CAG C. If you do not confirm, please explain.
 - ii. Please confirm that the CAG A mail processing function would be brought into the IOCS CAG A certainty sample and that the CAG C customer service function would remain unsampled by IOCS. If you do not confirm, please explain.

OCA/USPS-23 Response:

- a. The first stage sampling unit has always been the finance number, generally referred to as office. The finance number could include a post-office unit, or several organizational units where employees report their labor time to that finance number.
- b. No. See response to subpart c(ii) below.

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- c.
 - i. Confirmed.
 - ii. Not confirmed. Only those finance numbers that were sampled in FY 92 and the finance numbers that were spinoffs from those finance numbers during the Restructuring are included in the FY 95 sample.

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OCA/USPS-24. Please refer to the response to OCA/USPS-T5-13c. This states that "the weighting was modified to reflect differences in representation of mail processing and non-mail processing facilities in the IOCS CAG A/B sample." Please explain this modification and provide the documentation and computational formulas used to perform this modification.

OCA/USPS-24 Response:

See response of witness Patelunas to UPS/USPS-T5-5.

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OCA/USPS-T-25. Please refer to Attachment 2 to OCA/USPS-T5-13b.

- a. Please provide a similar table containing employee universe counts.
- b. Please confirm that these employee universe counts are used to develop estimation weighting factors. If you do not confirm, please explain and provide the appropriate employee universe counts used for weighting.

OCA/USPS-T-25 response.

- a. Objection filed August 19, 1996.
- b. Not confirmed. Employee universe counts are not used for weighting.

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OCA/USPS-26. Please refer to the response to OCA/USPS-T5-15. If the IOCS first stage sampling unit is now defined as the finance number and a given office can be composed of more than one finance number (of different CAGs), then:

- a. Please confirm that each line in the listing on the attachment to the response to OCA/USPS-T5-15 corresponds to a unique finance number. If you do not confirm, then please provide a table similar to that of the attachment to the OCA/USPS-T5-15 response showing historic finance number advancements and relegation in CAG status for IOCS sample finance offices up to FY 1995.
- b. Please confirm that the reason that the Postal Service does not maintain a similar listing for years prior to FY 93 is that that the FY 92 restructuring redefined finance numbers. If you do not confirm, please explain why it is not possible to produce historic records prior to FY 93.

OCA/USPS-26 Response:

- a. Confirmed.
- b. Confirmed.

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OCA/USPS-27. Please refer to the description of SAS Item F9227 on page 49 of SSR-22. This appears to be related to the response recorded to the IOCS mixed mail question 24. See page 133 of SSR-12.

- a. Please relate the possible values (00-24) listed in SSR-22 to the possible responses indicated in SSR-12.
- b. The entry for "Sub-Item Name" for F9227 of SSR-12 is "(See Remarks File 24A-24X)." Please explain the reference to this "remarks file."

OCA/USPS-27 Response:

- a. For supervisor readings SAS Item F9227 is blank. For all other readings SAS item F9227 contains 00 unless the employee is handling an item containing mail that has been counted. If the mail is counted , from 01 to 24 possible categories of mail may be present for IOCS mixed mail question 24 as listed in SSR-12. Item F9227 is merely a count of the categories of mail indicated as being present in the item.
- b. A data record referenced as a remark type 24A-24X is written to a separate codes file for each category of mail for which the data collector indicates the presence of mail by providing a count for an individual shape. These "remarks file" records are used to split a counted mixed mail (handling item) record into 1 or more records with direct mail activity codes.

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OCA/USPS-28. Please refer to SAS Item F262 on page 50 of SSR-22. Please confirm that the activity codes referred to as F262 correspond to those of SSR-1 Tables B-1 and B-2. If you do not confirm, please provide a corrected listing of the FY95 activity codes used in F262.

OCA/USPS-28 Response:

a. Not confirmed. SSR-1 Table B-3 contains the complete list of special service activity codes. Activity code 0300 (Form 35/47/3579) is combined with activity code 0210 (Address Correction on Piece) in the In-Office Cost System, LIOCATT Subsystem and does not appear in SSR-1 Table B-1. Please note that several of the activity codes appearing in SSR-1 Table B-2 do not appear in F262. All international direct activity codes are consolidated into four shape related direct activity codes (1780, 2780, 3780 and 4780) and all international mixed mail codes are consolidated into one mixed mail code (5460). Activity codes 5740 (Mixed Mail - Handling Single Item) and 5745 (Mixed Mail - Handling Container or Multiple Items) are assigned to shape related mixed mail codes where possible or reassigned to 5750 (Mixed All Shapes). Activity codes 6524 - 6529 are no longer used. These codes were used to separate break/personal needs tallies for clerks and mailhandlers into functional areas. The operation code now is used to assign break/personal needs tallies to functional areas. The following two Lunch and Leave Codes should be added to Table B-2, page B-14:

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- 9201 Non IOCS Occupation Code
- 9206 Supervisor Lunch and Leave Codes for Automatically Coded
Supervisor Sample Records

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OCA/USPS-29. Please refer to SAS Item F9250 on page 50 of SSR-22. The title of this item is "Tally Dollar Value" and an additional notation says to "divide field by 100 to obtain value in dollars." Please explain how the value for F9250 is computed and provide guidance on how it should be used.

