

POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

RECEIVED

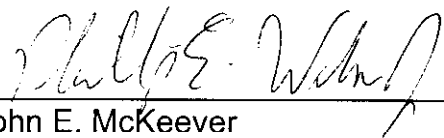
MAR 23 11 21 AM '00

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS
FROM UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE
(UPS/USPS-T1-31 through 64)
(March 23, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Xie: UPS/USPS-T1-31 through 64.

Respectfully submitted,



John E. McKeever
William J. Pinamont
Phillip E. Wilson, Jr.
Attorneys for United Parcel Service

Piper Marbury Rudnick & Wolfe LLP
3400 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103-2762
(215) 656-3310
(215) 656-3301 (FAX)

and

1200 Nineteenth Street, NW
Washington, DC 20036-2430
(202) 861-3900

Of Counsel.

INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS OF
UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

UPS/USPS-T1-31. Has the data collection process for the TRACS Commercial Air Subsystem (USPS-LR-I-49) ever undergone an audit or other type of quality control evaluation? If so, explain the procedure used and provide copies of the management reports describing the outcome of the audits or evaluations.

UPS/USPS-T1-32. Has the data collection process for the TRACS Network Air Subsystem (USPS-LR-I-51) ever undergone an audit or other type of quality control evaluation? If so, explain the procedure used and provide copies of the management reports describing the outcome of the audits or evaluations.

UPS/USPS-T1-33. Has the data collection process for the TRACS Highway Subsystem (USPS-LR-I-52) ever undergone an audit or other type of quality control evaluation? If so, explain the procedure used and provide copies of the management reports describing the outcome of the audits or evaluations.

UPS/USPS-T1-34. For the TRACS Highway Subsystem (USPS-LR-I-52), explain the following details of the data collection process:

(a) How does the process ensure that expedited mail is retained for sampling?

(b) Do containers contain markings, labels, or other indications indicating whether they contain expedited or non-expedited mail?

(c) Given that a TRACS test can take considerable time, what steps are taken to avoid delaying the movement of time critical products?

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(d) Have any audits been conducted to determine whether mail movement is evading the TRACS inspection procedure? If so, provide copies of the management reports describing the outcome of such audits.

UPS/USPS-T1-35. The following questions relate to the TRACS Highway Subsystem, library reference USPS-LR-I-52.

(a) If mail is destined for co-located facilities, is it delivered to one dock location, or does each facility receive its mail at a separate dock?

(b) In cases where mail is delivered to separate docks at co-located facilities, does the TRACS sample selection process differentiate between the facilities, and does the inspection schedule indicate the dock where the inspection is to take place?

(c) In cases where mail is delivered to separate docks at co-located facilities and the TRACS data collection schedule does not indicate the dock at which mail is to be inspected, is mail inspected at a randomly chosen dock? If not, what determines which dock will be sampled?

(d) In cases where mail is delivered to separate docks at co-located facilities, what information is recorded about the trip segment that corresponds to the movement between docks? What mileage is recorded as the distance?

(e) In cases where mail is delivered to one dock for co-located facilities, does the TRACS sample selection process differentiate between the facilities?

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(f) In cases where mail is delivered to one dock for co-located facilities, is all the unloaded mail treated as one set by the TRACS data collector, or is the mail considered separately according to which co-located facility is the destination?

(g) What fraction of facilities are co-located, by facility type?

UPS/USPS-T1-36. The following questions relate to the sample design process for the TRACS Highway Subsystem (USPS-LR-I-52).

(a) For the first quarter of FY1998, and for the processing done at lines 423-485 of the program Hwy3, confirm separately the following (in each case, if you do not confirm, explain why):

(i) For the Intra-SCF data where FACCAT=2, 8 observations were selected.

(ii) For the Intra-SCF data where FACCAT=2, the universe from which observations could be drawn consisted of 119,560 observations, so the percentage of the universe selected was 0.0067%.

(iii) For the Intra-SCF data where FACCAT=5, 40 observations were selected.

(iv) For the Intra-SCF data where FACCAT=5, the universe from which observations could be drawn consisted of 127,163 observations, so the percentage of the universe selected was 0.0315%.

(v) For the Intra-SCF data overall, 404 observations were selected.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(vi) For the Intra-SCF data overall, the universe from which observations could be drawn consisted of 569,156 observations, so the percentage of the universe selected was 0.0710%.

