

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

RECEIVED
Mar 16 4 56 PM '00
U.S. DEPT. OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS KASHANI TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA
(MPA/UPS-T14-1-2)

The United States Postal Service hereby provides the responses of witness Kashani to the following interrogatories of Magazine Publishers of America: MPA/UPS-T14-1-2, filed on February 15, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
March 16, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-1 Please refer to Exhibit E of LR-I-126. This exhibit provides savings due to cost reduction programs for FY1999, FY2000, and the Test Year.

(a) For each dollar value in the matrix, please disaggregate these amounts into class and subclass. Please provide these results in an electronic spreadsheet.

(b) Please explain the basis for each distribution key.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-1, RESPONSE – CONTINUED

RESPONSE

a) Please see my response to DMA/USPS-T9-20-1 for FY 2000 and the Test Year. The following chart provides references to pages in my Workpapers where the distribution of cost reductions by class and subclass for FY 1999 is displayed. Electronic version of my Workpapers WP-B , WP-E and WP-I are available on CD-ROM in USPS-LR-I-6.

Page References to FY 1999 Cost Reductions by Class and Subclass

SEG	DESCRIPTION	FY 1999 COST REDUCTIONS 1/	SOURCE	TOTAL COST REDUCTION DISTRIBUTION BY CLASS AND SUBCLASS	COST REDUCTION DISTRIBUTION BY COMPONENT BY CLASS AND SUBCLASS
3	Clerks & Mailhandlers, CAG A-J , SD Mess Personnel	(407,770)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 171-172	PP. 183-184
6&7	City Delivery Carriers Personnel	(123,368)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 243-244	PP. 243-244
11	Operating Equip. Maintenance Personnel	(8,084)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 301-302	PP. 323-324
14	Domestic Air	(26,870)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 503-504	PP. 503-504
	Domestic Highway	(2,487)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 503-504	PP. 503-504
	Domestic Rail	(11,328)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 503-504	PP. 503-504
	International	(90,300)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 515-516	PP. 515-516
	Totals	(670,207)			

1/ Exhibit USPS14A, PP. 1-2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

b) Several types of distribution keys are used to distribute cost savings. For some programs, Base Year components within the range from 1300 to 1399 are used as the basis for the distribution keys. These components include "other costs" because total costs, not only "volume variable" costs, are affected. These keys reflect the distribution of labor cost by class and subclass for various operations. The Base Year components from 1300 to 1399 are copied to the rollforward components ranging from 1400 to 1499. A list of Base Year components (1300 –1399) and their rollforward equivalent components (1400-1499) is shown on page 5 of Appendix A of my testimony. Also, some of the rollforward components 1400 through 1499, are given a "Mail Volume Effect" to reflect the changes in the mix of mail from year-to-year. Some costs, as shown in LR-I-126, Exhibit E, are combined before being distributed to class and subclass of mail because some programs use the same distribution key. These results are shown in my workpapers WP-B, WP-E, and WP-I. For a detailed description of each program, please refer to LR-I-126

The following provides an explanation of each cost reduction program, as shown in LR-I-126, Exhibit E, and the rollforward distribution keys used to distribute cost reductions to classes and subclasses of mail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

RBCS: Improve RCR & Handwriting Recg (HIP); LMLM Linerless Label

Cost Reductions Impact: Clerks/Mailhandlers, City Carriers, Maintenance

Rollforward Distribution Key: Component 1446

The cost savings for the above program are combined because they share a common distribution key. These savings are for RBCS and related improvements for letter mail that requires the application of a barcode.

Therefore, the mail volume adjusted, base year IOCS-based distribution key (component 1324) is appropriate because it reflects mail classes and subclasses for RBCS processing.

ID Code Sort

Cost Reductions Impact: Clerks/Mailhandlers, City Carriers

Rollforward Distribution Key: Component 1508 = (1440+1441+1452)

The Identification Code Sort program enhances the capabilities of the Postal Service's letter automation system. I have created a distribution key by combining the base year IOCS-based distribution keys for components 1314, Mail processing Barcode Sorters, 1315, Delivery Barcode Sorters, and 1371, Carrier Sequence Barcode Sorters for this program because these barcode sorters are impacted by the ID Code Sort.

DBCSs – Stacker, Phase 4 & 5, & OSS

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

Cost Reductions Impact: Clerks/Mailhandlers, City Carriers

Rollforward Distribution Key: Component 1441

The savings associated with Delivery Barcode Sorters are from improved operations. This program affects letter mail operations for the classes and subclasses currently processed on the DBCS; therefore, a mail volume adjusted base year IOCS-based distribution key (component 1315) for Delivery Barcode Sorters operation is used to develop the key to distribute DBCS savings.

CSBCSs Phase I

Cost Reductions Impact: City Carriers

Rollforward Distribution Key: Component 1452

The Carrier Sort Barcode Sorter (CSBCS) savings represent improved productivity by eliminating the need for carriers to case the mail. These amounts are distributed using a mail volume adjusted base year IOCS-based distribution key (component 1371) for CSBCS operations developed, because it provides the best proxy for capturing savings for CSBCS operations.

Flat Mail OCR (EC – 06): Flat Sorting Machine 1000 Phase 1 & 2; Accelerate

FSM Buy into 2001; Additional AFMS to upper bound; Increase Manual Flat

Productivity

Cost Reductions Impact: Clerks/Mailhandlers

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

Rollforward Distribution Key: Component 1448

The above programs are combined because they use the same distribution key. These programs increase efficiency of flat sorting machines and increase the number of FSMs; thereby, reducing manual sorting activities. Therefore, the savings are distributed using a mail volume base year IOCS-based distribution key (component 1331) for Sorting to Flat Cases, which captures the manual sorting activity by class and subclass of mail.

Mat. Handling BMC Asystems

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 1450

This program provides a one-to-one replacement of the number four sack sorter at the New Jersey International and Bulk Mail Center. The reduced capacity constraints and improved efficiency of operation for Bulk Mail Centers will reduce Mailhandlers manual sorting hours. Therefore, I have distributed the savings using a mail volume base year IOCS-based distribution key (component 1366) for General and Logistic, BMC which is total BMC mail processing labor.

Improve SEI

Cost Reductions Impact: City Carriers

Rollforward Distribution Key: All components in Cost Segment 7

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

The Improve Street Efficiency Indicator (SEI) program is aimed at improving the efficiency of a carrier on the street. The savings are, therefore, distributed to all components within Cost Segment 7, City Delivery Carriers-Street.

Improve Function 4 Productivity

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 1442

This program is a local management initiative to improve customer service processing. I used a Function 4 distribution key (component 1442), provided by witness Smith, USPS-T-21 (Attachment 9, page 1), to spread the predicted saving.

Parcel Dropship Volume Shift

Cost Reductions Impact: Clerks/Mailhandlers and Transportation

Rollforward Distribution Key: Component 1418

The parcel dropship shift reflects the change in the mix of parcel post resulting from the growth of the dropship portion of the volume, which is not captured by the rollforward model. Because the additional labor savings directly impact Parcel Zone Rate, they are distributed to components 35 and 143 using the rollforward component 1418 as a distribution key, which allocated 100% of the

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

savings to Standard (B) Parcel Zone Rate. The savings for the parcel dropship are calculated by witness Eggleston, USPS-T-26.

