

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

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DEGEN TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T12-1-11)

The United States Postal Service hereby provides responses of witness Degen to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T12-1-11, filed on July 22, 1997.

Each interrogatory is stated verbatim and is followed by the response. Mr. Degen's declaration will be filed shortly.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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August 5, 1997

**Response of United States Postal Service Witness Degen
to Interrogatories of Office of the Consumer Advocate**

OCA/USPS-T12-1. Please provide IOCS sampling information disaggregated by BMC's, MODS, and non-MODS offices. In particular, please provide:

- a. The number of BMC's, MODS, and non-MODS offices by CAG existing at the beginning of FY 1996.
- b. The number of employees by craft (or craft cost pool) and CAG at BMC's, MODS, and non-MODS offices for FY 1996. These numbers can be presented by pay period or as an average of the pay period employee complements over the year. If provided as an average and there is significant fluctuation by pay period in the employee complements, then please provide the high and low complement values also.
- c. The total employee compensation (from the Payroll Data System) by craft and CAG at BMC's, MODS, and non-MODS offices for FY 1996.
- d. A list of CAG A, CAG B, and BMC's that were not included in the FY 1996 IOCS office sample. Please designate the CAG and MODS status for each of these offices.
- e. For each office in part d of this interrogatory, please provide the number of employees by craft at BMC's, MODS, and non-MODS offices for FY 1996. Please provide numbers comparable to those provided in part b of this interrogatory.
- f. For each office in part d of this interrogatory, please provide the total employee compensation (from the Payroll Data System) by craft and CAG at BMC's, MODS, and non-MODS offices for FY 1996.
- g. The number of BMC's, MODS, and non-MODS offices by CAG that are in the FY 1996 IOCS sample.
- h. The effective employee sample size by craft at BMC's, MODS, and non-MODS offices for FY 1996. Please provide numbers comparable to those provided in part b of this interrogatory.
- i. The total employee compensation (from the Payroll Data System) by craft and CAG at BMC's, MODS, and non-MODS offices for FY 1996 IOCS sample offices.

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OCA/USPS-T12-1 Response.

a. Please see Attachment 1 to this response. Attachment 1 contains two tables.

The top table is a simple count of finance numbers in the FY 1996 AP 01 Installation Master File (IMF). Not all of these finance numbers have clerks and/or mailhandlers, and not all of the MODS numbers are "eligible" for IOCS sampling. For instance, Remote Encoding Centers are not sampled in IOCS, but generate the bulk of the costs in the "LD15" cost pool. The bottom table is based on finance numbers in NORPES which have clerks or mailhandlers at any point in FY96. Note that office counts taken at different points in time will not be identical.

b. Please see Attachment 2 to this response. The numbers provided are averages, but the fluctuations in complements are small.

c. Please see Attachment 3 to this response. The totals by office group are consistent with the YTDAMT column in LR-H-146, at I-27; these are the data which are relevant to the cost pool formation process. The dollar-weighted tallies are used to construct distribution keys only. For details on the tally cost weighting procedure, please see LR-H-19.

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- d. Please see Attachment 4 to this response. The list includes only offices "eligible" for IOCS sampling. The complements are averages as in part b. Note that the table does not discriminate between finance numbers with zero complements and finance numbers not in NORPES.
- e. Please see the response to part d.
- f. Please see Attachment 5 to this response. The table summarizes clerk and mailhandler compensation at all offices that were not selected for the IOCS sample.
- g. Please see Attachment 6 to this response. This table is based on unique finance numbers in the set of clerk/mailhandler tallies.
- h. Please see Attachment 7 to this response for the MODS and non-MODS office groups. The employee counts are averages, as in the response to part b. Please see the response to part b for the BMCs, all of which are included in the IOCS sample.

