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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DANIEL TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC., VAL-PAK DEALERS' ASSOCIATION, INC., AND CAROL WRIGHT PROMOTIONS, INC. (VP-CW/USPS-T28—16-26)

The United States Postal Service hereby provides the responses of witness Daniel to the following interrogatories of Val-Pak Direct Marketing Systems, Inc., Val-Pak Dealers' Association, Inc., and Carol Wright Promotions, Inc:

VP-CW/USPS-T28—16-26, filed on March 9, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 23, 2000

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-16.
Please refer to Table 1 (Revised 3/1/00) at page 11 of your testimony, where you provide the estimated total unit cost for each of the 11 individual one-ounce weight ranges for First-Class Single-Piece Mail.

a. For each ounce increment, and for the portion of cost shown in the first three rows consisting of (i) all mail processing, (ii) window service, and (iii) delivery in-office (6.1), please provide the total number of tallies that you used to develop the cost estimates shown in the first three cost-estimate rows in Table 1 (Revised 3/1/00).

b. For the total tallies which you provide for each ounce increment in response to preceding part a, please show the total broken down into (i) direct individual piece handling tallies, (ii) direct tallies handling more than one piece of mail (*e.g.*, items or containers), (iii) mixed mail tallies, (iv) handling empty equipment tallies, (v) not handling tallies (break, etc.), and (vi) other (please specify).

RESPONSE:

a. In the attached table(s), the unweighted and dollar weighted IOCS direct tallies for Single-Piece by weight increment are provided. Please note that mixed-mail and not-handling tallies are not uniquely associated with subclasses of mail and/or weight increments; therefore, it is my understanding that it is not possible to provide a meaningful count of tallies at the requested level of detail.

b. In the attached table(s), the direct tallies have been separated into tallies in which the sampled employee was observed handling a single piece of mail and tallies in which the employee was observed handling multiple pieces of mail, item(s), or container(s).

Part a)
BY98 IOCS Direct Tally Record Counts - Clerks and Mailhandlers First-Class Mail, Single-Piece
Total Direct Tally Records

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	24,905	4,884	2,278	1,590	624	427	296	285	261	184	106	171	36,011
Window Service (3.2)	295	122	81	69	40	26	14	15	12	10	11	2	697
City Carrier In-Office (6.1	11,599	1,319	458	316	144	84	52	54	38	23	20	3	14,110

Part b)
BY98 IOCS Direct Tally Counts - Clerks and Mailhandlers First-Class Mail, Single-Piece
Direct Tally Record Count, Employee Handling Single Piece of Mail

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	19,190	4,078	1,906	1,398	538	377	264	258	182	167	98	0	28,456
Window Service (3.2)	261	115	79	67	40	26	14	15	12	9	11	0	649
City Carrier In-Office (6.1	10,043	1,137	400	278	127	72	47	50	34	18	16	0	12,222

Part b)
BY98 IOCS Direct Tally Counts - Clerks and Mailhandlers First-Class Mail, Single-Piece
Direct Tally Record Count, Employee Handling Multiple Pieces of Mail, Item, or Container

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	5,715	806	372	192	86	50	32	27	79	17	8	171	7,555
Window Service (3.2)	34	7	2	2	0	0	0	0	0	1	0	2	48
City Carrier In-Office (6.1	1,556	182	58	38	17	12	5	4	4	5	4	3	1,888

Part a)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers First-Class Mail, Single-Piece
Total Dollar Weighted Direct Tallies ($000)

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	1,848,489	353,743	167,712	116,907	47,169	33,030	21,625	19,723	13,496	12,544	7,310	5,849	2,647,596
Window Service (3.2)	28,607	11,716	7,169	6,391	3,375	2,132	1,311	1,114	954	868	1,155	104	64,894
City Carrier In-Office (6.1)	809,252	87,540	30,896	21,362	9,666	5,431	3,236	3,708	2,437	1,502	1,357	68	976,454

Part b)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers First-Class Mail, Single-Piece
Dollar Weighted Direct Tallies ($000), Employee Handling Single Piece of Mail

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	1,472,281	302,571	140,085	102,266	40,720	28,968	19,228	17,617	12,479	11,569	6,864	0	2,154,647
Window Service (3.2)	25,338	11,031	7,019	6,244	3,375	2,132	1,311	1,114	954	806	1,155	0	60,480
City Carrier In-Office (6.1)	697,735	75,049	26,920	18,609	8,630	4,673	2,939	3,299	2,221	1,112	1,121	0	842,307