AFCS Additional 42 Buy: AFCS (OCR)

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 1443

Additional purchases of Advanced Facer Canceler will increase efficiency of letter facing and canceling. The Advanced Facer Canceler OCR reduces labor cost associated with additional mail handling by integrating technology from the AFCS/ISS with technology from the MLOCR. The savings will be obtained by letter mail, which is faced and cancelled; therefore, I have distributed these savings using a mail volume base year IOCS-based distribution key (component (1319) for Letter Facer/Canceler Operation.

Small Parcel and Bundle Sorter – 46 & 54 AND SPBS Feed System

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 1445

The additional units of Small Parcel and Bundle Sorters and SPBS Feed System would improve plant efficiency and increase labor productivity associated with the subclasses being processed on SPBS. Consequently, the cost savings

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

are distributed using a mail volume base year IOCS-based distribution key
(component 1323) for Small Parcel and Bundle Sorters.

BMC PSM Singulators

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 1453

This program impacts the Secondary Parcel Sorting Machines in the Bulk Mail Centers for non-machinable parcels. Because the savings impact PSM sorting, the savings are distributed using a mail volume base year IOCS-based distribution key (component 1318) for Parcel Sorting Machine/Non-Machinable Outside Machine which captures labor costs for operating parcel sorting equipment.

Corporate Management Call

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 1420

This program improves the information customers obtain when they contact the Postal Service by telephone. Because of broad range of questions, the savings are allocated to institutional portion of component 66, Claims and Inquiry, using component 1420 as a distribution key. Component 1420 allocates 100% of the savings to institutional cost.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

Delivery Confirmation Scanning

Cost Reductions Impact: City Carriers

Rollforward Distribution Key: Component 1509

The additional scanners for Delivery Confirmation are used to scan delivery confirmation barcodes at the time of delivery. The distribution key for Delivery Confirmation is component 1509 which is based on the relevant Delivery Confirmation mail categories of the Street Elemental Load (component 46), as shown in USPS-T-14, Appendix A, page 6. The savings are distributed to component 46 using component 1509 as a distribution key.

Local Management Initiative

Cost Reductions Impact: Supervisors, Clerks, City Carriers, Maintenance

Rollforward Distribution Key: All components of Cost Segments 2, 3, 6, and 7 and component 75 of Cost Segment 11

The Local Management Initiative program is designed to broadly reduce expenses by managers of operations, so that the Postal Service can achieve its targeted net income goal. Hence, the savings are spread among all components of Cost Segments 2, 3, 6, and 7, and component 75.

DPS Multi Unit Buildings

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-1, RESPONSE – CONTINUED

Cost Reductions Impact: City Carriers

Rollforward Distribution Key: Component 609

Implementation of the delivery point sequence multi-unit buildings program will reduce City Carriers hours. I have distributed the savings from this program to City Carriers Direct Labor (component 43) using component 609 as a distribution key; which is populated with data furnished by witness Daniel, USPS-T-28.

Automatic Airline Assignment SWYB AND Mail Transport Equipment

Service Centers

Cost Reductions Impact: Clerks/Mailhandlers, Maintenance

Rollforward Distribution Key: Components 35 and 75

The Automatic Airline Assignment SWYB program enhances the abilities to apply D&R labels more efficiently; whereas, the Mail Transport Equipment Service Centers increase efficiency by implementing a network approach to the logistical management of the preparation, repair, distribution, and warehousing of Mail Transport Equipment. Because both programs impact mail Processing and maintenance of additional equipment, mail processing and maintenance costs are used to distribute the additional savings to their respective class and subclass.

Low Cost OCR and MLOCR Co-Processor

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

Cost Reductions Impact: Clerks/Mailhandlers, City Carriers

Rollforward Distribution Key: Component 1449

The Low Cost Optical Character Reader and Multiline Optical Character Reader Co-Processor are designed to improve the efficiency of the existing machines and add to the number of OCRs. Therefore, the additional savings are distributed using a mail volume base year IOCS-based distribution key (component 1363) for Optical Character Readers, because this distribution key captures the operation of OCR by class and subclass of mail.

Robotics Phase 1 and Tray Management System – Phase 3

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 1451

The above programs are targeting dispatch areas in the Processing and Distribution Centers and the in-bound distribution operation at Air Mail Centers, in order to increase mailhandler workhours productivity by replacing manual operation with robotic tray handling. To distribute these savings, I have using a mail volume base year IOCS-based distribution key (component 1367) for All Non-BMC Mail Processing Labor.

Dual Pass Rough Cull 56 Buy

Cost Reductions Impact: Clerks/Mailhandlers

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

Rollforward Distribution Key: Component 1444

The Dual Pass Rough Cull System is at the front end of the collection mail processing operation which automates processing of non-machinable mail pieces from large quantities of raw collection mail. The savings are realized by reducing the need for manual culling. Therefore, I have distributed the savings using a mail volume base year IOCS-based distribution key (component 1321) for Culling operation.

CFCS Flats Forwarding Terminal and Control System

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 1439

The CFCS is a replacement system for the Computerized Forwarding System, where its enhancements result in labor savings in CFS operations. Therefore, the savings are distributed using a mail volume base year IOCS-based distribution key (component 1307) for CFS

Priority Mail Processing Centers

Cost Reductions Impact: Clerks/Mailhandlers

Rollforward Distribution Key: Component 904

This program involves contracting out of Priority Mail to improve service. Because this program target Priority Mail, I have distributed the additional

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

savings using the Base Year component 904, which allocates 100% of the savings to Priority Mail.

PMPC DAR AND Air System Contracts-Loose Pack Terminal Handling

Cost Reductions Impact: Transportation (component 142)

Rollforward Distribution Key: Component 142

According to LR-I-126, the savings from this program would impact Domestic Air, component 142; therefore, I have distributed them to component 142.

MTEC DAR – Rail AND Absorb Additional Inflation in 2000

Cost Reductions Impact: Transportation (component 144)

Rollforward Distribution Key: Component 144

According to LR-I-126, the savings from this program would impact Rail, component 144; therefore, I have distributed them to component 144.

MTEC DAR – Highway AND Absorb Additional Inflation in 2000

Cost Reductions Impact: Transportation (component 143)

Rollforward Distribution Key: Component 143

According to LR-I-126, the savings from this program would impact Highway, component 143, therefore, I have distributed them to component 143.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-1, RESPONSE – CONTINUED

Prior Yr Adjustments - International

Cost Reductions Impact: Transportation (component 146)

Rollforward Distribution Key: Component 146

According to LR-I-126, the savings from this program would impact International, component 146; therefore, I have distributed them to component 146.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-2 Please refer to Exhibit E of LR-I-126. This exhibit provides other programs changes in costs for FY1999, FY2000, and the Test Year.

- (a) For each dollar value in the matrix, please disaggregate these amounts into class and subclass. Please provide these results in an electronic spreadsheet.
- (b) Please explain the basis for each distribution key.