(vii) The sampling rate for the Intra-SCF data where FACCAT=2 is less than 1/10th of the sampling rate for the Intra-SCF data as a whole, and the sampling rate for the Intra-SCF data where FACCAT=5 is less than 1/2 the rate for the Intra-SCF data as a whole.

(b) Explain why the relative proportions of the sampling rates in (a)(i) through (vii) are appropriate for proper sampling.

(c) For the second quarter of FY1998, for the processing done at lines 424-486 of the program Hwy3, confirm separately the following (in each case, if you do not confirm, explain why):

(i) For the Intra-SCF data where FACCAT=2, 8 observations were selected.

(ii) For the Intra-SCF data where FACCAT=2, the universe from which observations could be drawn consisted of 114,364 observations, so the percentage of the universe selected was 0.0070%.

(iii) For the Intra-SCF data where FACCAT=5, 40 observations were selected.

(iv) For the Intra-SCF data where FACCAT=5, the universe from which observations could be drawn consisted of 119,445 observations, so the percent of the universe selected was 0.0335%.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(v) For the Intra-SCF data overall, 404 observations were selected.

(vi) For the Intra-SCF data overall, the universe from which observations could be drawn consisted of 541,571 observations, so the percentage of the universe selected was 0.0746%.

(vii) The sampling rate for the Intra-SCF data where FACCAT=2 is less than 1/10th of the sampling rate for the Intra-SCF data as a whole, and the sampling rate for the Intra-SCF data where FACCAT=5 is less than 1/2 the rate for the Intra-SCF data as a whole.

(d) Explain why the relative proportions of the sampling rates in (c)(i) through (vii) are appropriate for proper sampling.

(e) Provide (i) the sampling rates by stratum for the third and fourth quarters of FY1998 and (ii) the source of this information.

UPS/USPS-T1-37. The following questions relate to the TRACS Highway Subsystem (USPS-LR-I-52). Table 2 on page 8 of library reference USPS-LR-I-52 shows that, of the Intra-SCF portion of the sample, 40% is to represent Inbound-BMC or SCF movements, and 7% is to represent Inbound-Other movements.

(a) Confirm that the above interpretation of Table 2 is correct. If not confirmed, explain.

(b) Confirm that, for the first quarter of FY1998, lines 142-153 of the program Hwy3 cause the program to select a sample of Intra-SCF movements of which 45% represents Inbound-BMC or SCF movements, and 2% of the sample is to

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

represent Inbound-Other movements. If not confirmed, explain and provide the correct information.

(c) Explain why the proportion of the first quarter FY1998 sample representing each of those two strata does not match the proportion described by the written documentation.

(d) Confirm that, for the second quarter of FY1998, lines 143-154 of the program Hwy3 cause the program to select a sample of Intra-SCF movements of which 45% represents Inbound-BMC or SCF movements, and 2% of the sample is to represent Inbound-Other movements. If not confirmed, explain and provide the correct information.

(e) Explain why the proportion of the second quarter FY1998 sample representing each of those two strata does not match the proportion described by the written documentation.

(f) Confirm that, for the third and fourth quarters of 1998, the sampled proportions match those described in Table 2 of library reference USPS-LR-I-52. If not confirmed, explain.

(g) If (b), (d), and (f) are confirmed, explain why the proportions sampled vary between the first two quarters and the last two quarters of the sampled year.

(h) If any of (b), (d), or (f) are not confirmed:

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(i) Confirm that the proportions sampled did not vary throughout the year and explain why the SAS programs confuse one into believing otherwise, or

(ii) Explain why the proportions sampled vary between the first two quarters and the last two quarters of the sampled year.

UPS/USPS-T1-38. The following questions relate to the sample design process for the TRACS Highway Subsystem (USPS-LR-I-52) for the first quarter of FY1998.

(a) Confirm that 56,642 out of 189,172 NASS records are dropped from the sample design process (in the program Hwy1, lines 311-342, as numbered in the SASlog file) because they could not be matched with route records from the Highway Pay Master File or the Highway Contract Support System. If not confirmed, explain and provide the correct numbers.

(b) Why are these records dropped? If multiple reasons are given, state the number or proportion of records dropped for each reason.

(c) State the proportion of records dropped because of a failure to match with the Highway Pay Master File, and the proportion dropped because of a failure to match with the Highway Contract Support System.

UPS/USPS-T1-39. The following questions relate to the sample design process for the TRACS Highway Subsystem (USPS-LR-I-52) for the second quarter of FY1998.

(a) Confirm that 59,722 out of 194,189 NASS records are dropped from the sample design process (in the program Hwy1, lines 311-342, as numbered in the SASlog file) because they could not be matched with route records from the

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

Highway Pay Master File or the Highway Contract Support System. If not confirmed, explain and provide the correct numbers.