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- i. **Please see Attachment 8 to this response for the MODS and non-MODS office groups. Please see the response to part c for the BMCs.**

Attachment 1

Response to OCA/USPS-T12-1 -- Attachment 1

Number of BMCs, MODS Offices, and Non-MODS Offices in AP 01 FY 1996
Includes offices not eligible for IOCS sampling

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H	CAG J	Total
BMC	21	0	0	0	0	0	0	0	21
MODS	699	156	24	4	0	0	0	0	883
Non-MOD	376	620	582	1,481	1,886	2,994	3,675	4,849	16,463
Total	1,096	776	606	1,485	1,886	2,994	3,675	4,849	17,367

Total NORPES Offices with Clerk and Mailhandler Employees

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H	CAG J	Total
BMC	21	0	0	0	0	0	0	0	21
MODS	560	134	25	5	0	0	0	0	724
Non-MOD	192	586	569	1,507	1,917	3,015	n/a	n/a	7,786
Total	773	720	594	1,512	1,917	3,015	n/a	n/a	8,531

Note: Detail not available for CAG H/J

Attachment 2

Response to OCA/USPS-T12-1 – Attachment 2

Average Number of NORPES Clerks/Mailhandlers for FY 1996 by office group, craft and CAG

BMC'S

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H	CAG J	Total
Clerk-Reg	5,900	0	0	0	0	0	0	0	5,900
Clerk-Sub	1,568	0	0	0	0	0	0	0	1,568
Mailhandl	10,336	0	0	0	0	0	0	0	10,336
Total Cler	17,804	0	0	0	0	0	0	0	17,804

MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H	CAG J	Total
Clerk-Reg	158,338	8,625	873	261	0	0	0	0	168,097
Clerk-Sub	42,137	1,868	206	55	0	0	0	0	44,266
Mailhandl	54,954	776	80	24	0	0	0	0	55,834
Total Cler	255,430	11,268	1,158	339	0	0	0	0	268,196

NON-MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H	CAG J	Total
Clerk-Reg	8,695	18,808	9,748	11,487	5,271	2,889	698	53	57,652
Clerk-Sub	20,204	5,534	3,740	6,770	5,566	6,559	6,052	3,603	58,873
Mailhandl	1,193	954	196	82	6	1	0	0	2,432
Total Cler	30,092	25,296	13,684	18,339	10,842	9,449	6,750	3,655	118,958

Attachment 3

Response to OCA/USPS-T12-1 -- Attachment 3

Total compensation of clerks and mailhandlers by office group, craft and CAG

BMC'S

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H/J	TOTAL
Clerk-Reg	277,906							277,906
Clerk-Sub	46,914							46,914
Mailhandlers	418,645							418,645
Total Clerks/Mailhandlers	743,465							743,465

MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H/J	TOTAL
Clerk-Reg	7,394,903	385,368	39,472	4,371				7,824,113
Clerk-Sub	1,464,078	53,190	7,249	807				1,525,324
Mailhandlers	2,223,022	26,874	3,638	97				2,253,630
Total Clerks/Mailhandlers	11,082,002	465,431	50,359	5,275				11,603,067

NON-MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H/J	TOTAL
Clerk-Reg	251,955	944,014	463,867	530,328	242,818	127,176	31,812	2,591,969
Clerk-Sub	45,648	209,585	143,155	266,557	224,298	244,373	262,194	1,395,809
Mailhandlers	17,352	43,202	8,245	2,900	207	53		71,959
Total Clerks/Mailhandlers	314,955	1,196,800	615,267	799,785	467,323	371,602	294,006	4,059,738

Attachment 4

Response to OCA/USPS-T12-1 -- Attachment 4

CAG A and B facilities not included in IOCS

Avg. Complement (NORPES)

