

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 UNITED STATES POSTAL SERVICE  
WITNESS XIE TO INTERROGATORIES OF  
UNITED PARCEL SERVICE  
(UPS/USPS-T1-66-76, 79)  
(April 28, 2000)

The United States Postal Service hereby provides the responses of witness Xie to the following interrogatories of United Parcel Service: UPS/USPS-T1-66-76, filed on April 11, 2000 and UPS/USPS-T1-79 filed on April 14, 2000. An objection to interrogatory UPS/USPS-1-77 was filed on April 24, 2000. Interrogatory UPS/USPS-78 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:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

*K N Hollies*

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Kenneth N. Hollies

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
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**UPS/USPS-T1-66.** Refer to your response to interrogatory UPS/USPS-T1-34 regarding the TRACS Highway Subsystem (USPS-LR-I-52). Explain the following details of the data collection process:

- (a) How do you ensure that Priority Mail is retained for sampling rather than immediately moved to the next processing operation or other stage of handling?
- b) Do containers, pallets, and/or loose items contain markings, labels or other indications that they contain Priority Mail?
- c) Given that a TRACS test can take considerable time, what steps are taken to avoid delaying the movement of Priority Mail?
- d) Have any audits, studies, or surveys been conducted to determine whether Priority Mail movement is evading the TRACS inspection procedure? If so, provide copies of the management reports describing the outcome of the audits.

**RESPONSE.**

- a) Data collectors work with operations personnel to select samples from all unloaded mail, regardless of the class or subclass of mail, except for Express Mail. Postmasters are also responsible for ensuring that the integrity of cost systems tests is not sacrificed for operating expediency.
- b) Most containers, pallets and loose items are clearly marked, identifying the contents as Priority Mail, or identifying the operation from which it came or to which it is going as a Priority Mail operation. Even when the containers and pallets are not marked, many are readily recognizable as containing Priority Mail because of the identification markings on the pieces. Not all containers, pallets and loose items are marked or labeled in a way that makes them readily identifiable as containing Priority Mail.

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- c) Data collectors work with operation's personnel to prioritize the sampling and recording of mail to alleviate delays of time critical products.
- d) Yes. Please see the institutional response to UPS/USPS-T1-33.

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**UPS/USPS-T1-67.** Refer to your response to interrogatories UPS/USPS-T1-38 through 41 regarding the sample design process for the TRACS Highway System (USPS-LR-I-52) for the fourth quarter of FY1998, in which you confirm that records are dropped during the process of matching the NASS and the Highway Pay Master File. For all quarters in FY1998, identify the fraction of records dropped due to non-Highway records in NASS, the fraction dropped due to box routes in NASS, the fraction dropped due to the NASS record representing an emergency or exceptional service movement and the fraction dropped due to other major reasons, with explanations of the reasons those drops occur.

**RESPONSE.**

The following table shows the proportions of the referred NASS records dropped for various reasons, for all quarters in FY 1998. The records that are not in the Highway Pay Master File can not be further classified since there is no account number associated with them. The Terminated/non-active routes are associated with accounts that are shown by the Pay Master File either with STATUS="T" or to have zero accrued payment (YRTODATE=0). Although the proportion of emergency route dropped is shown, there are no exceptional service routes are in NASS. Other highway routes include routes that accrue to highway accounts but are not sampled within TRACS, such as plant load routes and empty mail equipment routes.

<b>Reason for Dropping NASS Record</b>	<b>PQ1FY98</b>	<b>PQ2FY98</b>	<b>PQ3FY98</b>	<b>PQ4FY98</b>
Not in Highway Pay Master File	0.733	0.735	0.710	0.733
Terminated/non-active routes	0.070	0.071	0.099	0.077
Box routes	0.051	0.050	0.052	0.050
Emergency routes	0.135	0.133	0.127	0.127
Other highway routes	0.010	0.010	0.011	0.011
Water routes	0.001	0.001	0.001	0.001

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**UPS/USPS-T1-68.** Refer to the Postal Service's response to interrogatory UPS/USPS-T1-42 regarding TRACS Highway Subsystem data files. In collecting data for TRACS, is it common or typical that the sequence in which containers, pallets, and loose items are recorded is the same in which they are unloaded or selected? If not, explain why selection would not occur in the sequence of unloading, or recording of data would not occur in the sequence of unloading or selection.