RESPONSE

- a) Please see my response to DMA/USPS-T9-21 for FY 2000 and the Test Year. The following chart provides references to pages in my Workpapers where the distribution of other programs by class and subclass for FY 1999 is displayed. Electronic version of my Workpapers WP-B , WP-E and WP-I are available on CD-ROM in USPS-LR-I-6.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-2, RESPONSE - CONTINUED

Page References to FY 1999 Other Programs by Class and Subclass

SEG	DESCRIPTION	FY 1999 OTHER PRGRMS 1\	SOURCE	TOTAL COST REDUCTION BY CLASS AND SUBCLASS	COST REDUCTION DISTRIBUTION BY COMPONENT BY CLASS AND SUBCLASS
2	Supervisors & Technical Personnel	13,917	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 75-76	PP. 105-106,137-138,147-148,159-160
3	Clerks & Mailhandlers, CAG A-J, SD Mess Personnel	209,083	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 173-174	PP. 185-186,203-204,213-214,225-226
6&7	City Delivery Carriers Personnel	153,922	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 245-246 AND 257-258, 269-270	PP. 245-246 AND 257-258, 269-270
10	Rural Carriers Personnel	20,625	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 289-290	PP. 289-290
	Equip. Maint. Allowance	6	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 289-291	PP. 289-290
11	Operating Equip. Maintenance Personnel	22,861	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 303-304	PP. 325-326
	Contract Cleaners	8	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 303-304	PP. 335-336
12	Vehicle Supplies & Materials	(54)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 347-348	PP. 379-380, 391-392
	Rental of Motor Vehicles	(82)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 347-348	PP. 403-404,415-416
13	Mail Equip. Shop Personnel	(229)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 427-428	PP. 437-438
	Facilities & Pur. Field Unit Personnel	(350)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 427-428	PP. 437-438
	Contract Station Service	(92)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 427-428	PP. 437-438
	Tolls & Ferriage	1	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 427-428	PP. 447-448
	Freight - Supplies & Materials	(2,993)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 427-428	PP. 455-456
	Banking Fees	220	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 427-428	PP. 463-464
	Carfare	49	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 427-428	PP. 485-486
14	Domestic Air	18,500	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 505-506	PP. 505-506
	Domestic Highway	35,371	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 505-506	PP. 505-506
	Domestic Rail	11,218	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 505-506	PP. 505-506
	International	(18,697)	WORKPAPER WP-B, VOLUME 1 OF 2	PP. 517-518	PP. 517-518

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE - CONTINUED

Page References to FY 1999 Other Programs by Class and Subclass

SEG	DESCRIPTION	FY 1999 OTHER PRGRAMS 1)	SOURCE	TOTAL COST REDUCTION DISTRIBUTION BY CLASS AND SUBCLASS	COST REDUCTION DISTRIBUTION BY COMPONENT BY CLASS AND SUBCLASS
15	Rent	23,803	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 527-528	PP. 537-538
	Product Specific Imputed Rent	2,426	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 527-528	PP. 537-538
	Heating Fuel	174	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 527-528	PP. 547-548
	Utilities	2,766	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 527-528	PP. 547-548
	Communications	13,765	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 527-528	PP. 547-548
	Building Projects Expensed	(11,527)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 527-528	PP. 547-548
	Moving Expense	(25)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 527-528	PP. 557-558
16	Mat. Dist. & Label Printing Personnel	(3,778)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 575-576
	ADP Supplies & Services	85,550	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 575-576
	Equipment Repair & Maintenance Excluding ADP	98,995	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 575-576
	Custodial Supplies & Services	133	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 575-576
	Miscellaneous Supplies & Services	23,874	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 595-596
	Printing & Reproduction	2,847	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 585-586
	Stamps & Accountable Paper	(1,100)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 585-586
	Money Orders	(28)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 585-586
	Operating Equipment & Supplies	20,021	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 595-596
	Inventory Adjustments	(48,884)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 585-586
	Expedited Mail Supplies	216,612	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 595-596
	Other Postal Supplies and Services	73,633	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 595-596
	Remote Encoding S&S	1	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 595-596
	Tracking & Tracing/Delivery Confirmation	1,633	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 595-596
	Advertising & Sales Promotion	(30,600)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 605-606

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE - CONTINUED

Page References to FY 1999 Other Programs by Class and Subclass

SEG	DESCRIPTION	FY 1999 OTHER PRGRAMS 1)	SOURCE	TOTAL COST REDUCTION DISTRIBUTION BY CLASS AND SUBCLASS	COST REDUCTION DISTRIBUTION BY COMPONENT BY CLASS AND SUBCLASS
	Reimbursements	333	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 605-606
	Stamped Envelopes	(69)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 567-568	PP. 585-586
17	Research & Development Contracts	(13,692)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 611-612	PP. 611-612
18	HQ & Field Service Unit Personnel Cost	87,626	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 631-632
	Area Admin Personnel Cost	12,708	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 631-632
	Security Force Personnel Cost	(935)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 631-632
	Inspection Service Personnel Cost	(3,670)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 631-632
	Unemployment Compensation	(17,561)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 661-662
	Holiday Leave	(1,571)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 641-642
	Workers' Compensation Health Benefits	(1,000)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 661-662
	Annuitant Life Insurance	100	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 651-652
	Repricing of Annual Leave	(13,508)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 641-642
	CSRS Annuitant Cola	31,122	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 651-652
	CSRS Retirement Liabilities Current	(8,150)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 641-642
	CSRS Retirement Liabilities Prior	79,436	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 641-642
	Workers' Compensation Current	(66,333)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 651-652
	Workers' Compensation Prior	(60,178)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 661-662
	Annuity Protection Program	(5,707)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 669-670
	Annuitant Health Benefits	22,631	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 651-652
	Supplies & Services	116,030	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 669-670
	Miscellaneous Support Cost	234,357	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 669-670

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE - CONTINUED

Page References to FY 1999 Other Programs by Class and Subclass

SEG	DESCRIPTION	FY 1999 OTHER PRGRAMS 1\	SOURCE	TOTAL COST REDUCTION DISTRIBUTION BY CLASS AND SUBCLASS	COST REDUCTION DISTRIBUTION BY COMPONENT BY CLASS AND SUBCLASS
	Inspection Service Expenses	(47)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 669-670
	POD Workers' Comp	4,035	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 623-624	PP. 661-662
	Misc. Tech Suuport Personnel	792	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 687-686	PP. 687-686
19	Contract Training Support	9,096	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 687-686	PP. 687-686
20	Vehicle Depreciation	7,774	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 695-696	PP. 715-716
	Equipment Depreciation	142,652	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 695-696	PP. 721-722
	Building Depreciation & Amortization	39,820	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 695-696	PP. 727-728
	Disposition of Property	22,870	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 705-706	PP. 753-754
	Interest on Debt	(11,633)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 695-696	PP. 733-734
	Implied Interest on Retro Annulty Cost	(16,164)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 695-696	PP. 733-734
	Interest on Retirement Liabilities	(4,242)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 695-696	PP. 733-734
	Other Interest	(146)	WORKPAPER WP-B, VOLUME 2 OF 2	PP. 695-696	PP. 739-740
	Totals	1,520,351			