Part b)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers First-Class Mail, Single-Piece
Dollar Weighted Direct Tallies ($000), Employee Handling Multiple Pieces of Mail, Item, or Container

	Weight Increment (ounces)												
Cost Segment	*0 - 1*	*1 - 2*	*2 - 3*	*3 - 4*	*4 - 5*	*5 - 6*	*6 - 7*	*7 - 8*	*8 - 9*	*9 - 10*	*10 - 11*	*No Wgt*	*Total*
All Mail Processing (3.1)	376,209	51,172	27,627	14,641	6,449	4,062	2,397	2,106	1,017	975	446	5,849	492,949
Window Service (3.2)	3,268	685	150	146	0	0	0	0	0	62	0	104	4,415
City Carrier In-Office (6.1)	111,517	12,491	3,976	2,753	1,036	758	297	408	216	390	236	68	134,147

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-17. Please refer to Table 2 (Revised 3/1/00) at page 14 of your testimony, where you provide the estimated total unit cost for each of the 11 individual one-ounce weight ranges for First-Class Presort Mail.

a. For each ounce increment, and for the portion of cost shown in the first three rows consisting of (i) all mail processing, (ii) window service, and (iii) delivery in-office (6.1), please provide the total number of tallies that you used to develop the cost estimates shown in the first three cost-estimate rows in Table 2 (Revised 3/1/00).

b. For the total tallies which you provide for each ounce increment in response to preceding part a, please show the total broken down into (i) direct individual piece handling tallies, (ii) direct tallies handling more than one piece of mail (e.g., items or containers), (iii) mixed mail tallies, (iv) handling empty equipment tallies, (v) not handling tallies (break, etc.), and (vi) other (please specify).

RESPONSE:

a. In the attached table(s), the unweighted and dollar weighted IOCS direct tallies for Presort by weight increment are provided. Please note that mixed-mail and not-handling tallies are not uniquely associated with subclasses of mail and/or weight increments; therefore, it is my understanding that it is not possible to provide a meaningful count of tallies at the requested level of detail.

b. In the attached table(s), the direct tallies have been separated into tallies in which the sampled employee was observed handling a single piece of mail and tallies in which the employee was observed handling multiple pieces of mail, item(s), or container(s).

Part a)
BY98 IOCS Direct Tally Record Counts - Clerks and Mailhandlers First-Class Mail Presort
Total Direct Tally Records

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	7,229	712	424	160	36	32	11	11	6	10	7	71	8,709
Window Service (3.2)	41	4	0	0	2	0	0	0	0	0	0	3	50
City Carrier In-Office (6.1)	5,775	454	84	41	13	8	6	7	2	2	2	0	6,394

Part b)
BY98 IOCS Direct Tally Counts - Clerks and Mailhandlers First-Class Mail Presort
Direct Tally Record Count, Employee Handling Single Piece of Mail

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	5,084	456	191	129	29	29	8	10	5	10	6	0	5,957
Window Service (3.2)	31	4	0	0	2	0	0	0	0	0	0	0	37
City Carrier In-Office (6.1)	4,879	395	75	35	12	8	6	7	1	2	2	0	5,422

Part b)
BY98 IOCS Direct Tally Counts - Clerks and Mailhandlers First-Class Mail, Single-Piece
Direct Tally Record Count, Employee Handling Multiple Pieces of Mail, Item, or Container

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	2,145	256	233	31	7	3	3	1	1	0	1	71	2,752
Window Service (3.2)	10	0	0	0	0	0	0	0	0	0	0	3	13
City Carrier In-Office (6.1)	896	59	9	6	1	0	0	0	1	0	0	0	972

Part a)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers First-Class Mail Presort
Total Dollar Weighted Direct Tallies ($000)

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	546,075	46,977	17,403	12,611	2,909	2,930	670	740	392	1,132	395	2,073	634,307
Window Service (3.2)	4,283	395	0	0	124	0	0	0	0	0	0	142	4,944
City Carrier In-Office (6.1)	390,610	29,374	5,681	2,657	806	670	339	487	131	123	151	0	431,031

Part b)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers First-Class Mail Presort
Dollar Weighted Direct Tallies ($000), Employee Handling Single Piece of Mail

