

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

RECEIVED

AUG 18 4 57 PM '97

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-T12-21-25)

The United States Postal Service hereby provides responses of witness Degen to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T12-21-25, filed on August 4, 1997.

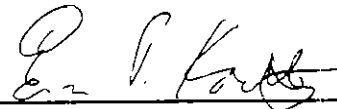
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992; Fax -5402
August 18, 1997

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

OCA/USPS-T12-21. Please refer to the IOCS data set of LR-H-23. The variable F263 contains values of '333333', '444444', and '555555'.

- a. Please explain what each of the possible values for this variable represents.
- b. Please provide a citation to the portion of the H-23 documentation that explains the meaning of the possible values for this variable. If the values are not defined in H-23, please provide a reference to the appropriate library reference.

OCA/USPS-T12-21 Response.

- a. The value of F263 is a recoded finance number which can be used (in combination with the F264 variable) to identify the IOCS CAG stratum to which a tally belongs. The values '333333' and '555555' indicate, respectively, the processing and distribution and customer services sides of the 30 largest CAG A facilities. The value '666666' indicates that the tally was taken at a BMC. Please observe that this code is used to identify BMC tallies in program MBC (line 31), LR-H-146. Code '444444' indicates other CAG A/B plants. Code '777777' indicates a facility not in any of the previously mentioned categories.
- b. The F263 variable is generated by the ALB095 program. The source code to this program is in LR-H-21, and it is documented in LR-H-19.

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

OCA/USPS-T12-22. Please refer to IOCS question 24, page 133 of H-49.

- a. Please confirm that the piece volumes by mail category and shape are not presented on the IOCS data file of library reference H-23. If you do not confirm, please identify the variables that contain the volume information collected on question 24. If you do confirm, please provide a file containing the volume data collected in IOCS question 24 that can be matched to individual IOCS H-23 records.
- b. Please confirm that at least one IOCS record is created to represent each of the categories of mail recorded in IOCS question 24. If you do not confirm, please explain.
- c. Please confirm that the volume data collected in IOCS question 24 is used to produce the IOCS weighting factors (variables F9246 and F9250, library reference H-23). If you do confirm, please provide formulas used to produce the weighting factors and a description of how each of the weighting factors should be used or interpreted. If you do not confirm, please explain why these volumes are not used for estimation purposes.

OCA/USPS-T12-22 Response.

- a. Confirmed. The requested volume data file will be included in LR-H-230, which will be filed shortly.
- b. Confirmed.
- c. Confirmed for counted item tallies. The formula is:

$$X_{i,j} = \frac{v_{i,j}}{v} X.$$

X = value of F9246 or F9250 before division

$X_{i,j}$ = value of F9246 or F9250 assigned to post-division record for mail category i
and shape j

v = total number of pieces counted in item

$v_{i,j}$ = number of pieces of category i and shape j counted in item

Also please see the source code to program ALB898, LR-H-21.

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

OCA/USPS-T12-23. Please refer to page 15 of library reference H-89. This page contains a table titled "FISCAL YEAR 1996 - UNWEIGHTED TALLIES AFTER ITEM DISTRIBUTION EXCLUDES GENERATED RECORDS."

- a. Please define the term "generated records."
- b. Please list every set of circumstances that can lead to these "generated records."
- c. Please confirm that counted item mixed-mail observations lead to "generated records." If you do not confirm, please explain. If you do confirm, please explain whether these are the only types of IOCS sample observations that lead to "generated records."

OCA/USPS-T12-23 Response.

- a. I am informed that the term "generated records" are IOCS records which represent craft/CAG combinations which have costs but for which no tallies were taken.
- b. The only circumstance in which "generated records" are produced is when there are costs but no tallies for a craft/CAG combination. For the detailed procedure, please see the source code to program ALB095, lines 609-675, in LR-H-21.
- c. Not confirmed. Clearly, program ALB898 generates additional records to represent counted mixed-mail items as needed, but these records are not counted as "generated records" for the purpose of the table on page 15 of LR-H-89..

