

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 TO INTERROGATORIES  
OF UNITED PARCEL SERVICE  
(UPS/USPS-18-20 and 21(b))

The United States Postal Service hereby provides responses to the following interrogatories of United Parcel Service: UPS/USPS-18-20 and 21(b), filed on August 22, 1997. An objection to interrogatory UPS/USPS-21(a) was filed on September 2, 1997.

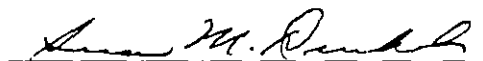
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
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September 5, 1997

Response of United States Postal Service  
to  
Interrogatories of UPS

UPS/USPS-18. Please refer to the response to Interrogatory UPS/USPS-T14-4(a).

- (a) In the MODS data system, is any information collected for different mail shapes? If so, specify all information collected on the basis of the different shapes of mail.
- (b) In the PIRS data system, is any information collected for different mail shapes? If so, specify all information that is collected on the basis of the different shapes of mail.

UPS/USPS-18 Response:

- (a) In MODS, information is collected for different mail shapes through the use of MODS distribution operation numbers. MODS distribution operation numbers are designated as letter, flat, or parcel operations. MODS information collected for these operations include work hours and piece handlings.
- (b) In PIRS, data is collected on parcels in the various BMC parcel operation (Parcel Sorting Machine, Non-Machinable Outsides, and Irregular Parcel Post). For letters and flats, trays are recorded for the BBM Letter Tray and BBM Flat Tray operations. Hours are also recorded for these operations.

Response of United States Postal Service  
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UPS/USPS-19. Please refer to the response to Interrogatory UPS/USPS-T14-4(e), which states that MODS and PIRS data are reviewed at headquarters and that anomalous values are identified and reported to the individual facilities involved "for appropriate resolution." When anomalous values are identified, are those values ever changed for purposes of MODS data, or is the anomalous data edited or changed in any way after it is identified and reported to the individual facilities?

UPS/USPS-19 Response:

Anomalous values in MODS and PIRS data may be identified by headquarters, areas, districts or individual facilities. Anomalous values in the data would be resolved through the adjustment processes for either work hours or volumes . See M-32, at section 431.1

Response of United States Postal Service  
to  
Interrogatories of UPS

UPS/USPS-20. Please refer to the response to Interrogatory UPS/USPS-T14-10.

- (a) Please identify the "additional locations" that reported MODS data during the base year.
- (b) Are the criteria used by district and area management along with operations support personnel at headquarters for purposes of deciding whether to designate additional locations for inclusion in MODS set forth in writing? If so, please produce all such criteria. If not, please indicate the nature of the factors considered in making the decision whether to designate additional locations for inclusion in MODS.

UPS/USPS-20. Response:

- (a) Please see the response to TW/USPS-T12-17 for a listing of MODS locations by type.
- (b) The criteria used by district and area management along with operations support personnel at headquarters for purposes of deciding whether to designate additional locations in MODS are not set forth in writing. The nature of the factors considered in making the decision to designate an additional location for inclusion in MODS would be based primarily on available data reporting technology and the existence of other MODS locations. For example, if a delivery unit were located within the same building as a Processing and Distribution Center, the delivery unit may be designated as a MODS location because the additional location may use the same data reporting technology as the Processing and Distribution Center.

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UPS/USPS-21 (b) The response states that in the Postal Service's rollforward model, "advertising costs are treated as 'Other' costs and not explicitly identified with any particular class of mail " (emphasis added). Please provide, separately for Priority Mail, Express Mail, Parcel Post, and International Mail, those advertising costs that are included in the "Other" costs in the Postal Service's rollforward model (i) for FY 1997 and (ii) for FY 1998.

UPS/USPS-21 (b) Response:

There has been no change in the Postal Service's rollforward model concerning the treatment of advertising costs. In Docket No. R97-1, as in previous dockets, there is a single amount for advertising that is "rolled-forward" using the appropriate factors provided in the testimony of the revenue requirement witness. See Witness Tayman, USPS-T-9. For each outyear, this single amount for advertising is distributed to the classes of mail based on the advertising component distribution in the base year. In previous Postal Service presentations, the base year advertising total amount was distributed to classes of mail and each rollforward year followed the same pattern. In the Postal Service's Docket No. R97-1 presentation, the base year advertising total amount is included in the "Other" cost line; hence, the rollforward follows the same pattern and includes the total advertising amount in the "Other" cost line. There is no class specific advertising cost development beyond the base year.

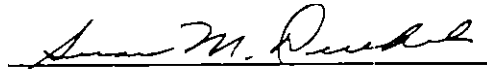
As stated in the response to UPS/USPS-5, the Commission rollforward model shows the advertising costs as identified with particular classes of mail.

Answer of United States Postal Service to the Interrogatories of  
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See USPS LR-H-215. This is the methodology described above for previous  
Postal Service presentations.

## 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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