(b) Why are these records dropped? If multiple reasons are given, state the number or proportion of records dropped for each reason.

(c) State the proportion of records dropped because of a failure to match with the Highway Pay Master File, and the proportion dropped because of a failure to match with the Highway Contract Support System.

UPS/USPS-T1-40. The following questions relate to the sample design process for the TRACS Highway Subsystem (USPS-LR-I-52), for the third quarter of FY1998.

(a) Confirm that 59,582 out of 197,341 NASS records are dropped from the sample design process (in the program Hwy1, lines 311-342, as numbered in the SASlog file) because they could not be matched with route records from the Highway Pay Master File or the Highway Contract Support System. If not confirmed, explain and provide the correct numbers.

(b) Why are these records dropped? If multiple reasons are given, state the number or proportion of records dropped for each reason.

(c) State the proportion of records dropped because of a failure to match with the Highway Pay Master File, and the proportion dropped because of a failure to match with the Highway Contract Support System.

UPS/USPS-T1-41. The following questions relate to the sample design process for the TRACS Highway Subsystem (USPS-LR-I-52) for the fourth quarter of FY1998.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(a) Confirm that 62,825 out of 202,584 NASS records are dropped from the sample design process (in the program Hwy1, lines 311-342, as numbered in the SASlog file) because they could not be matched with route records from the Highway Pay Master File or the Highway Contract Support System. If not confirmed, explain and provide the correct numbers.

(b) Why are these records dropped? If multiple reasons are given, state the number or proportion of records dropped for each reason.

(c) State the proportion of records dropped because of a failure to match with the Highway Pay Master File, and the proportion dropped because of a failure to match with the Highway Contract Support System.

(d) Justify the validity of the sampling process in light of the loss of 30% of the records in the database of highway movements.

UPS/USPS-T1-42. The following questions relate to the data files included with the TRACS Highway Subsystem (USPS-LR-I-52). Refer to Appendix I of library reference USPS-LR-I-52, which describes the variables in the Final Analysis File (Z-File).

(a) For the Containers component, Appendix I describes the CONTNO variable as being the container number. Confirm that this variable indicates the sequence in which containers are inspected as they are unloaded and that, if the value is three, the observation represents mail that was contained in the third container unloaded and inspected. If not confirmed, explain what the values in CONTNO represent.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(b) For the Loose Items component, Appendix I describes the ITEMNO variable as being the item number. Confirm that this variable indicates the sequence in which loose items are inspected as they are unloaded and that, if the value is three, the observation represents mail that was contained in the third loose item unloaded and inspected. If not confirmed, explain what the values in ITEMNO represent.

(c) For the Pallets component, Appendix I describes the PALLETNO variable as being the item number. Confirm that this variable indicates the sequence in which pallets are inspected as they are unloaded and that, if the value is three, the observation represents mail that was contained in the third pallet unloaded and inspected. If not confirmed, explain what the values in PALLETNO represent.

UPS/USPS-T1-43. The following questions relate to the TRACS Highway Subsystem (USPS-LR-I-52).

(a) Describe the updating process for the NASS data that serves as an input to the sample selection part of the procedure. How current is the information in the system at the time the TRACS sample selection process begins? How often is the data updated?

(b) Describe the updating process for the Highway Pay Master File data that serves as an input to the sample selection part of the procedure. How current is the information in the system at the time the TRACS sample selection process begins? How often is the data updated?

(c) Describe the updating process for the Highway Contract Support System data that serves as an input to the sample selection part of the procedure. How

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

current is the information in the system at the time the TRACS sample selection process begins? How often is the data updated?

(d) Describe how far in advance of the beginning of a quarter the TRACS sample is selected. What is the age of the data files used at that time -- are they current as of that day, or were they set aside at an earlier time?

UPS/USPS-T1-44. The following questions relate to the TRACS Highway Subsystem (USPS-LR-I-52):

- (a) How is the Hub and Spoke Program ("HASP") treated?
- (b) Under which contract types are the highway movements under this Program found?
- (c) How does the Highway Subsystem process ensure that a representative sample of the highway movements under this Program are taken?
- (d) What information on the movements under this Program appears in the National Air and Surface System ("NASS"), the Highway Pay Master File, and the Highway Contract Support System ("HCSS")?