1\ Exhibit USPS 14A, pp. 1-2

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

b) Several types of distribution keys are used to distribute other programs. For some programs, Base Year components within the range from 1300 to 1399 are used as the basis for the distribution keys. These components include "other costs" because total costs, not only "volume variable" costs, are affected. These keys reflect the distribution of labor cost by class and subclass for various operations. The Base Year components from 1300 to 1399 are copied to the rollforward components ranging from 1400 to 1499. A list of Base Year components (1300 –1399) and their rollforward equivalent components (1400-1499) is shown on page 5 of Appendix A of my testimony. Also, some of the rollforward components 1400 through 1499 are given a "Mail Volume Effect" to reflect the changes in the mix of mail from year-to-year. Some costs, as shown in LR-I-126, Exhibits A, B, and C, are combined before being distributed to class and subclass of mail because some programs use the same distribution key. These results are shown in my workpapers WP-B, WP-E, and WP-I. For a detailed description of each program, please refer to LR-I-126.

The following provides an explanation of other programs costs, as shown in LR-I-126, Exhibit A, Exhibit B, and Exhibit C, and the rollforward distribution

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

keys used to distribute these costs to their respective classes and subclasses of mail.

RBCS: Improve RCR & Handwriting Recg (HIP): AND LMLM Linerless Label

Other Programs Impact: Maintenance

Rollforward Distribution Key: Component 1446

The costs for the above program are combined because they share a common distribution key. These costs are for RBCS and related improvements for letter mail that requires the application of a barcode. Therefore, the mail volume adjusted, base year IOCS-based distribution key (component 1324) is appropriate, because it reflects mail classes and subclasses for RBCS processing.

ID Code Sort

Other Programs Impact: Maintenance

Rollforward Distribution Key: Component 1508 (1440+1441+1452)

The Identification Code Sort program enhances the capabilities of the Postal Service's letter automation system. I have created a distribution key by combining the base year IOCS-based keys for components 1314, Mail processing Barcode Sorters; 1315, Delivery Barcode Sorters; and 1371, Carrier

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Sequence Barcode Sorters for this program because these barcode sorters are impacted by the ID Code Sort.

DBCSs – Stacker, Phase 4 & 5, & OSS

Other Programs Impact: Clerks (component 35), Maintenance (component 75)

Rollforward Distribution Key: Component 1441

The costs associated with Delivery Barcode Sorters are from improved operations. This program affects letter mail operations and maintenance; therefore, the other programs costs are distributed to components 35 and 75 using a mail volume adjusted base year IOCS-based distribution key (component 1315) for Delivery Barcode Sorters operation.

Rehabilitation

Other Programs Impact: Clerks (component 35)

Rollforward Distribution Key: Component 904

The costs associated with Rehabilitation program will affect Clerks in Cost Segment 3. Upon further examination of the distribution key used to distribute costs for Rehabilitation program, I discovered that these costs were erroneously distributed to Priority Mail in mail processing in FY 2000. This miscalculation overstates Priority Mail costs by approximately \$46 million in that year and

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-2, RESPONSE – CONTINUED

understates costs across all other mail categories in FY 2000 as reflected in Attachment 1.

Attachment I to this response shows the dollar impact of proper ~~distribution of the~~ Rehabilitation program on FY 2000, and the Test Year costs. Column 1 of the attachment I is comprised of total FY 1999 mail processing costs adjusted for FY 2000 Cost Level Effect, FY 2000 Mail Volume Effect, FY 2000 Additional Workday Effect, and FY 2000 Cost Reductions. Column 2 shows the existing distribution of Other Programs for mail processing component by classes and subclasses of mail. Column 3 displays the removal of dollars erroneously allocated to Priority Mail. Column 4 shows the proper distribution of Rehabilitation program using column 1 as a distribution key. Column 5 is the summation of columns 1 through 4. Column 6 shows corrected mail processing costs for FY 2000. Column 7 presents FY 2000 costs, with the Mix Adjustment but without final adjustments, for all components. Column 8 shows the dollar impact of properly distributing rehabilitation program on Other Programs. Column 9 presents the percentage impact of the corrected dollars to total FY 2000 costs. The Test Year costs are approximated by applying the percent impact on total FY 2000 costs (column 9) to total Test Year Before and After Rates costs in columns 10 and 11, respectively. The results are shown in columns 12 and 13.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-2, RESPONSE – CONTINUED

An electronic version of attachment I is supplied in LR-I-198. Assuming the percentage impact of correcting distribution of Rehabilitation dollars in FY 2000 would provide the best proxy for its impact on the Test Year, Priority Mail is overstated by approximately \$48 million in Test Year After Rates. However, as illustrated in column 9 of Attachment I, the impact on other subclasses and on total costs is minimal.

Flat Mail OCR (EC – 06); Flat Sorting Machine 1000 Phase 1 & 2

Other Programs Impact: Mailhandlers (component 35), Maintenance (component 75)

Rollforward Distribution Key: Component 1448

The above programs are combined because they use the same distribution key. These programs increase efficiency of flat sorting machines and increase the number of FSMs; thereby, reducing manual sorting activities. Therefore, the additional maintenance costs are distributed to components 35 and 75 using a mail volume, adjusted base year IOCS-based distribution key (component 1331) for Sorting to Flat Cases, which captures the manual sorting activity by class and subclass of mail.

Mat. Handling BMC Asystems

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Other Programs Impact: Maintenance (component 75)

Rollforward Distribution Key: Component 1450

This program provides a one-to-one replacement of the number four sack sorter at the New Jersey International and Bulk Mail Center. The reduced capacity constraints and improved efficiency of operation for Bulk Mail Centers will reduce Mailhandlers manual sorting hours. Therefore, I have distributed the costs associated with maintaining this system to component 75 using a mail volume adjusted base year IOCS-based distribution key (component 1366) for General and Logistic, BMC which is total BMC mail processing labor.

AFCS Additional 42 Buy: AFCS (OCR)

Other Programs Impact: Maintenance (component 75)

Rollforward Distribution Key: Component 1443

Additional purchases of Advanced Facer Canceler will increase efficiency of letter facing and canceling. The Advanced Facer Canceler OCR reduces labor costs associated with additional mail handling by integrating technology from the AFCS/ISS with technology from the MLOCR. Therefore, the maintenance costs of additional AFCS are distributed using a mail volume adjusted base year IOCS-based distribution key (component 1319) for Letter Facer/Canceler Operation.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Small Parcel and Bundle Sorter – 46 & 54 AND SPBS Feed System

Other Programs Impact: Mailhandlers (component 35), Maintenance (component 75)

Rollforward Distribution Key: Component 1445

The additional units of Small Parcel and Bundle Sorters and SPBS Feed System would improve plant efficiency and increase labor productivity associated with the subclasses being processed on SPBS. Consequently, these costs are distributed to components 35 and 75 using a mail volume adjusted based year IOCS-based distribution key (component 1323) for Small Parcel and Bundle Sorters.