OCA/USPS-29 Response:

Please refer to SSR-18, page 66 -67 for the descriptions of programs ALB095C4 and ALB105C4 which are used to develop the dollar weights appearing in SAS Item F9250. The source code for the programs appears in SSR-19, pages 752-776. Attachment A gives an example of the development of SAS Item F9250. On a quarterly basis, the same process is used for each craft within each CAG/Finance Number grouping. For additional computations affecting SAS Item F9250 see my response to OCA/USPS-T-30.

SAS Item F9250 represents the dollar weight of a tally and is used by all subsequent IOCS processing. It is the basis for all of the cost distributions appearing in the LIOCATT reports and IOCS SAS analysis reports containing dollar weighted tallies.

ATTACHMENT A					
CALCULATION OF OF FIELD F9250					
QUARTER 2, CAG A, FINANCE NUMBER 555555, REGULER CLERKS					
		Heavy/Light	Total	Dollar	Total
		Sample Weight	Sample	Weight	Dollar
TALLIES		(Item F9246)	Weight	(Item F9250)	Weight
(a)		(b)	(c)	(d)	(e)
			(a) * (b)	(b) * (g)	(a) * (d)
2055		0.060	123.300	3,858.08	7,928,354.40
3		0.500	1.500	32,150.64	96,451.92
9451		1.000	9451.000	64,301.28	607,711,397.28
612		1.500	918.000	96,451.92	59,028,575.04
		TOTAL	10493.800		674,764,778.64
		(f)	Total Dollar Pool	\$674,764,793	
		(g)	Average Dollar Weight	\$64,301.28	(Total Dollar Pool / Total Sample Weight)
Note :	SAS items F9246 and F9250 have been formatted for clarity. Commas and decimal points do not appear in the SAS items.				

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OCA/USPS-30. Please refer to SAS Item F9253 on page 50 of SSR-22. The entry in the "Title of Item" column asks, "Is the tally a Mixed Mail Counted Item which has been divided into one or more records with a direct mail activity codes assigned. [sic]"

- a. Please explain how to interpret the values that can be assigned to F9253.
- b. Please explain how a typical mixed mail observation would be represented in this file.

OCA/USPS-30 Response:

- a. Please refer to SSR-12, page 133 for the meaning of values A thru X in field F9253. If the tally is not the result of a counted item, SAS Item F9253 is blank.
- b. Please refer to SSR-18, pages 73-74 for narratives of the programs (ALB897C2 and ALB898C3) involved in developing direct mail costs for counted mixed items. The source code for the programs may be found in SSR-19, pages 895-916. Following is an expansion of the hypothetical example given in SSR-18, page 74:

An employee is handling an item containing mixed mail and the data collector responds that the mail can be counted. Please refer to SSR-12, page 133-135. After counting the pieces in the item, the data collector selects category of mail "A. 1st Class Nonpresorted", enters 50 in the letter shape field and 25 in the flat shape field. A "remark " record 24A is generated containing the counts entered and one is added to F9227 (Number of Records Counted = 01). The data

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collector next enters 25 as the piece count for category of mail "C. Postal Card" in the card shape field. A "remark" record 24C is generated containing the count entered and one is added to F9227 (Number of Records Counted = 02). When the counts are completed the data collector is prompted on special service information.

Program ALB897C2 builds one record from the two remark records.

Program ALB898C2 matches the merged remark record with the IOCS tally file.

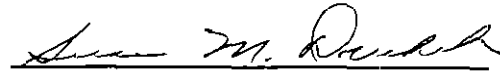
When the matching IOCS tally record is found three tally replacement records are developed based on the counts as follows:

Original tally record	F262=5740	original dollar value(F9250)=6430128	F9253 = blank
Divided item record 1	F262=1061	new dollar value(F9250)=3215064	F9253 = A
Divided item record 2	F262=2061	new dollar value(F9250)=1607532	F9253 = A
Divided item record 3	F262=1000	new dollar value(F9250)=1607532	F9253 = C

Note: All other fields in the three new records are the same as the original tally record. If a special service activity code is assigned to the record, the record retains the original special service activity code and is not divided into multiple records.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


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August 23, 1996