

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS CRUM TO AAP INTERROGATORIES
(AAP/USPS-T27-13-15, 17-36)

The United States Postal Service hereby provides the response of witness Crum to the following interrogatories of the Association of American Publishers: AAP/USPS-T27-13-15, 17-36, filed on March 21, 2000. Interrogatory 16 was redirected to the Postal Service.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 4, 2000

**U.S. POSTAL SERVICE WITNESS CHARLES L. CRUM
RESPONSE TO INTERROGATORIES
OF ASSOCIATION OF AMERICAN PUBLISHERS**

AAP/USPS-T27-13. With respect to the Bound Printed Matter Entry Survey (the "Survey") provided with LR-I-109 (Bound Printed Matter Characteristics Study (the "Study")), please confirm that the percentage of total BPM pieces reported in the Survey as Destination SCF pieces (15.58%) are all predicted to qualify for the Postal Service's proposed Destination SCF discount recommended for BPM in this case by Postal Service witness Kiefer (USPS-T-37). Explain any answer that does not confirm this statement.

RESPONSE

It is my understanding that 15.6 percent of all Basic and Carrier Route Presorted Bound Printed Matter are assumed to take advantage of the DSCF discount.

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AAP/USPS-T27-14. With respect to the Bound Printed Matter Entry Survey provided with LR-I-109, please confirm that the percentage of total BPM pieces reported in the Survey as Destination DDU pieces (7.17%) are all predicted to qualify for the Postal Service's proposed Destination DDU discount recommended for BPM in this case by Postal Service witness Kiefer (USPS-T-37). Please explain any answer that does not confirm this statement.

RESPONSE

It is my understanding that 7.2 percent of all Basic and Carrier Route Presorted Bound Printed Matter are assumed to take advantage of the DDU discount.

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AAP/USPS-T27-15. Please confirm that at the time the BPM Mail Characteristics Study provided in LR-I-109 was conducted, the Postal Service had not determined or finalized the mail makeup and entry requirements that BPM mail will be required to meet in order to receive the DSCF and DDU discounts proposed by Postal Service witness Kiefer (USPS-T-37). Please explain any answer that does not confirm this statement.

RESPONSE

Confirmed.

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AAP/USPS-T27-17. In LR-I-109, under the heading "Survey Instruments," you state that it was necessary to develop a seventh survey form specifically for a particular mailer. Please explain why this mailer's BPM volume could not be captured in one of the other six survey forms used in the Study.

RESPONSE

I am informed that a special survey form was developed specifically for this site for several reasons.

1. Mail volume at this site was particularly high.
2. Postal Service personnel at the site felt the requirements of the regular survey procedures and forms would place an undue burden on them during the survey period.
3. Postal Service personnel at the site had access to electronic records that made the recording of some types of mailing information relatively easy. This consisted of data such as entry points for containers of mail, destination Zip Codes of pieces in the container, sortation level of the pieces, and the total number of pieces in the container.
4. Through consultation with the Postal Service personnel at the site, alternative procedures were developed that permitted the relevant information to be collected given the circumstances and constraints at the site. The form followed from these consultations.

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AAP/USPS-T27-18. In LR-I-109, under the heading "Survey Instruments," the Study states that "[i]n all, seven different survey forms were used to gather data, with their development based on DMM rules for mail containerization and presentation." With respect to each form, please list and summarize the relevant DMM rules for containerization and presentation that were relied upon in developing the forms. Please provide hard-copies of each these forms as the forms could not be downloaded from the electronic version of LR-I-109 obtained by AAP.

RESPONSE

A list of the relevant DMM citations is attached. The requested forms are in the hard-copy version of LR-I-109 available at both the PRC docket room and the Postal Service library. The information you request consists of pages 82-186 of the library reference.