**RESPONSE.**

The sequence in which containers, pallets, and loose items are recorded is independent from the sequence in which they are unloaded or selected. Data collectors typically set aside all the samples then record them one by one. The order of recording may reflect efforts to avoid delaying the movement of certain mail products, or be in response to other requests from operations staff.

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**UPS/USPS-T1-69.** Refer to your response to interrogatory UPS/USPS-T1-42(c) (sic) in which you indicate that "the selection process was revised to ensure that HASP facilities are included in the same stratum as BMC's and SCF's." Prior to revision, in what strata were movements into and out of HASP facilities included, and in what proportions?

**RESPONSE.**

I assume your question refers to my response to interrogatory UPS/USPS-T1-44(c). The proportion of highway frame units for movements into and out of HASP facilities, by stratum, are provided in the following table.

<b>Contract Type</b>	<b>Stratum</b>	<b>Proportion of HASP Movements</b>
<b>Inter-SCF</b>	1. BMC	0.57%
	2. SCF	69.98%
	3. Other	24.09%
<b>Intra-BMC</b>	1. Inbound BMC	0.19%
	3. Inbound Other	0.19%
	5. Outbound Other	0.19%
<b>Intra-SCF</b>	1. Inbound BMC or SCF	4.78%

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**UPS/USPS-T1-70.** Refer to your response to UPS/USPS-T1-43 regarding the TRACS Highway Subsystem (USPS-LR-I-52).

- (a) On what day(s) were the HCSS samples drawn for the TRACS Highway Subsystem data collection process?
- (b) On what day(s) were the HCSS samples drawn that witness Bradley (USPS-T18) used in his empirical work estimating highway volume variability?
- c) Are the samples used as inputs to the estimation of volume variability identical to the samples used as inputs to the calculation of distribution keys? Are they one and the same?
- (d) Have you done any analyses to verify that your sample, used in calculating distribution keys, matches or is representative of the sample used in estimating variability? In particular,
  - i. Describe the analyses.
  - ii. Do the samples represent the same period of time?
  - iii. Do the samples match in the distribution of observations across contract types and strata?
  - iv. Are the samples similar in terms of average capacity per segment, average miles per segment, or other variable?

**RESPONSE.**

- a) The best indicator I have is the dates when the data sets were first created, which were August 13, 1996 and August 3, 1995, respectively. That does not mean these are the dates when the data were extracted from the HCSS. It is possible that the data sets were updated afterwards by a later extract from the HCSS. I suspect the actual extract(s) happened just prior to the beginning of PQ1, FY1997. The HCSS data extracts used in the TRACS frame compiling process are not a sample -- they contain all the routes that were in the HCSS database at the time they were extracted. The HCSS data

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are only used to identify box routes in the Highway Pay Master file that should be excluded from the highway frame.

- b) My understanding is that the HCSS data extract used by witness Bradley is not a sample, and covers all contracts in force in August 1998. Each observation contains annual values for the variables like cost or miles traveled.
- c) No. HCSS data are not used directly in the calculation of distribution keys. TRACS uses the HCSS data solely to exclude box routes from the quarterly NASS extract file to create the sampling frame, or list of the universe, from which a random sample of units is selected for enumeration.
- d) N/A - see response to part (c) above.



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**UPS/USPS-T1-71.** Refer to your response to UPS/USPS-T1-47 regarding data on Emergency and Exceptional contracts. Does the presence of Emergency contracts in the Highway Pay Master File mean that movements operated under emergency contracts are part of the TRACS Highway Subsystem sample? If so, provide the fraction of the sample that represents Emergency contracts.

**RESPONSE.**

No. Only the regular contracts in the 'Highway Pay Master File' are included in the Highway frame.

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**UPS/USPS-T1-73.** Refer to the Postal Service's response to UPS/USPS-T1-54, which includes a page of a TIMES daily log report.

(a) Confirm that none of the entries on this page recorded the number of containers, pallets, or hampers or the number of Express items.