Point of Service

Other Programs Impact: Building (component 169), Supplies (components 174,177), and Administration (component 211)

Rollforward Distribution Key: Components 169, 174, 177, 211

According to LR-I-126, the costs from this program will impact Building (component 169), Supplies (components 174, 177), and Administration (component 211); therefore, I have distributed these costs to their respective components 169, 174, 177, and 211.

Corporate Call management

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Other Programs Impact: Building (components 165, 167, 168), Supplies (components 174, 177), Administration (component 211)

Rollforward Distribution Key: Components 165, 167, 168, 174, 177, 211

According to LR-I-126, the costs from this program will impact Building (components 165, 167, 168), Supplies (components 174, 177), and Administration (component 211); therefore, I have distributed these costs to their respective components 165, 167, 168, 174, 177, and 211.

Associate Office Infrastructure

Other Programs Impact: Building (component 167), Supplies (components 174, 177), and Administration (component 210)

Rollforward Distribution Key: Components 167, 174, 177, 210

According to LR-I-126, the costs from this program will impact Building (component 167), Supplies (components 174, 177), and Administration (component 210); therefore, I have distributed these costs to their respective components 167, 174, 177, and 210.

Delivery Confirmation Scanning

Other Programs Impact: Clerks (component 35), City Carriers (component 46)

Rollforward Distribution Key: Component 690

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-2, RESPONSE – CONTINUED

The additional scanners for Delivery Confirmation are used to scan delivery confirmation barcodes at the time of delivery. To distribute the costs associated with maintenance and the carriers scanning activity, I developed a distribution key to calculate the ratio between Priority Mail and other Special Services. This distribution key (component 690) is shown in Appendix A, page 7. Therefore, the costs associated with scanning are distributed to components 35 and 46 using component 690 as a distribution key.

Customer Address Awareness

Other Program Impact: City Carriers (all components)

Rollforward Distribution Key: City Carriers (components 43, 44, 45, 46, 48, 49, 50, 52, 53, 54)

This program is designed to increase customer awareness with respect to the use of apartment/suite number with multi-unit addresses to increase the speed of delivery. Therefore, these costs are distributed to all components of Cost Segments 6 and 7, City Carriers.

Core Process Management: BMEU Curriculum

Other Programs Impact: Supplies (component 174)

Rollforward Distribution Key: Component 174

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPAUSPS-T14-2, RESPONSE – CONTINUED

According to LR-I-126, the costs from the above programs will impact Supplies (component 174); therefore I have distributed them to component 174.

Absorb Inflation

Other Programs Impact: Motor Vehicle (component 99), Supplies (components 174, 177, 184), Administration (210)

Rollforward Distribution Key: Components 99, 174, 177, 184, 210

According to LR-I-126, the costs from this program will impact Motor Vehicle (component 99), Supplies (components 174, 177, 184), and Administration (component 210); therefore, I have distributed these costs to their respective components 99, 174, 177, 184, and 210.

Upgrade Class Printing Equipment; Nurses Coordinator Program; MEI

Postal One

Other Programs Impact: Supplies (component 177)

Rollforward Distribution Key: Component 177

According to LR-I-126, the costs from the above programs will impact Supplies (component 177); therefore, I have distributed them to component 177.

Stamp Manufacturing

Other Programs Impact: Supplies (component 180)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Rollforward Distribution Key: Component 180

According to LR-I-126, the costs from the above program will impact Supplies (component 180); therefore, I have distributed them to component 180.

Periodical Focus Groups

Other Programs Impact: Administration (component 210)

Rollforward Distribution Key: Component 210

According to LR-I-126, the costs from this program will impact Administration (component 210); therefore, I have distributed them to component 210.

International Service Centers

Other Programs Impact: Supervisors (component 4), Maintenance (component 75)

Rollforward Distribution Key: Component 1419

According to LR-I-126, the costs from this program will impact Supervisors (component 4) and Maintenance (component 75); therefore, I have distributed 100% of these costs to components 4 and 75 using the rollforward distribution key 1419 which allocates 100% of the costs to International Mail.

Base Adjustment

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Other Programs Impact: Clerks/Mailhandlers, City Carriers, Rural Carriers, Building, Supplies, and Administration

Rollforward Distribution Key: All components of Cost Segments 2, 6, and 7, and components 72, 169, 175, 177, 184, and 210

According to LR-I-126, these adjustments affect Clerks (components 35, 40, 66, 421, 422, 423, 467, 468, 469, 470, 471, 41, 227, 228), City Carriers (components 43, 44, 45, 46, 48, 49, 50, 52, 53, 54), Rural Carriers (component 72), Building (component 169), Supplies (components 175, 177, 184), and Administration (component 210). Therefore, I have distributed these additional costs to their corresponding components.

Misc. HQ Programs and CWA's

Other Programs Impact: Rural Carriers (component 73), Maintenance (component 81), Motor Vehicle (components 99, 108), Misc. (components 111, 113, 117, 125, 135), Building (components 165, 166, 167, 168, 169, 170), Supplies (components 174, 175, 176, 177, 179, 180, 181, 182, 184, 189, 248, 1426), Administration (components 210, 211, 212, 213), Training (component 220), and Depreciation/Interest (components 242, 245, 1437)

Rollforward Distribution Key: Components 73, 81, 99, 108, 111, 113, 117, 125, 135, 165, 166, 167, 168, 169, 170, 174, 175, 176, 177, 179, 180, 181, 182, 184, 189, 248, 1426, 210, 211, 212, 213, 220, 242, 245, 1437

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

According to LR-I-126, the costs from this program will impact Rural Carriers (component 73), Maintenance (component 81), Motor Vehicle (components 99,108), Misc. (components 111, 113, 117, 125, 135), Building (components 165, 166, 167, 168, 169, 170), Supplies (components 174, 175, 176, 177, 179, 180, 181, 182, 184, 189, 248, 1426), Administration (components 210, 211, 212, 213), Training (component 220), and Depreciation/Interest (components 242, 245, 1437); therefore I have distributed these costs to their respective components.

HQ and Field Service Units

Other Programs Impact: Misc. (components 110, 114), Supplies (component 173), Administration (components 191, 194, 195), Training (component 219)

Rollforward Distribution Key: Components 110, 114, 173, 191, 194, 195, 219

According to LR-I-126, the costs from this program will impact Misc. (components 110, 114), Supplies (component 173), Administration (components 191, 194, 195), Training (component 219); therefore I have distributed them to their respective components.

Contingent Liabilities

Other Programs Impact: Administration (component 211)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Rollforward Distribution Key: Component 211

According to LR-I-126, the costs from this program will impact Supplies, component 211; therefore I have distributed them to component 211.

Inventory Adjustments

Other Programs Impact: Supplies (component 182)

Rollforward Distribution Key: Component 182

According to LR-I-126, the costs from this program will impact Supplies, component 182; therefore I have distributed them to component 182.

