

DOCKET SECTION

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, 1997)

Docket No. R97-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS CARL G. DEGEN
(OCA/USPS-T12-16-20)
July 31, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



KENNETH E. RICHARDSON

Attorney

OCA/USPS-T12-16. Please refer to lines 1-17, page 5 of your testimony. This section lists three criticisms of existing clerk and mailhandler costing and the Postal Service's responses to these criticisms.

- a. Please identify which of the responses addresses the problem of an increase in "not-handling-mail tallies."
- b. Does the proportion of "not-handling-mail tallies" decrease due to the application of MODS-based cost pools? Please explain.
- c. Does the number of "not-handling-mail tallies" decrease due to the application of MODS-based cost pools? Please explain.
- d. Please confirm that the FY 1996 number of "not-handling-mail tallies" is the same, regardless of how the new cost pools are defined. If you do not confirm, please explain.
- e. Does the proportion of "not-handling-mail tallies" decrease due to a change in the assumption that mail processing direct labor and overhead costs are 100 percent volume variable? Please explain.
- f. Does the number of "not-handling-mail tallies" decrease due to a change in the assumption that mail processing direct labor and overhead costs are 100 percent volume variable? Please explain.
- g. Does the proportion of "not-handling-mail tallies" decrease due to a change in the method used to distribute mixed-mail costs? Please explain.
- h. Does the number of "not-handling-mail tallies" decrease due to a change in the method used to distribute mixed-mail costs? Please explain.

OCA/USPS-T12-17. Please refer to lines 16-17, page 5 of your testimony. You state, "I believe these revisions result in more accurate estimates of attributable cost."

- a. Does the accuracy of the attributable cost estimates depend on the sampling error associated with those estimates? Please explain.
- b. Have you compared the relative sampling error of cost estimates under the new costing approach for base year 1996 to those produced under the previous methodology for FY 1995? Please provide the results of any such comparison.
- c. Have you compared the relative sampling error of cost estimates under the new costing approach for base year 1996 with the sampling errors associated with FY 1996 cost estimates produced under the old methodology? Please provide the results of any such comparison.
- d. Is there any sampling error or other uncertainty about the estimates of volume variability you apply to each of the cost pools? If there is, what is its magnitude and how is it accounted for in assessing the reliability of final attributable cost estimates for clerks and mailhandlers?
- e. Please provide any additional comparisons that have been made to determine whether the new costing methodology has a significant effect on the statistical reliability of estimates produced.

OCA/USPS-T12-18. Please refer to hard copy documentation for library reference H-23 and to the instructions for completing IOCS question 24 (pages 133-34, H-49). Please explain how the data from question 24 is recorded on the IOCS file. Include in

your response sufficient detail so that the responses to question 24 can be recreated from the data fields described in library reference H-23.

OCA/USPS-T12-19. Please refer to IOCS question 21D, page 92 of library reference H-49. This question asks for the percent of the container taken up by items and pieces by type.

- a. Please confirm that the responses to question 21D are represented by the values in variables F9901-F9919, F9420, and F9421 of the IOCS data file. If you do not confirm, please provide the correct variable numbers.
- b. Please explain how the data collectors are instructed to measure the proportions that they enter for this question. For example, is there a uniform method used to measure how much of the container is taken up by each item or piece type?
- c. Please confirm that the data collectors just "eye-ball" the container and enter a rough estimate for the percentages. If you do not confirm, please provide more detail than provided in library reference H-49 on how these percentages are measured.
- d. Please confirm that by using the "eye-ball" approximation method, almost all percentages are reported as either multiples of five or 10 percent. If you do not confirm, please provide a frequency table showing the proportion of non-zero values for these variables that are a multiples of five, multiples of 10, and neither.
- e. Suppose that as a rule, data collectors almost always entered multiples of five (5, 10, 15, ..., 100) for the nonzero responses to question 21D. Would such a practice constitute a potential source of nonsampling error? Please explain.

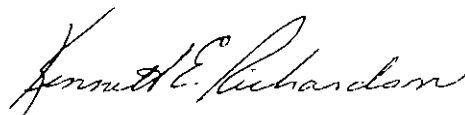
- f. Were the data collectors instructed to enter only multiples of five to complete the data requested in question 21D? If so, please provide a copy of that instruction.
- g. If two different data collectors were to independently record information for question 21D, is it likely that they would record essentially the same information? Please provide any documents prepared by or for the Postal Service relating to whether this question could be answered consistently by different data collectors.

OCA/USPS-T12-20. Please refer to line 431 of program MOD1POOL, library reference H-146. This line refers to a value of '0300' for the variable F262 (activity code).

- a. Please confirm that this activity code is not described in LR-H-1. If you do not confirm, please provide a page reference. If activity code 0300 is defined in another library reference, please provide a citation to the appropriate library reference and page number.
- b. Please explain what an activity code of 0300 represents.

CERTIFICATE OF SERVICE

I hereby certify that I have this date 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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Washington, D.C. 20268-0001
July 31, 1997