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	400,853	34,989	13,711	10,346	2,365	2,752	495	669	337	1,132	338	0	467,987
Window Service (3.2)	3,567	395	0	0	124	0	0	0	0	0	0	0	4,086
City Carrier In-Office (6.1)	327,689	25,058	5,101	2,300	673	670	339	487	56	123	151	0	362,647

Part b)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers First-Class Mail Presort
Dollar Weighted Direct Tallies ($000), Employee Handling Multiple Pieces of Mail, Item, or Container

	Weight Increment (ounces)												
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 4	4 - 5	5 - 6	6 - 7	7 - 8	8 - 9	9 - 10	10 - 11	No Wgt	Total
All Mail Processing (3.1)	145,221	11,988	3,693	2,265	544	178	175	71	55	0	57	2,073	166,320
Window Service (3.2)	716	0	0	0	0	0	0	0	0	0	0	142	858
City Carrier In-Office (6.1)	62,921	4,317	581	358	133	0	0	0	75	0	0	0	68,384

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-18. At page 9 (ll. 12-14) of your testimony, you state "Since rural carriers are compensated on the basis of shape and not weight, costs are first distributed to shape and then to weight increment on the basis of pieces."

a. Please provide a detailed explanation of the last step; i.e., the distribution to weight increment on the basis of pieces. In particular, please explain what (piece) data (and from what source) are used to distribute costs to weight increment.

b. Also, please explain how the distribution by pieces distinguishes between the weight-cost relationship and the piece-cost relationship.

RESPONSE:

a. The ratio of volumes by weight increment to the total volume is multiplied by the total rural carrier costs. Volumes by weight increment are found in USPS LR-I-102.

b. Weight is not a driver of rural carrier costs. Rural carriers are compensated based on shape and the number of pieces. To the extent there are proportionately more flats or parcels in heavier weight increments, heavier pieces will have higher unit rural carrier costs.

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-19. Please refer to USPS-LR-I-92, Section 1, pages 10 and 12. On each page there appears a scatter diagram with the identical title: "Std. A Regular All Shapes." On page 10, the diagram contains a regression line with the following equation:

$$y = 0.0481x + 0.0312$$

On page 12, the diagram contains a regression line with the following equation:

$$y = 0.0412x + 0.0588$$

a. Please explain the difference between these two regression diagrams and equations with identical titles.

b. In your opinion, which of these two regression equations best represents the weight-cost relationship for Standard A Regular All Shapes?

RESPONSE:

a. The equation on page 10 is the result of a trendline analysis in EXCEL for Standard Mail (A) Regular All Shapes unit costs by ½ ounce increment. The equation on page 12 is the result of a trendline analysis in EXCEL for Standard Mail (A) Regular All Shapes unit costs by combined ounce increment (0-1 oz., 1-2 oz., 2-3 oz., 3-5 oz., 5-7 oz., 7-9 oz., 9-11 oz., 11-13 oz., 13+ oz.).

b. The equation on page 12 is more useful than the one on page 10, because combining ounce increments represents an attempt to give each data point more equal weight. The best equation to represent the weight-cost relationship for Standard Mail (A) Regular All Shapes would be one where each data point was weighted by the volume of mail in each weight increment. Therefore, neither equation cited in this interrogatory was relied upon by the Postal Service.

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-20. Please refer to USPS-LR-I-92, Section 1, pages 11 and 12. On each page there appears a scatter diagram with the identical title: "Std. A Regular All Shapes Pound-Rated." On page 11, the diagram contains a regression line with the following equation:

$$y = 0.0628x - 0.133$$

On page 12, the diagram contains a regression line with the following equation:

$$y = 0.0524x - 0.0594$$

a. Please explain the difference between these two regression diagrams and equations with identical titles.

b. In your opinion, which of these two regression equations best represents the weight-cost relationship for Standard A Regular All Shapes Pound-Rated?

RESPONSE:

a. The equation on page 11 is the result of a trendline analysis in EXCEL for data points by detailed ounce increments greater than 3.5 ounces. The equation on page 12 is the result of a trendline analysis in EXCEL for data points greater than 3.0 ounces by combined ounce increment (0-1 oz., 1-2 oz., 2-3 oz., 3-5 oz., 5-7 oz., 7-9 oz., 9-11 oz., 11-13 oz., 13+ oz.).

b. Neither of these two regression equations best represents the weight-cost relationship for Standard A Regular All Shapes Pound-Rated neither of the equations are weighted by volume and because pound-rated mail weighs over 3.3 ounces, not 3.0 or 3.5 ounces.