Route Inspections

Other Programs Impact: Supervisors (components 13, 14, 16, 17, 18)

Rollforward Distribution Key: Components 13, 14, 16, 17, 18

According to LR-I-126, Route Inspections program affects Supervisors workload in connection with city carrier routes; therefore, I have distributed the costs from this program to Supervisors, Supervision of City Carriers, components 13, 14, 16, 17, and 18.

OWCP Cost Reductions

Other Programs Impact: Supplies (component 174)

Rollforward Distribution Key: Component 174

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

According to LR-I-126, this program impacts Supplies (component 174); therefore, I have distributed the additional costs from this program to component 174.

Cost Study Support

Other Programs Impact: Supervisors, Other Supervisors and Technicians (components 29, 30, 31, 32, 600, 601, 674, 675, 676, 677, 678, 33)

Rollforward Distribution Key: Components 29, 30, 31, 32, 600, 601, 674, 675, 676, 677, 678, 33

According to LR-I-126, Cost Study Support program is designed to provide data collection support and requires a supervisor or designee to record information. Therefore, I have distributed the costs from this program to Supervisors, Other Supervisors and Technicians, components 29, 30, 31, 32, 600, 601, 674, 675, 676, 677, 678, and 33.

Environmental Program

Other Programs Impact: Supervisors, Other Supervisors and Technicians (components 29, 30, 31, 32, 600, 601, 674, 675, 676, 677, 678, 33), Building (component 169)

Rollforward Distribution Key: Components 29, 30, 31, 32, 600, 601, 674, 675, 676, 677, 678, 33, 169

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA**

MPA/USPS-T14-2, RESPONSE – CONTINUED

According to LR-I-126, the above program impacts Supervisors, Other Supervisors and Technicians (components 29, 30, 31, 32, 600, 601, 674, 675, 676, 677, 678, 33) and Building (component 169). Therefore, I have distributed their costs to respective components in Supervisors and Building Cost Segments.

International Data Collection

Other Programs Impact: Clerks (component 35)

Rollforward Distribution Key: Component 1419

According to LR-I-126, this program impacts Clerks workhours for processing International Mail; therefore, I have distributed 100% of these costs to mail processing (component 35) using the rollforward distribution key 1419 which allocates 100% of the costs to International Mail.

OSHA Reform

Other Programs Impact: Building (component 169)

Rollforward Distribution Key: Component 169

According to LR-I-126, the above program impact Building Occupancy, component 169; therefore, I have distributed its costs to component 169.

Expedited Mail S&S

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Other Programs Impact: Supplies (component 187)

Rollforward Distribution Key: Component 187

According to LR-I-126, this program impacts Expedited Mail, component 187; therefore, I have distributed its costs to component 187.

Product Specific Rent

Other Programs Impact: Building (component 234)

Rollforward Distribution Key: Component 234

According to LR-I-126, this program impacts Building, Product Specific Rent, component 234; therefore, I have distributed its costs to component 234.

Ease of Use Measures: BMEU Profeciency Training: TACS

Other Programs Impact: Clerks (components 35, 40, 66, 421, 422, 423, 467, 468, 469, 470, 41, 227, 228) , Supplies (component 174)

Rollforward Distribution Key: Components 35, 40, 66, 421, 422, 423, 467, 468, 469, 470, 41, 227, 228, 174

According to LR-I-126, all of the above programs impact Clerks (components 35, 40, 66, 421, 422, 423, 467, 468, 469, 470, 41, 227, 228, 174) and Supplies (component 174); therefore, I have distributed their costs to Clerks (components 35, 40, 66, 421, 422, 423, 467, 468, 469, 470, 41, 227, 228) and Supplies (component 174).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Data Collection Diagnostic: Driver Training

Other Programs Impact: Clerks (components 35, 40, 66, 421, 422, 423, 467, 468, 469, 470, 41, 227, 228)

Rollforward Distribution Key: Components 35, 40, 66, 421, 422, 423, 467, 468, 469, 470, 41, 227, 228

According to LR-I-126, all of the above programs impact Clerks (components 35, 40, 66, 421, 422, 423, 467, 468, 469, 470, 41, 227, 228); therefore, I have distributed their costs to all components within Cost Segment 3.

Other Postal S&S

Other Programs Impact: Supplies (component 197)

Rollforward Distribution Key: Component 197

According to LR-I-126, this program impacts Supplies (component 197); therefore, I have distributed its costs to component 197.

Delivery Confirmation

Other Programs Impact: Supplies (component 196)

Rollforward Distribution Key: Component 196

According to LR-I-126, this program impacts Supplies (component 196); therefore, I have distributed its costs to component 196.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Area Administration

Other Programs Impact: Administration (component 193)

Rollforward Distribution Key: Component 196

According to LR-I-126, this program impacts Administration (component 193); therefore, I have distributed its costs to component 193.

Service Improvement – Christmas; Air Taxi; Eagle; W Net; Air Contracts;

Air Contracts- Term Handling; EDI

Other Programs Impact: Transportation (component 142)

Rollforward Distribution Key: Component 142

According to LR-I-126, the above programs impact Transportation (component 142); therefore, I have distributed its costs to component 142.

Depreciation

Other Programs Impact: Depreciation (components 231, 232, 238)

Rollforward Distribution Key: Components 231, 232, 238

According to LR-I-126, this program impacts Depreciation (components 231, 232, 238); therefore, I have distributed its costs to components 231, 232, and 238.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Disposition of Property

Other Programs Impact: Depreciation (component 245)

Rollforward Distribution Key: Component 245

According to LR-I-126, this program impacts Depreciation (component 245);
therefore, I have distributed its costs to component 245.

Advertising

Other Programs Impact: Supplies (component 246)

Rollforward Distribution Key: Component 246

According to LR-I-126, this program impacts Supplies (component 246);
therefore, I have distributed its costs to component 246.

Research

Other Programs Impact: Research (component 267)

Rollforward Distribution Key: Component 267

According to LR-I-26, this program impacts Research (component 267);
therefore, I have distributed its costs to component 267.

Special Drawing Rights

Other Programs Impact: Transportation (component 1438)

Rollforward Distribution Key: Component 1438

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

According to LR-I-126, this program impacts Transportation, Foreign Settlement Transactions (component 1438); therefore, I have distributed its costs to component 1438.

Unemployment Compensation

Other Programs Impact: Administration (component 241)

Rollforward Distribution Key: Component 241

According to LR-I-126, this program impacts Administration (component 241); therefore, I have distributed its costs to component 241.

Holiday Leave

Other Programs Impact: Administration (component 200)

Rollforward Distribution Key: Component 200

According to LR-I-126, this program impacts Administration (component 200); therefore, I have distributed its costs to component 200.

Worker's Comp. Health Benefits

Other Programs Impact: Administration (component 895)

Rollforward Distribution Key: Component 895

According to LR-I-126, this program impacts Administration (component 895); therefore, I have distributed its costs to component 895.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Annuitant Life Insurance

Other Programs Impact: Administration (component 71)

Rollforward Distribution Key: Component 71

According to LR-I-126, this program impacts Administration (component 71);
therefore, I have distributed its costs to component 71.

Repricing of Annual Leave

Other Programs Impact: Administration (component 199)

Rollforward Distribution Key: Component 199

According to LR-I-126, this program impacts Administration (component 199);
therefore, I have distributed its costs to component 199.

