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

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY TO INTERROGATORIES OF DIRECT MARKETING ASSOCIATION, INC. (DMA/USPS-T14-15-18)

The United States Postal Service hereby provides responses of witness Bradley to the following interrogatories of Direct Marketing Association, Inc.: DMA/USPS-T14-15-18, filed on August 8, 1997.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

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August 22, 1997

Response of United States Postal Service Witness Bradley
to
Interrogatories of DMA

DMA/USPS-T14-15. Please refer to Library Reference H-146 and Library Reference H-148.

a. Please confirm that the MODS codes which you define as belonging to the flat sorting machine MODS operation ("FSB") for your regression are only a subset of those which are assigned to witness Degen's flat sorting machine cost pool.

b. If sub-part (a) is confirmed, please explain the reasons that you used only a subset of the MODS codes.

c. Please describe all other cases where you use only a subset of the MODS codes assigned by witness Degen to the corresponding cost pool and explain the reasons for using only a subset.

DMA/USPS-T14-15 Response:

a. Confirmed. It is my understanding that the cost pool formed by witness Degen includes MODS codes for the single position flat sorting machine operations (191, 194-197), and the FSM 1000 operations (441-444, 446 and 448). These MODS codes are not included in my definition of the FSM activity for variability estimation. It is also my understanding that costs associated with these MODS codes make up far less than one percent (0.054%) of witness Degen's FSM cost pool.

b. I do not include these MODS codes because these are operations which are reported by only a small number of offices, which are being phased out, or which

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have not been widely deployed in the time period of my analysis. Because these operations do not report consistent data through time, their inclusion could reduce the accuracy of the econometric estimation.

c. Please see the response to OCA/USPS-T12-29. In all cases, the reasons are the same as explained in part b. above.

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DMA/USPS-T14-16. Please refer to data set VVDA1.DAT from Library Reference H-148.

a. Please confirm that labor productivity, defined as total piece handlings ("TPH") per work hour, on an optical character reader ("OCR") for a given year (e.g., FY1988) can be derived from VVDA1.DAT through the following process:

   1. Sum the value of TOCR over all rows where the first two characters of FYAP are "88."
   2. Sum the value of HOCR over all rows where the first two characters of FYAP are "88."
   3. Divide the result of Step 1 by the result of step 2.

b. If sub-part (a) is not confirmed, please explain how one can calculate OCR labor productivity for a given year (e.g., FY1988) more accurately from VVDA1.DAT or from any other source.

c. Please confirm that the general process of summing TPH for a given year and operation and dividing this figure by the sum of work hours for that operation and year can be used to calculate labor productivity for any direct MODS operation for any given year.

DMA/USPS-T14-16 Response:

a. I can confirm that is a method for calculating an annual labor productivity in the OCR activity. I would recommend, however, that this calculation not be performed on VVDA1.DAT, because that data set is not "scrubbed." To calculate a more accurate measure of productivity, I would recommend performing the calculation on the scrubbed data set. The scrubbed data set is called VVMPO.DATA and is provided in Library Reference H-148.

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b. As described in my answer to part a., I would recommend performing the calculation on the scrubbed data set. The scrubbed data set is called VVMPO.DATA and is provided in Library Reference H-148.

c. Confirmed.

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DMA/USPS-T14-17. Please refer to data set VVDA1.DAT from Library Reference H-148.

a. Please confirm that the labor productivity for sorting flats at a MODS facility for a given year (e.g., FY1988) can be derived from VVDA1.DAT through the following process:

1. Create TFLAT=TFSB+TMANF.
2. Sum TFLAT over all rows where the first two characters of FYAP are "88."
3. Create HFLAT=TFSB+TMANF.
4. Sum HFLAT over all rows where the first two characters of FYAP are "88."
5. Divide TFLAT by HFLAT.

b. If sub-part (a) is not confirmed, please explain how one can calculate flat sorting productivity for a given year (e.g., FY1988) more accurately from VVDA1.DAT or from any other source.

c. Please confirm that the general process of summing TPH for a given year and shape and dividing this figure by the sum of work hours for that year and shape can be used to calculate labor productivity for MODS facilities for any shape for any given year.

DMA/USPS-T14-17 Response:

a. Not confirmed.

b. I would recommend calculating the variable HFLAT by summing the variable HFSB and HMANF instead of TFSB and TMANF. I would also recommend that this calculation not be performed on VVDA1.DAT, because that data set is not "scrubbed." To calculate a more accurate measure of productivity, I would

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recommend performing the revised calculation on the scrubbed data set. The scrubbed data set is called VVMPO.DATA and is provided in Library Reference H-148.

c. Confirmed.

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DMA/USPS-T14-18. Please refer to data set BMC.DAT from Library Reference H-148.

a. Please confirm that labor productivity on a sack sorting machine ("SSM") at a Bulk Mail Center ("BMC") in a given year (e.g., FY1989) can be derived from BMC.DAT through the following process:

   1. Sum the value of TSSM over all rows where the first two characters of FYAP are "89."
   2. Sum the value of HSSM over all rows where the first two characters of FYAP are "89."
   3. Divide the result of step 1 by the result of step 2.

b. If sub-part (a) is not confirmed, please explain how one can calculate SSM productivity for a given year (e.g., FY1989) more accurately from BMC.DAT or from any other source.

c. Please confirm that the general process of summing TPH for a given year and operation and dividing this figure by the sum of work hours for that year and operation can be used to calculate labor productivity for any direct BMC operation for any given year.

DMA/USPS-T14-18 Response:

a. I can confirm that is a method for calculating an annual labor productivity in the SSM activity. I would recommend, however, that this calculation not be performed on BMC.DAT, because that data set is not "scrubbed." To calculate a more accurate measure of productivity, I would recommend performing the calculation on the scrubbed data set. The scrubbed data set is called SCRUBMCB.DATA and is provided in Library Reference H-148.

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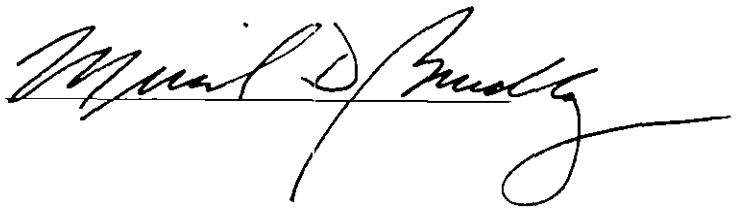
b. As described in my answer to part a., I would recommend performing the calculation on the scrubbed data set.

c. Confirmed.

DECLARATION

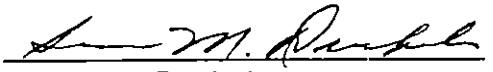
I, Michael D. Bradley, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: August 22, 1997

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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