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

OCA/USPS-T12-24. Please refer to library reference H-23 and to page 133 of library reference H-49. Consider a hypothetical IOCS sample reading of a counted item.

- a. Please confirm that the number of categories of mail (F9227) is less than or equal to the number of IOCS records associated with this tally (e.g., one mail category can consist of mail of different shapes). If you do not confirm, please explain.
- b. Suppose the counted item contained First-Class nonpresorted letters and First-Class nonpresorted cards.
 - i. Please confirm that this observation would generate two IOCS records.
 - ii. Please confirm that both records would have the value of '1' for F9227.
 - iii. Please confirm that one record would have activity code '1060' and the other would have activity code '1020'.

If you do not completely confirm, please explain and provide the correct values for F9227 and for the activity code.

- a. Confirmed. The F9227 value is the number of categories of mail listed on the CODES screen shown in LR-H-49, p. 133, which were observed in the item.

b.

i. Confirmed.

ii. Confirmed.

iii. Not confirmed. The letters record would have activity code '1061' and the cards record would have activity code '1021,' assuming the tally was taken prior to July 1, 1996. After June 30, 1996, both records would receive activity code '5301.' Please see the source code to program ALB898, lines 1415, 1445, 3901, and 3951-3966, in LR-H-21. Please see the LR-H-23 data file for examples of this coding.

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

OCA/USPS-T12-25. This interrogatory examines various activity codes that can result from an IOCS tally in which the sampled employee is handling an item. Please refer to library references H-23 and to H-49, pages 87-116.

- a. Please confirm that a countable mixed mail item tally (F9218='Y' and 'A' ≤F9214≤'P') could receive an activity code corresponding to mixed mail (5300-5750). If you do confirm, please explain the circumstances that would lead to assignment of this code. If you do not confirm, please explain why this cannot occur.
- b. Please confirm that an identical mailing item tally (F9216='Y' and 'A' ≤F9214≤'P') could receive an activity code corresponding to mixed mail (5300-5750). If you do confirm, please explain the circumstances that would lead to assignment of this code. If you do not confirm, please explain why this cannot occur.
- c. Please confirm that an item tally for which the top piece rule applies (F9217='Y' and 'A' ≤F9214≤'P') could be assigned an activity code corresponding to mixed mail (5300-5750). If you do confirm, please explain the circumstances that would lead to assignment of this code. If you do not confirm, please explain why this cannot occur.

OCA/USPS-T12-25 Response.

- a. Confirmed. Please see the source code to program ALB898, LR-H-21. Counted item records for tallies taken after June 30, 1996 are assigned class-specific mixed-mail activity codes. See the response to part b for a discussion of the case in which the item is countable but question 22-24 data are not available.
- b. Confirmed. The information used to assign activity codes to tallies handling single pieces of mail, items and containers with identical mail, and items subject to the top piece rule comes from questions 21, 22 and 23. Basically, if the question 22 and 23 data are missing or inconsistent, the tally will be assigned a mixed-mail activity code. Please see the "0046-connector-8a" section of program ALB040, and the "0210-activity-code-review" and "0220-assign-mixed-shapes" sections of program ALB105, LR-H-21. For instance, if the data collector indicated that the sampled

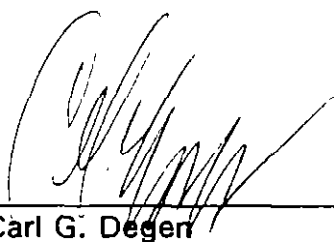
Response of United States Postal Service Witness Degen
to Interrogatories of Office of the Consumer Advocate

employee was handling an item in question 21, but did not enter a response to question 22, the tally will receive activity code 5610, 5620, 5700 or 5750, depending on the employee's question 19 activity.

- c. Confirmed. Please see the response to part b.

DECLARATION

I, Carl G. Degen, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Carl G. Degen

Date: 8-18-97

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.


Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
August 18, 1997