CSRS Annuitant COLA - Principal

Other Programs Impact: Administration (component 1435)

Rollforward Distribution Key: Component 1435

According to LR-I-126, this program impacts Administration (component 1435);
therefore, I have distributed its costs to component 1435.

CSRS Unfunded Liability Principle

Other Programs Impact: Administration (components 201,202)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Rollforward Distribution Key: Components 201, 202

According to LR-I-126, this program impacts Administration (components 201, 202); therefore, I have distributed its costs to components 201 and 202.

Worker's Compensation

Other Programs Impact: Administration (components 204,205)

Rollforward Distribution Key: Components 204,205

According to LR-I-126, this program impacts Administration (components 204,205); therefore, I have distributed its costs to components 204 and 205.

Annuity Protection

Other Programs Impact: Administration (component 207)

Rollforward Distribution Key: Component 207

According to LR-I-126, this program impacts Administration (component 207); therefore, I have distributed its costs to component 207.

Interest on Retirement Liabilities

Other Programs Impact: Depreciation (components 1436, 899)

Rollforward Distribution Key: Components 1436, 899

According to LR-I-126, this program impacts Depreciation (components 1436, 899); therefore, I have distributed its costs to components 1436 and 899.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

POD Workers' Compensation

Other Programs Impact: Administration (component 541)

Rollforward Distribution Key: Component 541

According to LR-I-126, this program impacts Administration (component 541);
therefore, I have distributed its costs to component 541.

Interest on Debt

Other Programs Impact: Depreciation (component 587)

Rollforward Distribution Key: Component 587

According to LR-I-126, this program impacts Depreciation (component 587);
therefore, I have distributed its costs to component 587.

Annuitant Health Benefits

Other Programs Impact: Administration (component 208)

Rollforward Distribution Key: Component 208

According to LR-I-126, this program impacts Administration (component 208);
therefore, I have distributed its costs to component 208.

Terminal Dues

Other Programs Impact: Transportation (component 146)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Rollforward Distribution Key: Component 146

According to LR-I-126, this program impacts Transportation (component 146); therefore, I have distributed its costs to component 146.

Automatic Airline Assignment SWYB AND Mail Transport Equipment

Service Centers

Other Programs Impact: Maintenance (component 75) and Supplies (components 175,177)

Rollforward Distribution Key: Components 75,175,177

The Automatic Airline Assignment SWYB program enhances the abilities to apply D&R labels more efficiently; whereas, the Mail Transport Equipment Service Centers increase efficiency by implementing a network approach to the logistical management of the preparation, repair, distribution, and warehousing of Mail Transport Equipment. The costs associated with maintenance and supplies are distributed to their respective components 75, 175, and 177.

Low Cost OCR and MLOCR Co-Processor

Other Programs Impact: Maintenance (component 75)

Rollforward Distribution Key: Component 1449

The Low Cost Optical Character Reader and Multiline Optical Character Reader Co-Processor are designed to improve the efficiency of the existing machines

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

and add to the number of OCRs. Therefore, their maintenance costs are distributed to component 75 using a mail volume adjusted base year IOCS-based distribution key (component 1363) for Optical Character Readers, because this distribution key captures the operation of OCR by class and subclass of mail.

Robotics Phase 1 and Tray Management System – Phase 3

Other Programs Impact: Maintenance (component 75)

Rollforward Distribution Key: Component 1451

The above programs are targeting dispatch areas in the Processing and Distribution Centers and the in-bound distribution operation at Air Mail Centers, in order to increase mailhandler workhours productivity by replacing manual operation with robotic tray handling. To distribute the costs for maintenance, I have used a mail volume adjusted base year IOCS-based distribution key (component 1367) for All Non-BMC Mail Processing Labor.

Dual Pass Rough Cull 56 Buy

Other Programs Impact: Maintenance (component 75)

Rollforward Distribution Key: Component 1444

The Dual Pass Rough Cull System is at the front end of the collection mail processing operation which automates processing of non-machinable mail

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

pieces from large quantities of raw collection mail. The additional costs result from automation, which reduces the need for manual culling. Therefore, I have distributed maintenance costs by using a mail volume adjusted base year IOCS-based distribution key (component 1321) for Culling operation.

CFCS Flats Forwarding Terminal and Control System

Cost Reductions Impact: Maintenance (component 75)

Rollforward Distribution Key: Component 1439

The CFCS is a replacement system for the Computerized Forwarding System, where its enhancements result in labor savings in CFS operations. The costs for maintenance are distributed a mail volume adjusted base year IOCS-based distribution key (component 1307) for CFS.

MTEC DAR – Rail

Other Programs Impact: Transportation, component 144

Rollforward Distribution Key: Component 144

According to LR-I-126, this program impacts Transportation (component 144); therefore, I have distributed its costs to component 144.

MTEC DAR – Highway, Vehicle Enhancement, AND VOC Catchball

Process

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KASHANI
TO INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA

MPA/USPS-T14-2, RESPONSE – CONTINUED

Cost Reductions Impact: Transportation, component 143

Rollforward Distribution Key: Component 143

According to LR-I-126, the above programs impact Transportation (component 143); therefore, I have distributed their costs to component 143.

Attachment I
Mail Processing Adjustment for Redistribution of Rehabilitation Program