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-21. Please refer to USPS-LR-I-92, Section 2, pages 10 and 12. On these two pages appear three scatter diagrams with no titles. Please indicate the appropriate title for each of these three diagrams.

RESPONSE:

The scatter diagram on page 10 of USPS-LR-I-92, Section 2 graphically represents the TY unit cost of Standard Mail (A) ECR by detailed (1/2 ounce) increments and the resulting non-volume weighted least squares fit linear trendline produced by EXCEL. The top scatter diagram on page 12 of USPS-LR-I-92, Section 2 graphically represents the TY unit cost of Standard Mail (A) ECR by combined weight increments (0-1 oz., 1-2 oz., 2-3 oz., 3-5 oz., 5-7 oz., 7-9 oz., 9-11 oz., 11-13 oz., 13+ oz.) and the resulting non-volume weighted least squares fit linear trendline produced by EXCEL. The bottom scatter diagram on page 12 of USPS-LR-I-92, Section 2 graphically represents the TY unit cost of Standard Mail (A) ECR by combined weight increments and the resulting non-volume weighted least squares fit linear trendline produced by EXCEL for pieces weighing more than 3 ounces. This is a rough approximation of pound-rated mail.

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-22. Please refer to USPS-LR-I-92, Section 2, pages 10 and 12. On page 10, the diagram contains a regression line with the following equation:

$$y = 0.0192x + 0.0126$$

On page 12, the first diagram contains a regression line with the following equation:

$$y = 0.0161x + 0.0257$$

a. Please explain the difference between these two regression diagrams and equations. That is, what does each represent?
b. In your opinion, which of these two regression equations best represents the weight-cost relationship for Standard A ECR Mail?

RESPONSE:

a. The equation on page 10 is the result of a trendline analysis in EXCEL for Standard Mail (A) ECR All Shapes unit costs by ½ ounce increment. The equation on page 12 is the result of a trendline analysis in EXCEL for Standard Mail (A) ECR All Shapes unit costs by combined ounce increment (0-1 oz., 1-2 oz., 2-3 oz., 3-5 oz., 5-7 oz., 7-9 oz., 9-11 oz., 11-13 oz., 13+ oz.).

b. The equation on page 12 is more useful than the one on page 10, because combining ounce increments represents an attempt to give each data point more equal weight. The best equation to represent the weight-cost relationship for Standard Mail (A) ECR All Shapes would be one where each data point was weighted by the volume of mail in each weight increment. Therefore, neither equation cited in this interrogatory was relied upon by the Postal Service.

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-23. Please refer to USPS-LR-I-92, Section 2, pages 11 and 12. On page 11 there appears a scatter diagram with the title, "Pound Rated Mail," which presumably refers to all Standard A ECR Pound-Rated Mail (since the title of Section 2 is "Standard Mail (A) ECR"). On page 11, the diagram contains a regression line with the following equation:

$$y = 0.0247x - 0.0495$$

On page 12, the second (untitled) diagram contains a regression line with the following equation:

$$y = 0.0214x - 0.0312$$

a. Please explain the difference between these two regression diagrams and equations.

b. In your opinion, which of these two regression equations, if either, best represents the weight-cost relationship for Standard A ECR Pound-Rated Mail?

RESPONSE:

a. The equation on page 11 is the result of a trendline analysis in EXCEL for data points by detailed ounce increments greater than 3.0 ounces. The equation on page 12 is the result of a trendline analysis in EXCEL for data points greater than 3.0 ounces by combined ounce increments (0-1 oz., 1-2 oz., 2-3 oz., 3-5 oz., 5-7 oz., 7-9 oz., 9-11 oz., 11-13 oz., 13+ oz.).

b. If one were to use mail weighing more than 3.0 ounces as a proxy for pound rated mail, the equation on page 12 is more useful than the one on page 10, because combining ounce increments represents an attempt to give each data point more equal weight. The best equation to represent the weight-cost relationship for Standard Mail (A) ECR Pound-Rated Mail would be one for mail weighing more than 3.3 ounces and each data point was weighted by the volume of mail in each weight increment. Thus, neither equation cited in this interrogatory was relied upon by the Postal Service.

