

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

RECEIVED
SEP 3 10 34 AM '97
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 RALPH J. MODEN
(OCA/USPS-T4-9-17)
September 3, 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.

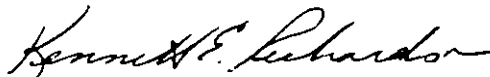
Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



KENNETH E. RICHARDSON

Attorney

OCA/USPS-T4-9. Please refer to the description of MODS beginning at page 15 of your testimony.

- a. Please confirm that MODS is not a sampling system. If you confirm, please confirm that MODS estimates are not subject to sampling error. If you do not confirm, please describe in detail the sampling plan and estimation procedures used for MODS.
- b. Please confirm that MODS data are subject to nonsampling error. If you confirm, please describe the types of nonsampling error affecting MODS data and provide any studies relating to the magnitude of this nonsampling error. If you do not confirm, please provide any studies or documents used to establish the absence of nonsampling error.
- c. Please provide a comparison of nonsampling error for MODS relative to nonsampling error in the major statistical sampling systems (IOCS, RPW, TRACS, and the City/Rural Carrier Systems).

OCA/USPS-T4-10. Please refer to page 2 of the December 1996 National Coordination Audit of Mail Volume Measurement and Reporting Systems, included in library reference H-220. This states:

Our audit of MODS scale transactions at 20 P&DSs revealed large variances between the mail pieces projected from MODS and actual pieces run for FHP volume. MODS low level of accuracy as an indicator of mail volume resulted from inadequate conversion factors, improper data input by employees, and scales out of tolerance. Management's lack of confidence in daily MODS data diminished the usefulness of the MODS system as a management tool. We recommended the elimination of the MODS scale weight system for volume data collection.

- a. Would the types of errors summarized in this National Coordination Audit be considered as nonsampling errors? Please explain.
- b. Please confirm that the MODS data used by witness Bradley to develop cost pool variability estimates relied on data subject to the problems noted above. If you do not confirm, please explain all steps taken to remove inaccuracies from the historical MODS data used by witness Bradley.
- c. If management lacks confidence in MODS data, then how can confidence be placed in the use of MODS data to develop cost pool variability estimates? Please explain.
- d. Over the past nine fiscal years, has the level of management confidence in MODS data increased or decreased? Please provide any documents or studies related to your response.
- e. Over the past nine fiscal years, has the overall level of reliability of MODS data increased or decreased? Please provide any documents or studies related to your response.
- f. The Postal Inspection Service conducted this audit at 20 MODS sites. These sites are listed on page 4 of the audit report. Please explain whether the sites chosen by the Postal Inspection Service are representative of activities at other MODS sites.

OCA/USPS-T4-11. Please refer to page 8 of the December 1996 National Coordination Audit of Mail Volume Measurement and Reporting Systems, included in library reference H-220. This states:

Observations at all 20 sites were made to determine the methods used by employees weighing mail into the SWS. Our review disclosed a number of inconsistencies regarding the application of tare weights at over half the sites audited.

- a. Please describe the various possible (correct and incorrect) applications of "tare weights" in the mail weighing process.
- b. Over the nine fiscal years' worth of MODS data used by witness Bradley to produce cost pool variabilities, has the proportion of MODS sites that improperly use tare weight data increased or decreased? Please explain and provide any documents or studies related to your response.

OCA/USPS-T4-12. Please refer to page 8 of the December 1996 National Coordination Audit of Mail Volume Measurement and Reporting Systems, included in library reference H-220. This states that at one of the 20 audited sites, the Scale Weight System (SWS) was not used to determine FHP volumes. Instead, FHP volumes were computed by counting the number of trays and multiplying by 534 pieces.

- a. Please confirm that this procedure overstates FHP volume by 66 percent. If you do not confirm, please explain.
- b. Please provide an estimate of the number of MODS sites that currently use this procedure (i.e., multiplying by 534). Please provide any documents or studies

related to your response. If the answer is not known, then please confirm that the best available information is that one in twenty sites uses this procedure.

- c. Over the nine fiscal years' worth of MODS data used by witness Bradley to produce cost pool variabilities, has the proportion of MODS sites that use this procedure (i.e., multiplying by 534 instead of using SWS) increased or decreased? Please explain and provide any documents or studies related to your response.

OCA/USPS-T4-13. Please refer to page 8 of the December 1996 National Coordination Audit of Mail Volume Measurement and Reporting Systems, included in library reference H-220. This states that plant productivity based on actual machine count data would be more reliable than First Handling Piece (FHP) data. Management indicated that a Last Handling Piece (LHP) indicator could be an alternative to FHP.