Attachment to Witness Crum's Response to AAP/USPS-T27-18

Yellow - Sack Mailing/Bedloaded Bundles Separated by Zones

- 630.2.2 - zone separation
- 630.3.4 - package preparation
- 630.2.5 - sack preparation
- 630.6.2 - sack preparation (machinable parcels)
- 630.7.2 - zone separation (bedloaded bundles)
- 630.7.2 - bundle preparation (bedloaded bundles)

Gray - Sacks on Pallets/Sacks in Pallet Boxes

- 630.2.2 - zone separation
- 630.3.4 - package preparation
- 630.2.5 - sack preparation
- 630.6.2 - sack preparation (machinable parcels)
- 630.7.2 - zone separation (bedloaded bundles)
- 630.7.2 - bundle preparation (bedloaded bundles)
- 045 - pallet preparation

Pink - Palletized/Boxed Pieces or Packages Separated by Zones

- 630.2.2 - zone separation
- 630.3.4 - package preparation
- 630.7.2 - zone separation (bedloaded bundles)
- 630.7.2 - bundle preparation (bedloaded bundles)
- 045 - pallet preparation

Green - Sack Mailing/Bedloaded Bundles Commingled Zones or Correct Postage Affixed to Each Piece

- 630.3.4 - package preparation
- 630.2.5 - sack preparation
- 630.6.2 - sack preparation (machinable parcels)
- 630.7.2 - zone separation (bedloaded bundles)
- 630.7.2 - bundle preparation (bedloaded bundles)
- 630.8 - zone commingling

Blue - Sacks on Pallets/Sacks in Pallet Boxes Commingled Zones or Correct Postage Affixed to Each Piece

- 630.3.4 - package preparation
- 630.2.5 - sack preparation
- 630.6.2 - sack preparation (machinable parcels)
- 630.7.2 - zone separation (bedloaded bundles)
- 630.7.2 - bundle preparation (bedloaded bundles)
- 630.8 - zone commingling
- 045 - pallet preparation

Attachment to Witness Crum's Response to AAP/USPS-T27-18 (page 2)

Salmon - Palletized/Boxed Pieces or Packages Commingled Zones or Correct Postage Affixed to Each Piece

630.3.4 - package preparation

630.7.2 - zone separation (bedloaded bundles)

630.7.2 - bundle preparation (bedloaded bundles)

630.8 - zone commingling

045 - pallet preparation

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AAP/USPS-T27-19. With respect to the forms used in LR-I-109, please list each form that could be used to capture a trailer load of BPM mail, not in sacks, that was loaded on pallets. Explain the circumstances that would lead to the use of each possible form for this mail. Please provide hard-copies of each of these forms.

RESPONSE

Please refer to LR-I-109, page 65, Section III.A. For the case you mention, either the Pink form or the Salmon form would be used depending on whether the mailing is separated by zones or whether it commingles zones / has correct postage affixed. The Pink form can be found on pages 112-136 of LR-I-109. The Salmon form can be found on pages 167-186 of LR-I-109.

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AAP/USPS-T27-20. In LR-I-109 under the heading "Piece Controls," the Study states that "[p]ieces from each office are first inflated to office totals from FY 1998 by the presort rate paid (basic bulk rate and carrier route rate)." With respect to this statement, please explain how the Survey would capture and inflate piece volumes for single piece BPM mail. Please state how many observations of single piece BPM mail and how many actual pieces of such mail were captured in the Survey results.

RESPONSE

The survey measured only Basic presorted BPM and Carrier Route presorted BPM.

Single-Piece BPM was not in the survey at all. According to the 1998 Billing

Determinants, Single-Piece comprised less than 6 percent of total Bound Printed Matter by volume.

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AAP/USPS-T27-21. Please provide the number of observations and the number of pieces of single piece BPM mail that were captured in the Survey that were single pieces mailed by the Postal Service back to BPM mailers in connection with the return of books.

RESPONSE

None.

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AAP/USPS-T27-22. Please provide the number of observations and the number of pieces of non-single piece BPM mail that were captured in the Survey that were pieces mailed by the Postal Service back to BPM mailers in connection with the return of books.

RESPONSE

No such pieces were counted.

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AAP/USPS-T27-23. With respect to the LR-I-109, please assume that a trailer load of BPM mail on pallets is physically delivered to the Postal Service at a BMC and that this trailer load was recorded in the BPM Survey. Please identify and list each row and column combination found in Attachment H of your testimony where this mail would be recorded. Please explain the criteria used to determine the row and column combination of Attachment H where this mail would be recorded.

