

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

POSTAL RATE AND FEE CHANGES, 1997

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DEGEN TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T12-33-38)

The United States Postal Service hereby provides responses of witness Degen to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T12-33-38, filed on August 22, 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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September 5, 1997

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

OCA/USPS-T12-33. Please refer to page III-16 of library reference H-146 and to the program MODSHAPE of library reference H-218.

- a. Please confirm that the table on page III-16 is not produced by the SAS program MODSHAPE. If you do not confirm, please explain.
- b. Please refer to the attachment to this interrogatory. Please confirm that the values in this attachment are produced by the MODSHAPE program and should replace the values shown on page III-16 of H-146. If you do not confirm, please explain and provide any corrections to page III-16 so that it is consistent with the MODSHAPE program.

OCA/USPS-T12-33 Response.

- a. Confirmed.
- b. Confirmed.

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to Interrogatories of the Office of the Consumer Advocate

OCA/USPS-T12-34. Please refer to pages IV-4-7 of library reference H-146.

- a. Please confirm that these tables are not produced by the SAS program ADMWIN. If you do not confirm, please explain.
- b. Please provide any additional SAS statements necessary for program ADMWIN to produce the output of pages IV-4-7.

OCA/USPS-T12-34 Response.

- a. Confirmed.
- b. The following statements can be added at the beginning of program

ADMWIN to produce the output of pages IV-4-7:

```
DATA MODSADMW;  
  SET ADW. MODS;  
  POOLGRP='MODS 1&2';  
  GROUP=POOL;  
  IF SUBSTR(POOL,1,4) = '2ADM' THEN GROUP='2ADM  ';  
  IF SUBSTR(POOL,1,4) = '2WIN' THEN GROUP='2WINDOW  ';  
  IF POOL='2ADM INQ' THEN GROUP=POOL;  
  IF POOL='2ADM_OUT' THEN GROUP=POOL;  
  PROC FREQ;  
    TABLES GROUP;  
    WEIGHT WGT;  
    TITLE1 'FY 96 IOCS';  
    TITLE2 'ADMINISTRATIVE AND WINDOW SERVICES - MODS 1&2 - IOCS $';  
    TITLE3 'ADM_OUT GROUP (NOT IN CS 3)';
```

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OCA/USPS-T12-35. Please refer to pages IV-1-VIII-2 of H-146. These pages describe programs ADMWIN, WINACCPT, CMUCFS, PERMITOT, PIGGYF96 and NONMODEL.

- a. Please confirm that these programs are not discussed in your testimony. If you do not confirm, please provide a citation to where these are described.
- b. Please amplify on the "program objective" section provided in H-146 for each of these programs. Please explain in more detail what the program does, why it is necessary, and detail any changes in the program since R94-1.
- c. Please provide a citation to where the functions of each of these programs were performed and explained in R94-1.
- d. Please provide citations to where output of each of these programs is used by other witnesses or in other library references in this docket.

OCA/USPS-T12-35 RESPONSE.

a. Confirmed.

b. and d. These programs were developed to produce costs or factors that are consistent with the new costing methodology described in my testimony, or in the case of WINACCPT, on the Window Service variability study described in Witness Brehm's testimony, USPS-T-21. The MODS-based cost pools and applicable variabilities are incorporated in all six programs.

ADMWIN produces costs based on the MODS-based split between Administrative, Window Service and Mail Processing for the MODS facilities, instead of the split based on the IOCS operation codes. The ADMWIN outputs are inputs to C/S 3, W/S 3.0.1 p.1 C1..C5 L1/(a) and p.2 C1..C5 L2.. L4 L7/(a)&(c), W/S 3.2.1.1 p.1 C1/[a]& C2/[b], W/S

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3.3.1 pp.1-2 C2/[a] and W/S 3.3.2 pp.1-2 C2/[a] of Docket No. R97-1
USPS-T-5.

WINACCPT generates a distribution key for a new Window Service
variability pool (window acceptance). The key serves as input to C/S
3, W/S 3.2.1.1 p.1 C1[a] C1[b] of Docket No. R97-1 USPS-T-5.

CMUCFS generates: 1) a distribution key for CMU/CFS using the
LDC 49 cost pool for the MODS facilities instead of IOCS operation
code 14 ; 2) volume-variable costs for CMU/CFS for MODS, BMC and
NON-MODS facilities combined based on Witness Bradley's variability
factors instead of the 100% variability assumption- this provides the
basis for the proportion of volume-variable costs for CMU/CFS
supervisors/technical support in Cost Segment 2, W/S 2.5.1 pp.1-2
C2[a] of Docket No. R97-1 USPS-T-5.

PREMITOT applies volume variability factors to premium costs
instead of the 100% volume variability assumption and develops
distribution keys based on the cost pool groupings. The program
outputs are inputs to C/S 3, W/S 3.013 p.1 L6 L8, and workpaper A-1,
manual input requirements, components 544, 659, 660, 655 of Docket
No. R97-1 USPS-T-5.

Both PIGGYF96 and NONMODEL rely on the MODS-based mail
processing cost pools under the new methodology. In R94-1, the

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piggyback factors were derived from space and equipment groupings based on IOCS Question 18 and 19 information. Model costs were not in R94-1. Additional details on how the data are used can be found in LR-H 77 p.215-232 for PIGGYF96 and in LR-H 111, Appendix E, Table 8 for NONMODEL.

c. The R94-1 citations for each of the programs are as follows:

ADMWIN - functional component LIOCATT, workpapers C1-C2 in Docket No. R94-1, USPS-T-4.