(b) What proportion of entries in the TIMES system record container, pallet, hamper and Express item counts?

(c) It appears that the fields listed in (a) above are not used. Why are these fields in the database if they are not in use? If these fields are occasionally used, for what purpose are they used, and how can such uses rely on partial collection of the data?

(d) Confirm that none of the entries on this page recorded the percent of load preferential mail, the percent of load Priority, or the percent of load bedloaded.

(e) What proportion of entries in the TIMES system record these percentages?

(f) It appears that the fields listed in (d) above are not used. Why are these fields in the database if they are not in use? If these fields are occasionally used, for what purpose are they used, and how can such uses rely on partial collection of the data?

**RESPONSE.**

Redirected to the Postal Service.

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**UPS/USPS-T1-74.** Refer to the Postal Service's response to UPS/USPS-T1-57. Provide detailed definitions of the following variables and concepts mentioned in your response, and respond to the associated questions.

- (a) Define "percent of floor space utilized." Which field or fields in the TIMES database correspond to this concept?
- (b) Define the variable "percent of load preferential mail." What sub-classes of mail are considered to be preferential?
- (c) Define the variable "percent of load Priority." Is this calculated as percent of the truck capacity, percent of the mail loaded, percent of the load full, or otherwise?
- (d) Define the variable "percent of load full."
- (e) Define the variable "percent of load bedloaded." Does the term "bedloaded" refer to loose items?
- (f) In the above variable definitions, are percentages calculated with respect to volume or to container/hamper/pallet count?
- (g) In the above variable definitions, are percentages calculated with respect to the empty space prior to loading, to vehicle capacity, or to the space occupied by the entire mail volume loaded at that stop?
- (h) Based on the information recorded in TIMES, how would one calculate the percentage of the truck that is empty?
- (i) Does TIMES record information on all mail in the truck, or just mail that is loaded or unloaded at the facility?
- (j) Are the variables for code 5500 and code 5466 assigned "yes" or "no" values? What does "not in full compliance with his contractual responsibilities" mean?
- (k) Witness Bradley, in his response to UPS/USPS-T18-2 (k), indicates that information from Form 5429 is recorded in TIMES. What information, and in which listed variables, is recorded? If such information is not recorded in the variables listed, identify the variables in which it is recorded, along with any other TIMES variables not listed in your response, and provide definitions for the variables.

**RESPONSE.**

Redirected to the Postal Service.

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**UPS/USPS-T1-75.** Refer to the Postal Service's response to UPS/USPS-T1-59.

a) Witness Bradley, in his response to UPS/USPS-T18-2(k), indicates that information from Form 5429 is entered into TIMES. Into what variables in TIMES is that information entered? Does the information entered include whether the movement was under an emergency contract or was for exceptional service?

b) Is it possible to identify the flow of containers related to highway movements on emergency contracts in the TIMES database, or to match TIMES records to another database that records whether a movement is on an emergency contract? If so,

i. For those records in TIMES where data has been entered for the variables Percent of Load Preferential Mail, Percent of Load Priority, Percent of Load Full, or Percent of Load Bedloaded, provide the frequency distribution and average value of these variables for all records, and for records representing movements made on an emergency contract.

ii. For those records in TIMES where data has been entered for the variables Number of GPC Containers Empty and Full, Number of BMC Containers Empty and Full, Number of Amtrak Containers Empty and Full, Number of Hampers Empty and Full, Number of Pallets (and Pallet Boxes) Empty and Full, and Express Mail Items, provide the frequency distribution and average value of these variables for all records, and for records representing movements made on an emergency contract.

c) Is it possible to identify the flow of containers related to exceptional service highway movements in the TIMES database, or to match TIMES records to another database that records whether a movement is for exceptional service? If so,

i. For those records in TIMES where data has been entered for the variables Percent of Load Preferential Mail, Percent of Load Priority, Percent of Load Full, or Percent of Load Bedloaded, provide the frequency distribution and average value of these variables for all records, and for records representing movements made for exceptional service.

ii. For those records in TIMES where data has been entered for the variables Number of GPC Containers Empty and Full, Number of BMC Containers Empty and Full, Number of Amtrak Containers Empty and Full, Number of Hampers Empty and Full, Number of Pallets (and Pallet Boxes) Empty and Full, and Express Mail Items, provide the frequency distribution and average value of these variables for all records, and for records representing movements made for exceptional service.