RESPONSE

For the Transportation Version, pieces entered at a BMC could be recorded in Attachment H on the rows titled Origin BMC or Destination BMC. If the piece's final destination is in the service area of that BMC, it would be labeled Destination BMC. If the piece's final destination is outside the service area of that BMC, it would be labeled Origin BMC. The column is determined by the Postal Zone. The Zone is generally calculated based on the distance from the BMC to the destinating 3-digit Zip Code of the piece. For more detail on Postal Zones, please refer to DMM Section G030. Please also refer to page 8 of LR-I-109. For the differences associated with the Mail Processing Version, please refer to my response to AAP/USPS-T27-35.

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AAP/USPS-T27-24. With respect to the LR-I-109, please assume that a trailer load of BPM mail on pallets is physically delivered to the Postal Service at an SCF and that this trailer load was recorded in the BPM Survey. Please identify and list each row and column combination found in Attachment H of your testimony where this mail would be recorded. Please explain the criteria used to determine the row and column combination of Attachment H where this mail would be recorded.

RESPONSE

For the Transportation Version, pieces entered at an SCF (plant) could be recorded in Attachment H on the rows titled Origin SCF, SCF (BMC Service Area), or Destinating SCF. If the piece's final destination lies within the service area of the SCF, the piece is labeled as Destinating SCF. If the piece's final destination lies outside of the service area of the SCF, but within the service of the parent BMC, the piece is labeled as SCF (BMC Service Area). If the piece's final destination lies outside of both the SCF and parent BMC service areas, the piece is labeled Origin SCF. The column is determined by the Postal Zone. The Zone is generally calculated based on the distance from the SCF to the destinating 3-digit Zip Code of the piece. For more detail on Postal Zones, please refer to DMM Section G030. Please also refer to page 8 of LR-I-109. For the differences associated with the Mail Processing Version, please refer to my response to AAP/USPS-T27-35.

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AAP/USPS-T27-25. With respect to the LR-I-109, please assume that a trailer load of BPM mail on pallets is physically delivered to the Postal Service at a DDU and that this trailer load was recorded in the BPM Survey. Please identify and list each row and column combination found in Attachment H of your testimony where this mail would be recorded. Please explain the criteria used to determine the row and column combination of Attachment H where this mail would be recorded.

RESPONSE

For purposes of this response I will assume that you mean Delivery Unit in place of DDU. More precisely, DDU stands for Destination Delivery Unit. Therefore line 2 and 3 in Attachment H should read "Delivery Unit (DU) - Destinating 3-digit Zip Area" and "Delivery Unit (DU) - Destinating BMC Service Area" respectively.

For the Transportation Version, pieces entered at a delivery unit could be recorded in Attachment H on the rows titled DDU, DDU - Destinating 3-Digit Zip Area, DDU - Destinating BMC Service Area, or Origin AO. If the piece's final destination as defined in the Dropship Product is the location where the piece was deposited, the piece would be labeled as DDU. If the piece's final destination is not that delivery unit, but it is in the destinating 3-digit Zip Code area, the piece would be labeled DDU - Destinating 3-Digit Zip Area. If the piece is outside the destinating 3-digit Zip Code area, but within the destinating BMC service area, the piece would be labeled DDU - Destinating BMC Service Area. If the piece is outside the destinating BMC service area, the piece would be labeled Origin AO.

The Zone is generally calculated based on the distance from the entry point to the destinating 3-digit Zip Code of the piece. For more detail on Postal Zones, please

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refer to DMM Section G030. Please also refer to page 8 of LR-I-109. For the differences associated with the Mail Processing Version, please refer to my response to AAP/USPS-T27-35.

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AAP/USPS-T27-26. With respect to LR-I-109, did the Survey in any way identify or even consider specific exceptions to the normal BPM acceptance policies that may have been negotiated between a mailer and the local representatives of the Postal Service? Please explain the manner in which this possibility was addressed by the Survey.

RESPONSE

As described on page 8 of LR-I-109, mailer provided zone information was used when it was available. This may have taken into account any local exceptions coincidentally.