NAME	MODS 1&2/ Non-MODS	CAG	Clerk-Reg	Clerk-Sub	ailhandlers
FAYETTEVILLE P&DF	MODS 1&2	A	0	0	0
JONESBORO AR	Non-MODS	B	59	17	6
MARYSVILLE P&DF	MODS 1&2	A	75	38	20
NORTH BAY P&DC	MODS 1&2	A	305	108	123
SALINAS P&DF	MODS 1&2	A	70	32	19
MARGARET L SELLERS P&DC	MODS 1&2	A	684	196	339
SANTA BARBARA P&DC	MODS 1&2	A	189	45	72
SUN VALLEY CA	Non-MODS	B	7	7	0
PUEBLO CO	Non-MODS	B	79	13	16
OLD SAYBROOK CT	Non-MODS	B	8	4	0
NATIONAL POSTAL MUSEUM PJT MKT	MODS 1&2	A	5	0	0
U.S. HOUSE OF REPS PO	MODS 1&2	A	0	1	0
DAYTONA BEACH	MODS 1&2	B	66	6	0
DAYTONA P&DF	MODS 1&2	A	120	53	31
GAINESVILLE P&DF	MODS 1&2	A	135	75	40
LAKELAND P&DC	MODS 1&2	A	200	36	43
MANASOTA P&DC	MODS 1&2	A	256	137	91
MID FLORIDA P&DC	MODS 1&2	A	254	123	112
MID FLORIDA CSU	MODS 1&2	A	64	13	0
PANAMA CITY P&DF	MODS 1&2	A	57	44	21
PENSACOLA P&DC	MODS 1&2	A	152	52	49
SOUTH FLORIDA P&DC	MODS 1&2	A	343	224	132
NORTH METRO P&DC	MODS 1&2	A	889	275	299
ATLANTA 1996 SUMMER OLYMPICS	Non-MODS	A	0	0	0
BUSSE SURFACE HUB	MODS 1&2	A	17	76	82
FOX VALLEY P&DC IL	MODS 1&2	A	220	128	144
FRANKLIN PARK IL	Non-MODS	B	27	5	1
IRVING PARK ROAD P&DC	MODS 1&2	A	433	452	304
SCHAUMBERG IL	Non-MODS	B	102	35	9
EVANSVILLE P&DF	MODS 1&2	A	123	25	32
GARY P&DC	MODS 1&2	A	190	60	74
MUNCIE P&DF	MODS 1&2	A	89	24	23
SOUTH BEND	MODS 1&2	B	62	0	0
SOUTH BEND P&DC	MODS 1&2	A	189	38	60
BOWLING GREEN P&DF	MODS 1&2	A	63	24	0
LONDON P&DF	MODS 1&2	A	58	14	13
PADUCAH P&DF	MODS 1&2	A	39	28	0
WELLS ME	Non-MODS	B	3	5	0
ANNE ARUNDEL DDU	Non-MODS	A	37	14	3
BALTIMORE INC MAIL P&DF	MODS 1&2	A	312	74	107
EASTON P&DF	MODS 1&2	A	53	22	22
FREDERICK	MODS 1&2	B	49	6	0
FREDERICK P&DF	MODS 1&2	A	96	27	32

Attachment 4

Response to OCA/USPS-T12-1 -- Attachment 4

CAG A and B facilities not included in IOCS

Avg. Complement (NORPES)