- a. Please provide copies of any studies or documents related to the choice of FHP over LHP or actual machine count data.
- b. Please confirm that FHP was used in each of the nine fiscal years of MODS data that witness Bradley uses to estimate variabilities. If you do not confirm, please list how volumes were determined for each of those nine years.

OCA/USPS-T4-14. Please refer to page 9 of the December 1996 National Coordination Audit of Mail Volume Measurement and Reporting Systems, included in library reference H-220. This states, "The conversion rates listed in the MODS Handbook, M-32, have not been updated since the 1980's."

- a. Please state the year that the M-32 conversion rates were last updated.
- b. Please confirm that to the extent that mail composition and density changes over time, the most accurate volumes would be computed from the M-32 conversion factors in the year they were updated and that use of dated conversion factors would reduce the accuracy of computed volumes in each subsequent year. If you do not confirm, please explain.

OCA/USPS-T4-15. Please refer to page 2 of the December 1996 National Coordination Audit of Allied Workhours contained in library reference H-236. This report states, "The lack of supervisory control and review of employee clockings resulted in improperly charged workhours to LDC 17. Our review disclosed Management Operating Data System (MODS) workhours reported for opening unit operations were in error approximately 31 percent of the time."

- a. Would these workhour reporting errors be considered as an example of nonsampling error for MODS? Please explain.
- b. This audit examined opening unit operations at the 25 P&DCs listed in Exhibit 1 of the report. Please explain whether the sites chosen by the Postal Inspection Service are representative of activities at other MODS sites.
- c. Over the nine fiscal years' worth of MODS data used by witness Bradley to produce cost pool variabilities, has the error rate in recording workhours increased to the 31 percent level or decreased to that level? Please explain and provide any documents or studies related to your response.

OCA/USPS-T4-16. Please refer to page 10 of the December 1996 National Coordination Audit of Allied Workhours contained in library reference H-236. Out of a total of 25 P&DCs visited, "Several plants had employees who were performing direct distribution functions, but were clocked into LDC 17 operations. This allowed the productivities of direct distribution operations, with specific benchmarks and perceived higher priorities, to be artificially higher." Footnote omitted.

- a. What is the proportion of MODS sites at which employees clock into LDC 17 operations, but perform direct distribution functions?
- b. What is the proportion of employee hours clocked into LDC 17 operations but actually performing direct distribution functions?
- c. Please refer to pages 21 and 25 of library reference H-89. These pages describe data recoding that was performed for the city and rural carrier systems because of implementation of MC95-1 rate categories on July 1, 1996. Some third-class single piece mail was randomly recoded as third-class bulk rate to achieve consistency between PQ 4 volumes for FY 1995 and FY 1996. Did you randomly recode some of the LDC 17 operations workhours as direct distribution operations to account for the fact that some of these employees are really performing direct distribution operations? If not, why not. If so, please describe the recoding process.
- d. Over the nine fiscal years' worth of MODS data used by witness Bradley to produce cost pool variabilities, has the proportion of time that employees were clocked into LDC 17 operations but actually performing direct distribution

operations increased or decreased to the current level? Please explain and provide any documents or studies related to your response.

OCA/USPS-T4-17. Please refer to page 18 of the December 1996 National Coordination Audit of Allied Workhours contained in library reference H-236. At the 25 selected P&DCs, employees were checked for clockring accuracy. Of the 2,412 employees checked, 128 were working in opening unit operations but clocked into other MODS operations and 616 were clocked into opening unit operations but were found working elsewhere.

- a. Are these clocking error rates typical of the errors that do not involve LDC 17 operations? If not, please explain how prevalent the clocking error rates are for other MODS operations.
- b. Please refer to Exhibit 3 of this audit report. At four of the 25 P&DCs, the number of employees clocked into the opening unit but working in another operation exceeded the number of employees clocked into and working in the same opening unit operation. Would MODS data from these facilities be present in the MODS data sets provided to witness Bradley for variability estimation?
- c. In addition to the four P&DCs referred to in part b of this interrogatory, are there any others in the MODS data sets provided to witness Bradley at which more employees are clocked into an opening unit but working elsewhere than are clocked into and working in the same opening unit operation? Please explain.

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.

A handwritten signature in cursive script that reads "Kenneth E. Richardson".

KENNETH E. RICHARDSON
Attorney

Washington, D.C. 20268-0001
September 3, 1997