	FY 2000 1/	FY 2000 2/		FY 2000 4/	FY 2000	FY 2000	FY 2000 5/	FY 2000	FY 2000	FY 2001BR 6/	FY 2001AR 7/	FY 2001BR	FY 2001AR
	Mail Processing Distribution Key	Mail Processing Other Programs	Priority Mail Correction /3	Corrected Rehabilitation Distribution	Corrected Mail Processing Other Programs	Corrected Mail Processing Costs	Total Volume Variable and Other Costs (with Mix & without Final Adjustments)	Dollar Impact of Correcting Distribution for Rehabilitation Program	Percent Impact on Total FY 2000 Costs	Total Volume Variable and Other Costs (with Mix & without Final Adjustments)	Total Volume Variable and Other Costs (with Mix & without Final Adjustments)	Dollar Impact of Correcting Distribution for Rehabilitation Program	Dollar Impact of Correcting Distribution for Rehabilitation Program
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)=(1)+(5)	(7)	(8)=(5)-(2)	(9)=(8)/(7)	(10)	(11)	(12)=(10)*(9)	(13)=(11)*(9)
First-Class Mail:													
Single-Piece Letters	5,168,183	522		16,421	16,943	5,185,126	12,743,257	16,421	0.13%	13,003,251	12,925,691	16,758	16,856
Presort Letters	1,442,727	10		4,584	4,594	1,447,321	4,770,058	4,584	0.10%	5,104,399	5,098,247	4,905	4,899
Single Piece Cards	188,212	-8		598	590	188,802	522,489	598	0.11%	541,262	526,750	620	603
Presort Pmt P Cs	41,511	-2		132	130	41,641	158,409	132	0.08%	172,503	168,719	144	140
Total First	6,840,633	522	0	21,735	22,257	6,862,890	18,194,213	21,735	0.12%	18,821,415	18,719,407	22,425	22,299
Priority Mail	672,481	52,709	-48,350	2,137	6,496	678,977	2,754,964	-46,213	-1.68%	3,074,588	2,887,653	-51,575	-48,439
Express Mail	105,619	-5		336	331	106,150	438,213	336	0.08%	465,006	469,253	357	360
Mailgrams	163			1	1	164	1,074	1	0.05%	967	976	0	0
Periodicals:													
In-County	13,179	-1		42	41	13,220	79,426	42	0.05%	80,221	79,412	42	42
Outside County:													
Regular	620,802	329		1,973	2,302	623,104	1,916,190	1,973	0.10%	1,981,672	1,933,256	2,040	1,990
Nonprofit	93,245	34		296	330	93,575	357,701	296	0.08%	361,249	379,093	299	314
Classroom	5,180	4		16	20	5,180	14,164	16	0.12%	13,936	13,692	16	16
Total Second	732,366	366	0	2,327	2,693	735,079	2,367,481	2,327	0.10%	2,437,078	2,405,453	2,398	2,382
Standard Mail (A):													
Single Piece Rate	0	0		0	0	0	0	0		0	0	0	0
Commercial Standard													
Enhanced Carr Rte	291,036	270		925	1,195	292,231	2,288,367	925	0.04%	2,452,607	2,398,626	991	969
Regular	2,517,854	1,598		8,000	9,598	2,527,452	8,885,290	8,000	0.12%	7,264,610	6,971,212	8,441	8,100
Total Commercial	2,808,890	1,868	0	8,925	10,793	2,819,683	9,173,647	8,925	0.10%	9,717,217	9,369,838	9,432	9,069
Aggregate Nonprofit:													
Nonprofit Enh Carr Rte	51,306	19		163	182	51,488	197,605	163	0.08%	200,522	196,943	165	162
Nonprofit	456,329	195		1,450	1,645	457,974	1,257,931	1,450	0.12%	1,322,005	1,312,948	1,524	1,513
Total Aggreg Nonprofit	507,635	214	0	1,613	1,827	509,462	1,455,536	1,613	0.11%	1,522,527	1,509,891	1,689	1,676
Total Standard (A)	3,316,525	2,082	0	10,538	12,620	3,329,145	10,629,183	10,538	0.10%	11,239,744	10,879,729	11,121	10,745
Standard Mail (B)													
Parcels Zone Rate	284,557	69		904	973	285,530	1,009,839	904	0.09%	1,078,586	1,067,100	968	955
Bound Pmt Matter	139,160	75		442	517	139,677	438,510	442	0.10%	481,389	467,516	485	471
Special Standard	93,558	31		297	328	93,886	285,212	297	0.10%	297,411	293,849	310	306
Library Rate	12,604	7		40	47	12,651	44,979	40	0.09%	47,117	46,287	42	41

Attachment I
Mail Processing Adjustment for Redistribution of Rehabilitation Program

	FY 2000 1/	FY 2000 2/		FY 2000 4/	FY 2000	FY 2000	FY 2000 5/	FY 2000	FY 2000	FY 2001BR 6/	FY 2001AR 7/	FY 2001BR	FY 2001AR
	Mail Processing Distribution Key	Mail Processing Other Programs	Priority Mail Correction /3	Corrected Rehabilitation Distribution	Corrected Mail Processing Other Programs	Corrected Mail Processing Costs	Total Volume Variable and Other Costs (with Mix & without Final Adjustments)	Dollar Impact of Correcting Distribution for Rehabilitation Program	Percent Impact on Total FY 2000 Costs	Total Volume Variable and Other Costs (with Mix & without Final Adjustments)	Total Volume Variable and Other Costs (with Mix & without Final Adjustments)	Dollar Impact of Correcting Distribution for Rehabilitation Program	Dollar Impact of Correcting Distribution for Rehabilitation Program
	(1)	(2)	(3)	(4)	(5)=(2)+(3)+(4)	(6)=(1)+(5)	(7)	(8)=(5)-(2)	(9)=(8)/(7)	(10)	(11)	(12)=(10)*(9)	(13)=(11)*(9)
Total Standard (B)	529,879	182	0	1,684	1,866	531,745	1,778,540	1,684	0.09%	1,904,503	1,874,752	1,803	1,774
U S Postal Service	131,535	26		418	444	131,979	265,151	418	0.16%	266,332	266,649	420	420
Free Mail--Blind & Hndc & Servicemen	16,170	25		51	76	16,246	36,743	51	0.14%	39,319	39,364	55	55
International Mail	279,162	-347		887	540	279,702	1,353,526	887	0.07%	1,438,047	1,395,040	942	914
Special Services:													
Registry	32,940			105	105	33,045	91,160	105	0.11%	87,252	83,275	100	96
Certified	34,826	-2		111	109	34,935	435,975	111	0.03%	479,219	447,087	122	113
Insurance	2,174			7	7	2,181	75,477	7	0.01%	76,613	75,121	7	7
COD	588			2	2	590	15,042	2	0.01%	14,785	14,674	2	2
Special Delivery	0			0	0	0	1	0	0.00%	1	1	0	0
Money Orders	4,173			13	13	4,186	145,992	13	0.01%	155,712	150,239	14	14
Stamped Cards	0			0	0	0	3,146	0	0.00%	3,360	3,360	0	0
Stamped Envelopes	110			0	0	110	11,548	0	0.00%	12,236	12,236	0	0
Special Handling	482			2	2	484	2,373	2	0.06%	2,423	2,421	2	2
Post Office Box	3,119			10	10	3,129	542,796	10	0.00%	582,879	574,855	11	10
Other	45,887	2,816		145	2,961	48,648	125,306	145	0.12%	135,877	135,967	157	158
Total Spc Svcs	124,099	2,814	0	394	3,208	127,307	1,448,816	394	0.03%	1,550,357	1,499,238	415	401
Volume Variable	12,748,852	58,374	-48,350	40,508	50,532	12,799,384	39,267,904	-7,842	-0.02%	41,237,356	40,437,514	-11,639	-9,107
Other	2,488,147	1,821		7,842	9,463	2,477,610	25,662,021	7,842	0.03%	27,043,883	27,029,645	8,265	8,260
Total Costs	15,216,999	59,995	-48,350	48,350	59,995	15,276,994	64,929,925	0	0.00%	68,281,239	67,467,159	-3,375	-847

1/ USPS-T-14, Workpaper E, Part I, pp. 225-234

2/ USPS-T-14, Workpaper E, Part I, pp. 235-236

3/ USPS-LR-I-4, Section 6, Page 652, Line 255

4/ The amount of \$48,350 for Rehabilitation Program is distributed using Mail Processing Distribution key in column (1).

5/ USPS-Exhibit 14F, pp. 1-2.

6/ USPS-Exhibit 14I, pp. 1-2.

7/ USPS-Exhibit 14L, pp. 1-2.

DECLARATION

I, Cameron Kashani, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Cameron Kashani

Dated: 3/16/2000

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.



Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990 Fax -5402
March 16, 2000