UPS/USPS-T1-45. The following questions relate to the TRACS Highway Subsystem (USPS-LR-I-52). In the Final Analysis File (Z-File), the "Test header" or "sample" file contains the variable FRMCOUNT.

- (a) Confirm that the values in this variable do not represent the number of movements within each stratum that appear in the NASS file used in the sample selection process. If not confirmed, explain how one can verify, using the SAS logs

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

provided as a part of USPS-LR-I-207, that the data in the variable FRMCOUNT match the data from the NASS file used in the sample selection process.

(b) Explain the source of the values in this variable.

(c) Explain why the values in this variable are the appropriate data to use in expanding the sample to represent the universe.

UPS/USPS-T1-46. Provide a complete list of transportation contracts and accounts which are excluded from the TRACS sampling procedure.

UPS/USPS-T1-47. Does the Highway Pay Master File data used in the TRACS Highway Subsystem (USPS-LR-I-52) include data on Emergency and Exceptional contracts?

UPS/USPS-T1-48. Does the Highway Contract Support System data used in the TRACS Highway Subsystem (USPS-LR-I-52) include data on Emergency and Exceptional contracts?

UPS/USPS-T1-49. Does the National Air and Surface System data used in the TRACS Highway Subsystem (USPS-LR-I-52) include data on Emergency and Exceptional contracts?

UPS/USPS-T1-50. The following questions deal with the movement of Priority Mail by highway transportation.

(a) In what types of containers, pallets, or loose items is Priority Mail handled when it moves by highway? Be specific as to the type of container, type of sack, etc. What is the proportion of use across the container types, and what measure

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

is used to answer this question? (For example, "Priority mail moves in nylon sacks 25% of the time, as measured by cubic-foot miles.")

(b) How does a worker unloading a truck determine the priority for unloading?

(i) Are the items on a truck identified as to approximate mail composition?

(ii) Is time-sensitive mail identifiable as such by a worker?

(iii) Is it Postal Service policy or the typical procedure that time sensitive mail be unloaded from a truck first, to the extent possible, by the arrangement of mail within the truck? If not, what is the policy or typical procedure for unloading time sensitive mail?

(iv) Is it Postal Service policy or the typical procedure that low priority containers/pallets/ sacks are set aside so that higher priority mail may be processed first?

(v) Is it Postal Service policy or the typical procedure that high priority mail is expedited in moving from the dock to the next stage of processing? If not, what is the policy or typical procedure for moving high priority mail from the dock to the next stage of processing?

(vi) What categories of mail are considered to be high priority mail or time-sensitive mail for the purposes of loading and unloading trucks and for dock handling?

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(vii) Describe any other policies or procedures that determine the sequence in which different classes or subclasses of mail or individual items or groups of items of mail are processed as they are removed from a truck, after removal, prior to loading, and during the loading process.

UPS/USPS-T1-51. Confirm that the Transportation Information Management Evaluation System (TIMES) is used to track container flow through the highway system, and describe the purpose of the TIMES system.

UPS/USPS-T1-52. Provide the number of facilities that are currently monitored as part of the TIMES system, by type (BMC, P&DC, SCF, etc.). Give current mail volume by type. If a mail volume measure is not available, provide an alternative measure of throughput.

UPS/USPS-T1-53. Indicate whether all facilities are monitored using the TIMES system. If not, explain how the decision is made to include or exclude a facility from monitoring.

UPS/USPS-T1-54. Does TIMES record only information on containers, or does it also record information on pallets and loose mail? Provide the appropriate documentation to support your answer.

UPS/USPS-T1-55. Does TIMES record information on the contents, exact or approximate, of a container/pallet/loose item, or of a component of the contents? Provide the appropriate documentation to support your answer.

UPS/USPS-T1-56. Does TIMES record information on all movements, or a subset or sample of all movements? If the latter, explain the process that selects the

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

movements for which information is recorded. Provide the appropriate documentation to support your answer.

UPS/USPS-T1-57. Describe the information recorded in the TIMES database, including the variables and the definition of an observation.

UPS/USPS-T1-58. Does the TIMES database contain any information relating to mail volume by mail class or subclass, or by some other categorization of mail? Provide the appropriate documentation to support your answer.

UPS/USPS-T1-59. Is it possible to identify emergency or exceptional contracts in the TIMES database? If possible, provide the fraction of containers, or of containers and pallets and loose items, that move by emergency contracts, and the fraction that move by exceptional contracts.

UPS/USPS-T1-60. The Data Quality Study prepared by A.T. Kearney makes reference to a transportation flow model, to be developed by "Operations."