Other than that I am not aware of how any specific exceptions might have been handled though knowing what those exceptions were might make the question easier to answer.

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AAP/USPS-T27-27. With respect to LR-I-109, assume a trailer load of BPM mail is physically delivered by a mailer to the Postal Service at an SCF. Please explain fully how the BPM Survey would have recorded the destination entry location for any BPM mail delivered by the mailer that does not qualify for the proposed destination SCF discount.

RESPONSE

As described in my response to AAP/USPS-T27-24, a piece deposited at an SCF could be labeled Destinating SCF, SCF - BMC Service Area, or Origin SCF. Therefore, the survey would have recorded pieces not deposited at a destinating SCF as either SCF-BMC Service Area or Origin SCF.

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AAP/USPS-T27-28. With respect to LR-I-109, assume a trailer load of BPM mail is physically delivered by a mailer to the Postal Service at a DDU. Please explain fully how the BPM Survey would have recorded the destination entry location for any BPM mail delivered by the mailer that does not qualify for the proposed destination DDU discount.

RESPONSE

As described in my response to AAP/USPS-T27-23, a piece deposited at a delivery unit could be labeled DDU, DDU - Destinating 3-Digit Zip Area, DDU - Destinating BMC Service Area, or Origin AO. Therefore, the survey would have recorded pieces not deposited at a destinating delivery unit as DDU - Destinating 3-Digit Zip Area, DDU - Destinating BMC Service Area, or Origin AO.

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AAP/USPS-T27-29. In LR-I-109 under the heading "Piece Controls," the Study states that "[p]ieces from each office are first inflated to office totals from FY 1998 by the presort rate paid (basic bulk rate and carrier route rate)." With respect to this statement:

- (a) For each office surveyed, please provide the exact period during which the Survey observations were made.
- (b) Please provide workpapers and supporting calculations showing how these pieces from each office were first inflated to individual office totals from FY 1998 and then inflated to all of BPM for FY 1998.

RESPONSE

- a. Survey sites were directed to capture every bulk rate BPM mailing presented between June 21, 1999 and July 21, 1999.
- b. Please see the programs referenced in LR-I-109, Appendix D, Section III, pages 195-199.

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AAP/USPS-T27-30. Please refer to Attachment I, Table 1 of your testimony. With respect to the Direct Talley IOCSs Costs by Function that are shown at rows (1) through (4), please provide (in Excel spreadsheets if possible), the underlying IOCS tally information for all underlying mail processing activities that were totaled to produce the tallies shown for each of the 52 cost pools shown in column (1), column (2), column (3) and column (4). Please provide separate subtotals for each column.

RESPONSE

I am unsure exactly what you are asking for. I am informed that the detailed raw tally information is available in electronic form in USPS LR-1-12, but is not available in Excel spreadsheet form. I have attached the direct record counts that support Table 1. The attachments are output from an Excel spreadsheet.

BY98 IOCS Direct Tally Record Counts
Bound Printed Matter (BPM)