NAME	MODS 1&2/ Non-MODS	CAG	Clerk-Reg	Clerk-Sub	ailhandlers
MAGOTHY BRIDGE DDU	Non-MODS	A	39	21	3
NORTHWEST P&D FACILITY	MODS 1&2	A	18	5	14
CAPE COD P&DF	MODS 1&2	A	74	11	53
MANSFIELD PRIORITY ANNEX	MODS 1&2	A	0	0	0
NORTHERN HASP FACILITY	MODS 1&2	A	2	2	49
IRON MOUNTAIN P&DF	MODS 1&2	A	0	0	0
TRAVERSE CITY P&DF	MODS 1&2	A	88	29	13
LITTLE FALLS MN	Non-MODS	B	4	4	0
OSSEO MN	Non-MODS	B	18	16	0
ROCHESTER P&DF	MODS 1&2	A	0	0	0
GULFPORT P&DF	MODS 1&2	A	101	42	36
CAPE GIRARDEAU P&DF	MODS 1&2	A	64	45	0
HAZELWOOD MO	Non-MODS	B	30	12	0
JEFFERSON CITY MO	Non-MODS	B	29	11	0
GRAND ISLAND P&DF	MODS 1&2	A	46	28	11
NORFOLK P&DF	MODS 1&2	A	54	9	9
PORTSMOUTH P&DF	MODS 1&2	A	72	44	46
MONMOUTH P&DC	MODS 1&2	A	223	71	111
NO NJ PRIORITY MAIL PROC CTR	MODS 1&2	A	0	0	33
NORTH JERSEY PMPC	MODS 1&2	A	0	0	0
PISCATAWAY NJ	Non-MODS	B	43	7	4
WEST JERSEY P&DC	MODS 1&2	A	250	71	129
HALMAR AMF	MODS 1&2	A	0	0	0
METRO NY PRIORITY MAIL CTR	MODS 1&2	A	24	267	175
MID-HUDSON P&DC	MODS 1&2	A	333	85	154
ROCKLAND P&DF	MODS 1&2	A	114	22	48
SARATOGA SPRINGS NY	Non-MODS	B	17	8	0
FAYETTEVILLE P&DC	MODS 1&2	A	205	100	60
HICKORY P&DF	MODS 1&2	A	100	41	35
KINSTON P&DF	MODS 1&2	A	49	38	17
FARGO P&DC	MODS 1&2	A	0	0	0
HEBRON OH	Non-MODS	B	0	4	0
BETHLEHEM PA	Non-MODS	B	22	5	7
BLOOMSBURG PA	Non-MODS	B	9	6	0
KEYSTONE P&DF	MODS 1&2	A	18	14	66
NEW CASTLE P&DF/PO	MODS 1&2	A	132	16	37
VALLEY FORGE PA	Non-MODS	B	2	6	0
CHARLESTON P&DF	MODS 1&2	A	119	40	39
FLORENCE P&DF	MODS 1&2	A	73	41	25
CENTRAL DAKOTA P&DF	MODS 1&2	A	32	15	9
RAPID CITY P&DF	MODS 1&2	A	0	0	0
DYERSBURG TN	Non-MODS	B	15	7	0
SUPPORT & REPAIR FACILITY	MODS 1&2	A	0	0	0

Attachment 4

Response to OCA/USPS-T12-1 -- Attachment 4

CAG A and B facilities not included in IOCS

Avg. Complement (NORPES)

NAME	MODS 1&2/ Non-MODS	CAG	Clerk-Reg	Clerk-Sub	allhandlers
AMARILLO P&DF	MODS 1&2	A	119	74	37
CORPUS CHRISTI P&DC	MODS 1&2	A	133	42	48
NORTH TEXAS P&DC	MODS 1&2	A	612	303	237
GRAND PRAIRIE TX	Non-MODS	B	26	9	0
NORTH HOUSTON P&DC	MODS 1&2	A	610	308	259
INTL & EXPD TD SVC CTR	MODS 1&2	A	51	25	9
MCALLEN P&DF	MODS 1&2	A	0	0	0
MIDLAND P&DF	MODS 1&2	A	82	28	28
SAN ANTONIO AMF	MODS 1&2	A	52	9	4
TYLER P&DC	MODS 1&2	A	90	49	25
LOGAN UT	Non-MODS	B	19	6	0
WHITE RIVER JCT P&DC	MODS 1&2	A	180	50	132
CHARLOTTESVILLE P&DF	MODS 1&2	A	116	46	63
NORFOLK AMF	MODS 1&2	A	37	51	22
PASCO P&DF	MODS 1&2	A	51	22	18
SEATTLE DDC-EAST	MODS 1&2	A	94	57	14
SEATTLE DDC - SOUTH	MODS 1&2	A	57	39	19
CLARKSBURG P&DF	MODS 1&2	A	88	28	30
HUNTINGTON P&DF	MODS 1&2	A	51	25	30
EAU CLAIRE P&DF	MODS 1&2	A	77	15	2
MILWAUKEE PRIORITY ANNEX	MODS 1&2	A	69	37	77
OSKOSH P&DF	MODS 1&2	A	134	27	25
WAUSAU P&DF	MODS 1&2	A	105	36	4
CHEYENNE P&DC	MODS 1&2	A	68	37	31

Attachment 5

Response to OCA/USPS-T12-1 -- Attachment 5

Summary of clerk/mailhandler compensation for offices not included in IOCS
by craft, office group and CAG

MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H/J	TOTAL
Clerk-Reg	706,002	185,611	37,936	4,371	0	0	0	933,919
Clerk-Sub	454,364	32,838	7,119	807	0	0	0	495,128
Mailhandlers	202,481	15,203	3,638	97	0	0	0	221,419
Total Clerks/Mailhandlers	1,362,847	233,652	48,693	5,275	0	0	0	1,650,466

NON-MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H/J	TOTAL
Clerk-Reg	30,173	705,624	408,045	507,451	236,388	125,774	Not avail.	2,013,455
Clerk-Sub	8,603	170,832	126,989	256,183	218,434	241,125	Not avail.	1,022,165
Mailhandlers	2,240	28,204	6,294	2,858	207	53	Not avail.	39,855
Total Clerks/Mailhandlers	41,015	904,659	541,328	766,492	455,029	366,952	Not avail.	3,075,474

Response to OCA/USPS-T12-1 -- Attachment 6

Unique finance numbers in IOCS clerks/mailhandler tallies by CAG and office group, CAG A-J

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H	CAG J	Total
BMC	21	0	0	0	0	0	0	0	21
MODS	413	58	2	0	0	0	0	0	473
Non-MODS	81	111	57	56	46	36	33	39	459
Total	515	169	59	56	46	36	33	39	953

Attachment 7

Response to OCA/USPS-T12-1 – Attachment 7

Average Number of Clerks/Mailhandlers for FY 1996 Included in IOCS Sample in FY 1996

MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H	CAG J	Total
Clerk-Reg	137,883	4,368	33	105	0	0	0	0	142,389
Clerk-Sub	33,174	773	4	14	0	0	0	0	33,965
Mailhandlers	46,478	302	0	4	0	0	0	0	46,784
Total Clerks/Mailhandlers	217,535	5,443	37	123	0	0	0	0	223,137

NON-MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H	CAG J	Total
Clerk-Reg	4,905	4,610	1,218	515	143	31	0	0	11,422
Clerk-Sub	1,122	1,041	436	284	143	91	0	0	3,117
Mailhandlers	393	310	42	1	0	0	0	0	746
Total Clerks/Mailhandlers	6,419	5,961	1,696	799	286	122	0	0	15,284

Note: All BMCs are included in IOCS Sample; see Response to OCA/USPS-T12-1, Attachment 2

Attachment 8

Response to OCA/USPS-T12-1 -- Attachment 8

Total compensation of clerks and mailhandlers by office group, craft and CAG, MODS and Non-MODS offices included in IOCS sample

MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H/J	TOTAL
Clerk-Reg	6,688,901	199,757	1,536	0			Not avail.	6,890,194
Clerk-Sub	1,009,714	20,352	130	0			Not avail.	1,030,195
Mailhandlers	2,020,541	11,671	0	0			Not avail.	2,032,211
Total Clerks/Mailhandlers	9,719,155	231,779	1,666	0			Not avail.	9,952,601

NON-MODS OFFICES

	CAG A/B	CAG C	CAG D	CAG E	CAG F	CAG G	CAG H/J	TOTAL
Clerk-Reg	221,782	238,390	55,822	22,876	6,429	1,402	Not avail.	546,701
Clerk-Sub	37,045	38,753	16,166	10,375	5,664	3,248	Not avail.	111,450
Mailhandlers	15,112	14,999	1,952	42	0	0	Not avail.	32,105
Total Clerks/Mailhandlers	273,940	292,141	73,939	33,293	12,293	4,650	Not avail.	690,256

Note: All BMCs are included in IOCS Sample; see Response to OCA/USPS-T12-1, Attachment 3

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OCA-USPS-T12-2. Please refer to footnote 13 of your testimony. This note states that IOCS does not sample Remote Encoding Centers, but that a distribution methodology based on sampled RBCS images is under development.

- a. Please describe the plans and current status for this Remote Encoding Center distribution methodology.
- b. Please describe any changes in the treatment of Remote Encoding Center costs between FY 1995 and FY 1996 and between FY 1996 and BY 1996.

