

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF  
MAGAZINE PUBLISHERS OF AMERICA  
(MPA/USPS-T0-2-3)

The United States Postal Service hereby provides its responses to the following interrogatories of Magazine Publishers of America: MPA/USPS-2-3, filed on March 17, 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

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March 31, 2000

Response of United States Postal Service  
to  
Interrogatories of Magazine Publishers of America, Inc.

**MPA/USPS-2.** Please review the following chart derived from WS 7.0.4.1 of Witness Meehan's Workpapers in R2000-1, and Workpaper B-7 of Witness Alexandrovich's Workpapers in R97-1. The chart compares total city letter carrier time per actual stop (both in- and out-of office) for 1996 and 1998.

	Total Accrued Cost w/Relay per Actual Stop Base Year 1996	Route Type Stops as a Proportion of Total Stops Base Year 1996	Total Accrued Cost w/Relay/ Actual Stops Base Year 1998	Route Type Stops as a Proportion of total Stop Base Year 1998	Percentage Increase in Total Cost Per Actual Stop
Letter Route Type 71 Business Route	\$2.48	0.5%	\$4.70	0.2%	89.5%
Letter Route Type 73 Business Motorized	\$2.02	0.5%	\$1.14	0.9%	(43.6%)
Letter Route Type 75 Residential Foot	\$0.68	9.4%	\$0.82	7.3%	20.6%
Letter Route Type 77 Residential Curbline	\$0.40	24.4%	\$0.27	36.1%	(32.5%)
Letter Route Type 78 Residential Park & Loop	\$0.76	60.9%	\$0.83	54.6%	9.2%
Letter Route Type 80 Mixed Foot	\$3.90	0.3%	\$10.15	0.1%	160.3%
Letter Route Type 82 Mixed Curbline	\$3.53	0.4%	\$7.98	0.3%	126.1%
Letter Route Type 83 Mixed Park & Loop	\$1.48	3.6%	\$11.60	0.5%	683.8%
All Letter Routes	\$0.73	100%	\$0.72	100%	(1.4%)

(a) Given that the average hourly rate for carriers has increased less than 5% between base years 1996 and 1998, please explain the large per stop increases for Route Types 71, 75, 78, 80, 83, and 82.

(b) Please explain the large per stop cost decrease for Route Type 77.

(c) Please confirm the accuracy of the data presented in the table. If you cannot, please provide corrections and calculations.

(d) Please confirm that the actual stops data presented in the two sets of workpapers represent the USPS's best estimate of total annual actual stops on letter routes in the system for those two years. If this is incorrect, please explain what the data do represent.

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(e) Please confirm that the proportion of "mixed" routes is declining and explain, from a route restructuring basis, why that is occurring.

**Response:**

a – e ) The table accurately reflects the data from WS 7.0.4.1. The large changes in per stop costs are likely due to a change in the sampling frame used for the City Carrier Cost System (CCCS) between FY 96 and FY 98. For FY 96, the sampling frame for CCCS came from the ORFEO system, with routes categorized using the same definitions as are used in IOCS. For FY 98, the sampling frame for CCCS came from the Address Management System (AMS). Routes types are not indicated in the AMS, so an algorithm was implemented to categorize routes based on delivery mode and the numbers of deliveries, by delivery type. There is insufficient information on the AMS to allow identification of mixed routes, so no routes were categorized as mixed. When conducting a CCCS test, data collectors can change the route type, which may explain why some mixed routes were observed. The data in the tables represent the best indication the Postal Service has for stops by route type, but there is some mismatch between the costs and the numbers of stops.

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**MPA/USPS-3.** Please review the following chart derived from WS 7.0.4.1 of Witness Meehan's Workpapers in R2000-1 and Workpaper B-7 of Witness Alexandrovich's Workpapers in R97-1.

	Proportions of SDR-MDR-B&M Stops Base Year 1996	Proportions of SDR-MDR-B&M Stops Base Year 1998
Route Type 71 Business Foot	10%-2%-87%	6%-2%-92%
Route Type 73 Business Motorized	36%-3%-61%	20%-3%-78%
Route Type 75 Residential Foot	76%-16%-7%	70%-18%-12%
Route Type 78 Residential Park & Loop	86%-7%-7%	86%-7%-7%
Route Type 77 Residential Curblin	92%-4%-4%	86%-7%-7%
Type 80 Mixed Foot	31%-25%-45%	67%-10%-24%
Route Type 83 Mixed Park & Loop	55%-5%-40%	72%-7%-21%
Route Type 82 Mixed Curblin	67%-3%-30%	74%-4%-22%
All Letter Routes	85%-7%-8%	84%-8%-8%

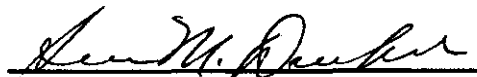
- (a) Please confirm the figures in the chart, or provide corrections.
- (b) Given the criterion of routes with 70% or more residential stops being categorized as residential routes, why are the routes included in Route Types 80, 83, and 82 considered "mixed" rather than "residential"?
- (c) It appears that Business and Mixed (B&M) stops from mixed routes are being shifted to business routes. Is this correct? If not, please explain the change in stop-type proportions between business and mixed routes.
- (d) In total, it appears that the proportions of stops by stop type have not changed significantly over the past two years. Is this correct?

**Response:**

- a) Confirmed.
- b) Route types 80, 82 and 83 collectively account for less than one percent of the total stops for BY 98. It is possible that one or more of these routes were mis-categorized. Please see the response to MPA/USPS-2.
- c) Please see the response to MPA/USPS-2.
- d) Correct.

## 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.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written over a solid horizontal line.

Susan M. Duchek

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