		(1)	(2)	(3)	(4)	(5)			
		Direct Tally IOCS Record Counts by Basic Function							
Group	Pool	Outgoing	Incoming	Transit	Other	Total			
1	mods	bcs	0	0	0	0	0	0	
2	mods	ocr	0	0	0	0	0	0	
3	mods	fsm	16	17	0	0	33	0	
4	mods	lsm	0	0	0	0	0	0	
5	mods	1SackS_m	0	3	0	0	3	0	
6	mods	mecparc	0	2	0	0	2	0	
7	mods	spbs Oth	13	19	0	0	32	0	
8	mods	spbsPrio	0	1	0	0	1	0	
9	mods	manf	4	15	0	0	19	0	
10	mods	mani	0	6	1	0	7	0	
11	mods	manp	11	9	0	0	20	0	
12	mods	Priority	1	1	0	0	2	0	
13	mods	ld15	0	0	0	0	0	0	
14	mods	1bulk pr	0	0	0	0	0	0	
15	mods	1cancMPP	1	1	0	0	2	0	
16	mods	1OpBulk	5	7	0	0	12	0	
17	mods	1OpPref	13	7	0	0	20	0	
18	mods	1Platform	8	10	1	2	21	0	
19	mods	1Pouching	8	2	0	0	10	0	
20	mods	1SackS_h	3	5	0	0	8	0	
21	mods	1scan	0	0	0	0	0	0	
22	mods	1EEqmt	0	0	0	0	0	0	
23	mods	Support Fcn 1	0	0	1	0	1	0	
24	mods	BusReply	0	0	0	1	1	0	
25	mods	Express	0	0	0	0	0	0	
26	mods	Mailgram	0	0	0	0	0	0	
27	mods	Registry	0	0	0	0	0	0	
28	mods	Rewrap	0	0	0	0	0	0	
29	mods	Intl	7	0	0	1	8	0	
30	mods	LD41	0	0	0	0	0	0	
31	mods	LD42	0	0	0	0	0	0	
32	mods	LD43	4	54	0	0	58	0	
33	mods	LD44	0	6	0	0	6	0	
34	mods	Support Fcn 4	0	3	0	0	3	0	
35	mods	LD48_Exp	0	0	0	0	0	0	
36	mods	LD48_SpSv	1	3	0	1	5	0	
37	mods	LD49	7	4	0	2	13	0	
38	mods	LD79	1	1	0	0	2	0	
39	bmc	NMO	7	3	0	0	10	0	
40	bmc	Other	28	51	0	1	80	0	

Bound Printed Matter (BPM)

		(1)	(2)	(3)	(4)	(5)		
		Direct Tally IOCS Record Counts by Basic Function						
Group	Pool	Outgoing	Incoming	Transit	Other		Total	
41	bmc Platform	11	12	2	0		25	
42	bmc PSM	68	109	0	0		177	
43	bmc SPB	9	10	0	0		19	
44	bmc SSM	7	14	0	0		21	
45	non-mods Allied	1	20	0	0		21	
46	non-mods Auto Dist	0	0	0	0		0	
47	non-mods Express	0	0	0	0		0	
48	non-mods Manual Flats	0	19	0	0		19	
49	non-mods Manual Letter	0	0	0	0		0	
50	non-mods Manual Parcel	6	38	0	0		44	
51	non-mods Misc/Support	2	2	0	0		4	
52	non-mods Registry	0	0	0	0		0	
Total		242	454	5	8		709	

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AAP/USPS-T27-31. In LR-I-109, under the heading "Piece Controls," the Study states that "[v]olumes associated with the mailer's permit numbers are deducted from the appropriate offices and strata before sampled pieces are inflated to national pieces." Since the Survey was conducted in FY 99, please explain fully how the Postal Service deducted FY 99 volumes associated with mailer's permit numbers from FY 1998 office totals.

RESPONSE

I am informed that pieces captured during the survey period for the mailer referenced are inflated to their 1998 volumes. This mailer's 1998 volumes are deducted from 1998 office and strata volumes for the purpose of inflation.

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AAP/USPS-T27-32. In LR-I-109, under the heading "Estimation Procedures," the Study states that "[i]n the final results, strata 2 and 3 are combined. Given the especially low response rate from stratum 3, it was determined that it was inadvisable to represent its mail volume by the single mailing sampled from that strata during the survey period." With respect to this statement:

(a) Please confirm that there was only one mailing sampled from stratum 3 during the survey period.

(b) If you confirm that there was only mailing sampled from stratum 3 during the survey period, please state whether there is any way to measure the standard error of BPM mail sampled from stratum 3. Please explain your answer fully and provide any standard error calculations for BPM from stratum 3.

RESPONSE

a. Confirmed.

b. I am informed that the procedure for estimating the standard errors did not permit an estimate of standard error for stratum 3. For non-stratum 1 offices, the procedure selects mailings randomly from within each stratum to estimate standard errors. Because there is only one observation in stratum 3, no variance is generated using this procedure.

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AAP/USPS-T27-33. With respect to LR-I-109, please state the number of Survey observations and the number of separate mailers whose BPM destination entry profiles were recorded as "BMEU Verified Drop Shipments."