OCA-USPS-T12-2. Response:

- a. Initial data collection has begun for development of a new REC site distribution key. The final sample size and collection period will be determined after analyzing the variances across offices and days. We do not know when the study will be completed because, as I said, the data collection period is not yet determined.
- b. My understanding is that there were no changes in the treatment of direct labor costs at Remote Encoding Centers (REC) between the FY 1995 and FY 1996 CRAs. The BY 1996 treatment differs from FY 1996 in several ways. LDC 15 costs booked at the REC have been combined with LDC 15 costs at MODS plants (i.e., Letter Mail Labeling Machine costs) to form a mail processing cost pool under the new methodology. An econometrically estimated variability, described in USPS-T-14, has been applied to the LDC

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15 cost pool. The volume variable LDC 15 costs are distributed to subclass based on IOCS direct tallies in the BCS/OSS MODS operations (MODS operations 970-978).

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OCA/USPS-T12-3. Please refer to Tables 4 and 5 of your testimony.

- a. Please confirm that Table 4 contains the variability for each of the mail processing costs pools. If you do not confirm, please provide the cost pool variabilities.
- b. Please confirm that the costs shown in Table 5 incorporate the variability figures of Table 4. If you do not confirm, please explain how the Table 4 variabilities are used.
- c. Suppose that there were an error in the second row of Table 4, and that the variability for the OCR cost pool should be 85 percent instead of the 78.6 percent listed in your table. Then please confirm that Table 5 should be modified by multiplying all entries in the column labeled "MODS ocr" by the ration $(85/78.6)$. If you do not confirm, please explain how Table 5 would need to be updated.

OCA-USPS-T12-3. Response:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.

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OCA/USPS-T12-4. Please refer to LR-H-146

- a. Please provide a copy of the SAS logs for programs listed in this library reference.
- b. Please provide the H-146 SAS programs in electronic form.

OCA-USPS-T12-4. Response:

- a.-b. Please see LR-H-218, which will be filed shortly.

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OCA/USPS-T12-5. Please refer to LR-H-146, lines 77-280 of program MODSPOOL.

- a. Please provide a list of valid MOD values and a description of each.
- b. Please confirm that LDCs defined at lines 77-280 correspond to those listed on pages I-32 to I-38 of H-146. If you do not confirm, please explain.
- c. Please describe the difference between LDC1 (program MODSPOOL, line 65) and the coded LDC's at lines 77-280.
- d. Line 364 of MODSPOOL refers to LDC of data set LDC96M. Is this LDC equivalent to the LDC codes assigned at lines 77-280 based on the MODS values? Please explain.

OCA-USPS-T12-5. Response:

- a. Please see Witness Bradley's Testimony, USPS-T-14, Exhibit 14A.
- b. Confirmed.
- c. The LDC1 variable and the coded LDC's at lines 77-280 of program MODSPOOL are equivalent.
- d. Yes. The LDCM96 data set contains the Pay Data System compensation totals partitioned by LDC. The LDCMOD data set contains the distribution of MODS hours by LDC, used to partition the compensation totals to MODS

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number. The LDC variable is used to merge these data sets at lines 316-317.

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OCA/USPS-T12-6. Please refer to program MODSPOOL of LR-H-146.

- a. Line 331 refers to a data set named "PAY.LDC96." Please describe the contents, variable names and definitions, and possible values of all variables in data set PAY.LDC96.
- b. Has PAY.LDC96 been included in a library reference in this docket? If not, please provide this file in electronic form.
- c. Lines 62-67 of MODSPOOL read a file names OPLDC96.DATA, referenced by infile MOD96. Please describe the contents, variable names and definitions, and possible values of all variables of OPLDC96.DATA.
- d. Has OPLDC96.DATA been provided as a library reference in this docket? If not, please provide this file in electronic form.