WINACCPT - not in R94-1(new window service variability study).

CMUCFS - W/S 3.1.1, page 1 / col. 10, pages 5 -6 / col. 2, Workpaper B3 in Docket No. R94-1, USPS-T-4.

PREMITOT - W/S 3.0.14, Workpaper B3 of R94-1 in Docket No. R94-1, USPS-T-4, and G-28 section 1 pp. 1.7-1.9.

PIGGYF96 - G105 - Part V

NONMODEL - not in R94-1

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OCA/USPS-T12-36. Please provide the SAS log and program file for the MODSPOOL program of library reference H-146.

OCA/USPS-T12-36 Response.

The requested information has been filed in LR-H-218.

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OCA/USPS-T-12-37. Please refer to the program files included with library reference H-218. Please confirm that the following modifications must be made to these SAS program files in order for them to reproduce the output of library reference H-146 in a PC SAS environment.

- a. Please confirm that the "set" statement at line 16 of program MBC must be replaced with an "infile" and an "input" statement to read the HQTAL96.PRC file included in H-23. Please confirm that the "input" statement should be modeled on the "put" statement used to create HQTAL96.PRC. If you do not confirm, please explain.
- b. Please confirm that the 8-digit sequence numbers in columns 73-80 of each line of SAS code must be removed. If you do not confirm, please explain.
- c. Please confirm that some character comparison statements must be recoded to account for differences in the collating sequence for ASCII (PCs) and EBCDIC (mainframe) characters. For example, the statement
" IF SUBSTR (POOL, 1,1) > '0' THEN DELETE ;" would be recorded as "IF '0' < SUBSTR (POOL, 1, 1) < ':' THEN DELETE ;" in order to produce the same results under the ASCII character collating sequence of the PC environment. If you do not confirm, please explain.
- d. Please confirm these are the only modifications necessary in order to run the H-218 SAS programs in the PC SAS environment. If you do not confirm, please explain and provide any other necessary modifications.
- e. Please refer to the modified SAS programs filed as library reference OCA-LR-1. Please confirm that these SAS programs contain the modifications necessary in order to run the H-218 SAS program files successfully using PC SAS. If you do not confirm, please explain.

OCA/USPS-T12-37 Response.

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. *Cannot confirm or deny. It appears that the programs filed in OCA-LR-1 contain modifications in addition to those listed in parts a-c of this*

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question. If those programs run on a properly configured PC, then I would conclude that appropriate modifications had been made.

- e. Cannot confirm or deny. As in my response to part d, if the programs run on a properly configured PC and reproduce various material filed in LR-H-146 and LR-H-218, then I would conclude that the OCA-LR-1 programs contain the appropriate modifications. Since no SAS logs or other output was filed with OCA-LR-1, it is not possible for me to evaluate their performance.

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OCA/USPS-T-12-38. Please refer to the documentation of program MODSPOOL at page I-6 of library reference H-146. This states that the program accesses the FY 96 MODS summary file.

- a. Please explain how this FY 96 MODS summary file is produced.
- b. Please confirm that this file contains just one record for each MODS code that contains the MODS code, the LDC code, and the total hours for FY 96. If you do not confirm, please explain what period of time the cost variable refers to.
- c. Please confirm that the FY 96 MODS summary file is produced by aggregating information from MODS files produced at a finer level of detail. If you do not confirm, please explain. If you do confirm, please describe how this file was created.
- d. Please describe the finest level of FY 96 MODS data available on computer files. For example, a file containing MODS hours and volume data by MODS code by AP by office is at finer level than a file containing MODS hours and volume data by MODS code for just one year.
- e. Please provide a data file of MODS data at the most disaggregated level available for FY 96. This file should include the MODS code, hours, and volume measures such as piece handlings. Finance numbers may be masked or recoded.

OCA/USPS-T12-38 Response.

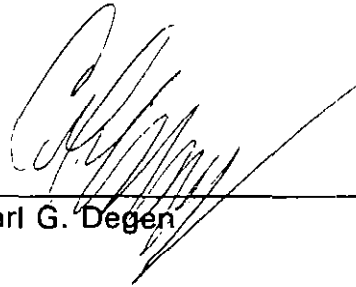
- a. The MODS summary file is simply a sum of MODS workhours by operation for FY 1996. The input MODS data are disaggregated by AP and finance number.
- b. Confirmed.
- c. Confirmed.
- d. The finest level of detail that I know to be available is AP by finance number by MODS code. My understanding is that MODS reports for time periods as short as the tour can be generated for local use, but that the data are not saved at this level of detail.

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- e. The requested data will be filed as LR-H-248. The CD-ROM contains the files modhrs96.dat and modtph96.dat, respectively with MODS hours and TPH by AP, finance number, and MODS code. Each data file is in plain text format and the records contain a recoded finance number, MODS code, AP, and hours or TPH. The hours file contains significantly more observations than the TPH file, since TPH are not recorded for many MODS operations. Please note that since the MODS data on Postal Service mainframes are periodically revised or corrected, the data filed in LR-H-248 is close, but not exactly identical, to that which was used to generate the hardcopy summary in LR-H-146, part I.

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: _____

9-5-97

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

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September 5, 1997