(a) Has this model been implemented? If not, give the schedule for implementation.

(b) Does or will this model make use of NASS and TIMES data?

(c) If implemented, has the Postal Service followed the Study recommendation to use the model to examine cost causality issues?

(d) If not yet implemented, does the Postal Service plan to follow the Study recommendation? If so, does the Postal Service currently anticipate completion by a certain time?

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

UPS/USPS-T1-61. The following questions relate to the sample design process for the TRACS Highway Subsystem (USPS-LR-I-52).

(a) Confirm that, for the first quarter of FY1998 (if not confirmed, explain):

(i) The design process consists of the following programs, executed in sequence: Hwy1, Hwy2, Hwy3, Hwy4, and Hwy2flat.

(ii) The dataset created in Hwy2flat is used by the program Tracodes.

(iii) The program Frame is not a part of this process.

(b) For the first quarter of FY1998, explain the purpose of the program Frame.

(c) Confirm that, for the second quarter of FY1998 (if not confirmed, explain):

(i) The design process consists of the following programs, executed in sequence: Hwy1, Hwy2, Hwy3, Hwy4, and Hwy2flat.

(ii) The dataset created in Hwy2flat is used by the program Tracodes.

(iii) The program Frame is not a part of this process.

(d) For the second quarter of FY1998, explain the purpose of the program Frame.

(e) Confirm that, for the third quarter of FY1998 (if not confirmed, explain):

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(i) The design process consists of the following programs, executed in sequence: Hwy1, Hwy2, Hwy3, and Hwy4.

(ii) The dataset created in Hwy4 is used by the program Tracodes.

(iii) The program Frame is not a part of this process.

(f) For the third quarter of FY1998, explain the purpose of the program Frame.

(g) Confirm that, for the fourth quarter of FY1998 (if not confirmed, explain):

(i) The design process consists of the following programs, executed in sequence: Hwy1, Hwy2, Hwy3, and Hwy4.

(ii) The dataset created in Hwy4 is used by the program Tracodes.

(iii) The program Hwy0 is not a part of this process, but rather provides, for the edit stage of TRACS, NASS information for replacement inspections.

(iv) The program Frame is not a part of this process.

(h) For the fourth quarter of FY1998, explain the purpose of the program Frame.

(i) Confirm that the series of SAS programs, and the SAS code within each, used in creating the sample for each quarter of FY1998 vary from quarter to quarter. In confirming, consider the following examples, representative but not exhaustive of the variation:

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

(i) The program Hwy2flat is used in the first and second quarters but not in the third and fourth.

(ii) The program Hwy2 in the third quarter defines macros named SELECT and DIST_FAC, and each are executed several times. The program Hwy2 in the second quarter does not contain these macros.

(iii) For the third quarter, the last step of program Hwy1 begins on line 739, whereas for the fourth quarter, it begins on line 736.

(j) Explain why such variation in code across quarters occurs and explain the impact of this variation.

If you do not confirm any of the above, explain.

UPS/USPS-T1-62. The following questions relate to the Emery contract for Priority mail.

(a) Are any of the ground operations movements under that contract included in the NASS file from which the TRACS Highway Subsystem (USPS-LR-I-52) sample is drawn? If so, are any of those movements present in the drawn samples?

(b) Are any of the air operations movements under that contract included in the NASS or CASS files from which the TRACS Commercial Air Subsystem (USPS-LR-I-49) or the TRACS Network Air Subsystem (USPS-LR-I-51) samples are drawn? If so, are any of those movements present in the drawn samples?

UPS/USPS-T1-63. The following questions relate to the procedures that TRACS inspectors are to follow in conducting a data collection test.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS XIE

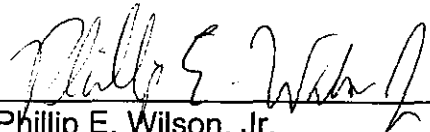
(a) Does the "TRACS Instruction Manual" (USPS-LR-G-112/R94-1) describe the procedures currently in use for the collection of data on mail composition in the transportation systems? If not, describe the changes in these procedures between the time the manual was published and the present.

(b) Provide a current version of the TRACS Instruction Manual or other manual that describes the specific procedures for conducting data collection tests.

UPS/USPS-T1-64. Refer to page 23, Table 8, of your testimony. Confirm that in BY1998 Express Mail accounted for 24 percent of non-premium Eagle Network costs.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.


Phillip E. Wilson, Jr.
Attorney for United Parcel Service

Dated: March 23, 2000.
Philadelphia, Pa.

60715