OCA-USPS-T12-6. Response:

- a. I am informed that this file contains the Pay Data System compensation totals. For the MODS office groups, the totals are summarized by LDC. For the BMCs and non-MODS offices, the file contains the total clerk and mailhandler compensation for the office group.
- b. Yes. The data are summarized by LDC and cost pool in LR-H-146, at I-8 to I-10, for the MODS offices and mail processing LDCs. The totals for the MODS administrative and window service cost pools are in LR-H-146, at I-28. The totals for the BMCs and the non-MODS offices are in LR-H-146, at I-27.

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- c. The file OPLDC96.DATA contains FY96 MODS workhours by MODS operation number and LDC. The MODS number is contained in the MOD field (line 63), a description of the MODS number is in MODNAME1 (line 64), the non-supervisory LDC associated with the MODS number is in LDC1 (line 65), and the MODS hours are in HRS (line 65).

- d. Yes. The data are reported in LR-H-146, at I-12 to I-26.

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OCA/USPS-T12-7. Please confirm that the cost data reporting system for cost segment 3.1 has been changed for BY 1996 by incorporating MODS-based data and by redefining variability assumptions for clerk and mailhandler costs. If you do not confirm, please explain the purpose of your testimony.

OCA-USPS-T12-7. Response:

Not confirmed. None of the cost data reporting systems (e.g., IOCS) have been changed. The purpose of my testimony is to describe the changes that were made to the formation of cost pools and the associated distribution keys. These changes were required to refine the variabilities and distributions associated with cost segment 3.1.

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OCA/USPS-T12-8. Please refer to page II-5 of H-146. This refers to the tally encrypted finance number, F2 on the FY 1996 IOCS data set. If additional IOCS variables are encrypted or suppressed, then:

- a. Please list all other IOCS variables that are encrypted.
- b. Please list all other IOCS variables that are suppressed.
- c. If any IOCS variables are suppressed, then how are they coded on the H-23 data file? If suppressed values are simply blanked out, how can they be distinguished from missing values?

OCA-USPS-T12-8. Response:

- a. My understanding is that only the finance number is encrypted.
- b. I am informed that no variables are specifically suppressed. Rather, variables not used in the analyses presented in this docket are left out of the LR-H-23 flat file to keep the file size manageable.
- c. My understanding is the suppressed variables are simply omitted from the LR-H-23 flat file representation of the IOCS data file.

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OCA/USPS-T12-9. Please refer to programs MOD1POOL (lines 13-209) and MODSPOOL (lines 77-280) of H-146. Please confirm that the LDC assignment in MOD1POOL is identical to the assignment of LDC values in MODSPOOL. If you do not confirm, please identify the differences and explain why a different algorithm was used.

OCA/USPS-T12-9. Response:

Not confirmed. The MODS International cost pool is assigned LDC=19 in program MOD1POOL. However, the difference is innocuous, since the LDC coding in MOD1POOL is not used in the MODS distribution key formation process.

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OCA/USPS-T12-10. Please refer to program MOD1POOL, lines 297-413, of H-146. This section of code begins with the comment "REMAP TALLIES WITH NO MODS CODES OR INVALID MODS CODES."

- a. Please confirm that this program only processes IOCS data from MODS offices. If you do not confirm, please explain.
- b. How many MODS IOCS tallies had no MODS codes?
- c. How many MODS IOCS tallies had invalid MODS codes?
- d. How many unique MODS finance numbers were associated with the IOCS tallies having invalid or missing MODS codes?
- e. Do all the relationships implied at lines 297-413 also hold for tallies with valid IOCS MODS codes? Please explain.
- f. Please explain how MODS codes could be missing or incorrect for an IOCS observation at a MODS office, collected using IOCS CODES data entry devices. Please explain why IOCS CODES software would be programmed to allow entry of invalid or missing MODS codes at MODS offices.

OCA-USPS-T12-10. Response:

- a. Confirmed.
- b. I am informed that the FY96 IOCS data set includes 2,145 tallies taken at MODS offices that have a blank MODS operation code, and 152 tallies taken at MODS offices that have a '000' MODS operation code.

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- c. The FY96 IOCS data set contains 246 tallies with invalid MODS codes (excluding blanks and '000').