RESPONSE

I am informed that thirteen mailings were coded as BMEU Verified Drop Shipment. Eight mailings were coded as both BMEU Verified Drop Shipment and Plant Load. One mailing was coded as BMEU Verified Drop Shipment, Plant Load, and Plant Verified Drop Shipment. These 22 mailings were made by a total of three mailers.

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AAP/USPS-T27-34. With respect to LR-I-109, please state the number of Survey observations and the number of separate mailers whose BPM destination entry profiles were recorded as "Plant Verified Drop Shipments."

RESPONSE

I am informed that from the hard-copy survey forms, 612 mailings were coded as Plant Verified Drop Shipment, 12 mailings were coded as both Plant Verified Drop Shipment and BMEU Entry, 22 mailings were coded as both Plant Verified Drop Shipment and Plant Load, and one mailing was coded as Plant Verified Drop Shipment, BMEU Verified Drop Shipment and Plant Load. All of these mailings were made by a total of 22 separate mailers.

In addition to the hard-copy survey forms, 580 mailings documented in electronic format or documented on the special form for one mailer were coded as Plant Verified Drop Shipment. (For additional information on the special form for one mailer, please refer to my response to AAP/USPS-T27-17.) Two of the electronic format mailings were coded as Plant Verified Drop Shipment and Plant Load. All of these mailings were made by a total of 8 separate mailers.

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AAP/USPS-T27-35. In LR-I-109, under the heading "Zone Calculation and Entry Profile Determination," the Study states that "[e]ntry and destination ZIP codes determine the entry profile." With respect to this statement, please explain fully how entry ZIP codes were determined for BPM that entered postal facilities on pallets. In particular, please explain how the Survey would determine the entry level zip code for a single pallet of BPM mail that was delivered by the mailer to the Postal Service at a SCF but was destined for another BMC service area.

RESPONSE

Transportation Version

The entry Zip Code for mail entering a postal facility on pallets will depend on whether it is plantloaded (mail loaded onto a Postal or Postal contracted vehicle), dropshipped, or BMEU entered. For Plant Load, the entry Zip Code is recorded as the Zip Code of the mailer facility where the mail is loaded. For dropshipped mail, the entry Zip Code is recorded as the Zip Code of the postal facility where the mail is being deposited. For BMEU Entry, the entry Zip Code is recorded as the Zip Code of the BMEU. In the example presented, the entry Zip Code would be the Zip Code of the SCF at which the mail was deposited.

Mail Processing Version

The Mail Processing Version will be slightly different. It was assumed that containers sorted to a more aggregate level than the office where they are entered are first processed at the facility representing their sortation level. For example, SCF sacks first entered into an Origin AO would first be handled at an SCF. In the example

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presented if the mail was on a BMC pallet, the entry Zip Code would be the Zip Code of the parent BMC of the SCF at which the mail was deposited.

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AAP/USPS-T27-36. Appendix A of LR-I-109 provides "Standard Error Estimates" for various volume estimates in the BPM Survey. With respect to each of these "Standard Error Estimates":

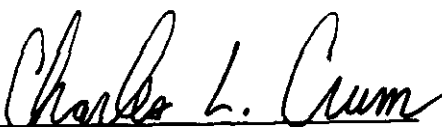
- (a) Please provide all confidence intervals and statistical tests that were conducted for any and all tables contained in Appendix A.
- (b) Please provide all underlying data that were used to produce the tables provided in Appendix A. If possible, please provide this data in Excel spreadsheet form.

RESPONSE

- a. Pages 41-56 of Appendix A present standard errors. The standard error procedure is described on pages 8-9 of LR-I-109. It is my understanding that confidence intervals can be calculated using the tables in the standard error section in coordination with the associated tables in the previous section. No statistical tests, as such, were conducted in the library reference.
- b. Please refer to LR-I-109, Appendix D, Section 4, pages 199-204. I am informed that the raw data used to generate the standard errors can be found in two text files - process_data.csv and transport_data.csv - in the \libref\inputs subdirectory of the *electronic version of the library reference*. The data is not available in Excel spreadsheet form.

DECLARATION


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


CHARLES L. CRUM

Dated: 4 APRIL 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.


Richard T. Cooper

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Washington, D.C. 20260-1137
April 4, 2000