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-24. Please refer to USPS-LR-I-92, Section 2, page 12, where you have combined and reduced the weight increments for Standard A ECR Mail to a total of nine.

a. For each of the nine weight increments shown on page 12, and for the portion of cost shown in the first three rows consisting of (i) all mail processing, (ii) window service, and (iii) delivery in-office (6.1), please provide the total number of tallies that you used to develop the cost estimates shown in the first three cost-estimate rows.

b. For the total tallies which you provide for each ounce increment in response to preceding part a, please show the total broken down into (i) direct individual piece handling tallies, (ii) direct tallies handling more than one piece of mail (e.g., items or containers), (iii) mixed mail tallies, (iv) handling empty equipment tallies, (v) not handling tallies (break, etc.), and (vi) other (please specify).

RESPONSE:

a. In the attached table(s), the unweighted and dollar weighted IOCS direct tallies for Standard Mail (A) ECR by weight increment are provided. Please note that mixed-mail and not-handling tallies are not uniquely associated with subclasses of mail and/or weight increments; therefore, it is my understanding that it is not possible to provide a meaningful count of tallies at the requested level of detail.

b. In the attached table(s), the direct tallies have been separated into tallies in which the sampled employee was observed handling a single piece of mail and tallies in which the employee was observed handling multiple pieces of mail, item(s), or container(s).

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-25. Please refer to Table 4a at page 19a of your testimony, where you provide the estimated total unit cost for each of nine weight ranges for Regular and Nonprofit Periodicals Combined.

a. For the weight ranges shown in Table 4a, and for the portion of cost shown in the first three rows consisting of (i) all mail processing, (ii) window service, and (iii) delivery in-office (6.1), please provide the total number of tallies that you used to develop the cost estimates shown in the first three cost-estimate rows in Table 4a.

b. For the total tallies which you provide for each individual weight range in response to preceding part a, please show the total broken down into (i) direct individual piece handling tallies, (ii) direct tallies handling more than one piece of mail (e.g., items or containers), (iii) mixed mail tallies, (iv) handling empty equipment tallies, (v) not handling tallies (break, etc.), and (vi) other (please specify).

RESPONSE:

a. In the attached table(s), the unweighted and dollar weighted IOCS direct tallies for Regular and Nonprofit Periodicals Combined by weight increment are provided. Please note that mixed-mail and not-handling tallies are not uniquely associated with subclasses of mail and/or weight increments, therefore it is my understanding that it is not possible to provide a meaningful count of tallies at the requested level of detail.

b. In the attached table(s), the direct tallies have been separated into tallies in which the sampled employee was observed handling a single piece of mail and tallies in which the employee was observed handling multiple pieces of mail, item(s), or container(s).

Part a)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers Periodicals Regular and Nonprofit
Total Dollar Weighted Direct Tallies ($000)

	Weight Increment (ounces)										
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 5	5 - 6	6-7	7-9	9-13	> 13	No Wgt	Total
All Mail Processing (3.1)	13,555	29,150	31,051	81,881	32,801	22,128	40,538	35,946	46,704	7,778	341,533
Window Service (3.2)	0	374	85	396	62	126	160	126	59	0	1,389
City Carrier In-Office (6.1)	6,609	15,326	12,861	37,750	17,305	14,904	19,702	15,986	12,989	0	153,432

Part b)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers Periodicals Regular and Nonprofit
Dollar Weighted Direct Tallies ($000), Employee Handling Single Piece of Mail

	Weight Increment (ounces)										
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 5	5 - 6	6-7	7-9	9-13	> 13	No Wgt	Total
All Mail Processing (3.1)	10,073	20,514	21,262	54,020	21,718	14,467	25,192	22,688	25,727	0	215,663
Window Service (3.2)	0	374	85	396	62	126	160	126	59	0	1,389
City Carrier In-Office (6.1)	5,854	12,993	10,981	30,824	13,688	10,763	15,991	12,741	10,740	0	124,575

Part b)
BY98 IOCS Dollar Weighted Direct Tallies (F9250) - Clerks and Mailhandlers Periodicals Regular and Nonprofit
Dollar Weighted Direct Tallies ($000), Employee Handling Multiple Pieces of Mail, Item, or Container