- d. There are 304 unique finance numbers associated with the tallies with missing or invalid MODS numbers.

- e. Generally, cost pool assignments based on the IOCS operation detail are the same as the MODS code assignment, since the clocked-in MODS number generally corresponds to the activity the employee is actually working. However, it is possible that the sampled employee's activity is not consistent with the MODS operation number. Since the cost pool formation methodology is based on recorded MODS hours rather than sampled employee activities, it is appropriate to give precedence to the MODS code to classify the tallies by cost pool. This ensures the cost pool costs are distributed to the activities that the relevant employees actually performed. The "REMAP" code is therefore only used as a technique for predicting the missing MODS code.

- f. The MODS code for a tally could be missing or invalid because the data collector failed to enter one or entered an erroneous one. The CODES software does not require entry of the MODS code for completion of a test

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and prior to FY97 the CODES software did not test entered MODS codes for validity.

The entry of an invalid MODS code could be caused by a mistake by the sampled employee, miscommunication between the sampled employee and the data collector, or a data entry error by the data collector. Invalid codes are extremely rare (246 out of 193,138 tallies).

Failure to enter a MODS code could be caused by not finding an employee on break, data collector error, or uncertainty on the part of the sampled employee. Data collectors are instructed not to enter uncertain data. If the sampled employee does not know the MODS code, the data collector should follow up, but the exigency of mail flows sometimes prevents the employee from spending that much time with the data collector. Blank MODS codes are relatively rare (2,145 out of 193,193 tallies).

- g. The CODES software does not require a MODS number because doing so could result in loss of valuable information when the MODS number cannot be determined. Please see my answer to (f) above. CODES has been modified to check the validity of MODS codes beginning with FY97. The

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small number of invalid MODS codes does not create a problem historically.

It should be completely eliminated going forward.

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OCA/USPS-T12-11. Please refer to page II-6 and line 415 of program MOD1POOL of library reference H-146. Line 415 begins a section of the program with the comment "MODS-BASED ENCIRCLEMENT."

- a. Please explain what is meant by the term "MODS-based encirclement."
- b. Please provide all documents or materials prepared by or for any subdivision of the Postal Service related to "MODS-based encirclement."
- c. Please describe what is accomplished by the "MODS-based encirclement" portion of MOD1POOL, at lines 415-505.

OCA-USPS-T12-11. Response:

- a. "MODS-based encirclement" refers to the algorithm that determines whether tallies with special service activity codes (field F262) should be assigned to the special service or the underlying mail class. This procedure is "MODS-based" in the sense that the primary datum used to make this determination is the tally's cost pool. That is, in certain cost pools—e.g., Registry, Business Reply, LD48_SSV—the costs associated with the tally are generally assumed to be caused by the special service, while in others—e.g., manual letters, BCS, Platform—the costs are generally assumed to be caused by the underlying mail class of the sampled mail. The activity code for the underlying mail class is extracted, if possible, from the F244 field.

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- b. The code referenced in the question and the description in LR-H-146 at II-6 are the only materials of which I am aware.
- c. This portion of the program carries out the procedure described in the response to part (a) of the interrogatory. The ACTV variable contains the activity code used in subsequent processing of the tallies. The "MODS-based encirclement" code determines whether ACTV should contain the F262 activity code or the F244 activity code, for tallies which are coded with special service activity codes (0010-0300) in F262. For instance, a tally where the employee was handling a single piece of Registered mail (F262 = '0060' and F9214 = ' ') will keep the F262 activity code irrespective of the cost pool. A Business Reply tally (F262 = '0090') will receive the F244 activity code unless it falls in the BusReply, LD48 Oth, LD48_Ssv, 1Bulk Pr, 1SCAN, 1POUCHING, 1CancMPP, 1OPpref, 1OPbulk, 1SackS_h, 1MISC, 1SUPPORT, LD43, LD48_Adm, or 2ADM cost pools. Lines 472-503 treat tallies with more than one special service code. If none of the encirclement criteria apply, ACTV is assigned based on the F262 activity code (line 505).

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.



Susan M. Duchek

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August 5, 1997