**RESPONSE.**

Redirected to the Postal Service.

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**UPS/USPS-T1-76.** Refer to your response to UPS/USPS-T1-62, regarding the Emery contract for Priority Mail.

(a) Identify whether air operations movements paid under the Emery contract for the PMPC network are included in the ACSS extract file from which the TRACS Commercial Air Subsystem is drawn.

(b) Indicate whether the TRACS SAS programs specifically exclude such movement records. If so, indicate the line number and location of the relevant SAS logs.

**RESPONSE.**

(a) As explained in my revised response to UPS/USPS-T1-62, no such movements are included in the ACSS extract file. Therefore, they are not in the Commercial Air Subsystem sampling frame, nor in the sample.

(b) Not applicable.

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**UPS/USPS-T1-77.** Refer to the Postal Service's response to interrogatories T1-18,22,25 and 26, and to Library Reference USPS-LR-I-288, regarding variables in the TRACS system. Provide a full description of each variable in Library Reference USPS-LR-I-288.

**RESPONSE.**

An objection to this interrogatory was filed, although some responsive material can be provided as explained in the objection if protective conditions are attached.

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**UPS/USPS-T1-78.** Refer to the Postal Service's response to interrogatory UPS/USPS-T1-22, which identifies a file named LAXSTN.PS272D14(0) (NASS for Network Air), and interrogatory UPS/USPS-T1-25, which identifies a file named LAXSTN.PS272D13(0) (NASS for Highway).

(a) Define the meaning of "Transportation Codes" and its value "N," used in these files. Is this the same as the variable "WS-OUT-TRANS-CODE"?

(b) Is LAXSTN,PS272D14(0) composed solely of network air records? If not, of what is it composed?

(c) Is LAXSTN,PS272D13(0) composed solely of highway records? If not, of what is it composed?

**RESPONSE.**

Redirected to the Postal Service.

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**UPS/USPS-T1-79.** Refer to your response to interrogatory UPS/USPS-T1-35, in which you make a distinction between co-located facilities that share a dock area, and co-located facilities that have separate dock areas.

- a) Of the co-located facilities, what proportion of the total share a dock area?
- b) Is it ever the case that mail for each of two co-located facilities is unloaded at the same time at the same dock, and then distributed internally to the two facilities? If so, how are the costs of such a movement assigned to an account code, given the possibility that the proper choice could depend on which facility was considered the primary recipient?

**RESPONSE.**

- a) Of the twelve co-located facilities identified in my extensive queries with operations personnel and data collection staff, four may be construed as having shared docks. Two of these are the Anchorage P&DC and Anchorage AMF. I am informed that the Anchorage P&DC receives all mail transported by highway contract for both the P&DC and the AMF, and that no highway contracts are destined for the AMF. The other two facilities that might be construed as having shared docks are the Indianapolis HASP and the National Eagle Hub. The HASP receives all mail transported by highway contract for both the HASP and the Hub, and no highway contracts are destined for the Hub.
- b) Yes – see response to part (a) above. There is no ambiguity about which facility is considered the recipient of the mail. The Anchorage P&DC or the Indianapolis HASP are treated as the recipients of this mail. After unloading, the mail is transferred to the Anchorage AMF or the National Eagle Hub.

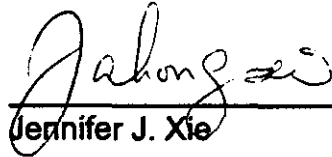


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**TRACS does not assign costs to account codes. My understanding is that highway movements are not directly assigned to account codes. They are specified under contracts. Contracts are assigned to account codes by Purchasing. Typically, a facility is served by multiple movements that involve more than one account.**

DECLARATION


I, Jennifer J. Xie, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Jennifer J. Xie

Date: April 28, 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.

  
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**Kenneth N. Hollies**

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April 28, 2000