	Weight Increment (ounces)										
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 5	5 - 6	6-7	7-9	9-13	> 13	No Wgt	Total
All Mail Processing (3.1)	3,482	8,636	9,789	27,861	11,083	7,661	15,347	13,258	20,977	7,778	125,871
Window Service (3.2)	0	0	0	0	0	0	0	0	0	0	0
City Carrier In-Office (6.1)	755	2,333	1,880	6,926	3,617	4,142	3,711	3,245	2,249	0	28,857

Part a)
BY98 IOCS Direct Tally Record Counts - Clerks and Mailhandlers Periodicals Regular and Nonprofit
Total Direct Tally Records

	Weight Increment (ounces)										
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 5	5 - 6	6-7	7-9	9-13	> 13	No Wgt	Total
All Mail Processing (3.1)	372	934	396	1,453	422	521	528	552	612	340	6,130
Window Service (3.2)	0	2	1	3	1	1	3	2	1	0	14
City Carrier In-Office (6.1)	107	232	193	571	249	202	292	244	199	0	2,289

Part b)
BY98 IOCS Direct Tally Counts - Clerks and Mailhandlers Periodicals Regular and Nonprofit
Direct Tally Record Count, Employee Handling Single Piece of Mail

	Weight Increment (ounces)										
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 5	5 - 6	6-7	7-9	9-13	> 13	No Wgt	Total
All Mail Processing (3.1)	139	264	258	702	265	179	320	292	329	0	2,748
Window Service (3.2)	0	2	1	3	1	1	3	2	1	0	14
City Carrier In-Office (6.1)	95	200	164	467	198	148	241	192	169	0	1,874

Part b)
BY98 IOCS Direct Tally Counts - Clerks and Mailhandlers Periodicals Regular and Nonprofit
Direct Tally Record Count, Employee Handling Multiple Pieces of Mail, Item, or Container

	Weight Increment (ounces)										
Cost Segment	0 - 1	1 - 2	2 - 3	3 - 5	5 - 6	6-7	7-9	9-13	> 13	No Wgt	Total
All Mail Processing (3.1)	233	670	138	751	157	342	208	260	283	340	3,382
Window Service (3.2)	0	0	0	0	0	0	0	0	0	0	0
City Carrier In-Office (6.1)	12	32	29	104	51	54	51	52	30	0	415

RESPONSE OF U.S. POSTAL SERVICE WITNESS DANIEL TO
INTERROGATORIES OF VAL-PAK AND CAROL WRIGHT PROMOTIONS

VP/USPS-T28-26. For the studies which you conducted to determine the weight-cost relationship for First-Class, Periodicals and Standard A Mail, as described in your testimony at pages 10-19, please provide the following information:

a. How did you treat "handling empty equipment" tallies? If you treated them differently for the different classes of mail, please specify and explain.

b. How did you treat tallies such as bundle, item, or container, that indicated that the clerk or mailhandler tallied was handling more than one piece of the same class of mail? Please indicate whether you (i) disregarded or omitted such tallies altogether from your analysis, (ii) used the weight of the top piece if such weight was recorded, (iii) prorated the cost associated with the tally over all direct single piece tallies, and/or (iv) did something else (please specify).

c. How did you treat mixed mail tallies in your analysis? Please indicate whether you (i) disregarded or omitted such tallies altogether from your analysis, (ii) used the weight (and subclass) of the top piece if such weight was recorded, (iii) prorated the cost associated with the tally over all direct single piece tallies, and/or (iv) did something else (please specify).

RESPONSE:

a. I use the same treatment of "handling empty equipment" tallies as witnesses Van-Ty-Smith (mail processing and window service) and witness Ramage (city carrier in-office). See USPS-T-28 at pages 5-7. My understanding is that the method for treating these tallies does not vary by subclass of mail.

b. Assuming that by "treat" you mean "identify a weight increment," if the tally is a direct tally (of identical mail or subject to the "top piece rule"), the weight increment is based upon the recorded weight of the piece used by the data collector to respond to IOCS question 23 if such data are available. If there is a subclass but no question 23 weight data, the tally is distributed to weight increment using the procedure described at pages 2-4 of the text accompanying LR-I-99 and at pages 2-3 of LR-I-100. If there is no subclass information (i.e., the tally represents mixed-mail), the tally is distributed to subclass and weight increment using the same mixed-mail methods employed for development of the CRA volume-variable costs. See also USPS-T-28 at pages 5-7.

c. See the response to part (b).

DECLARATION

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

SHARON DANIEL

Dated: 3/23/00

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.

Anthony Alverno

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March 23, 2000