

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS SHAW TO INTERROGATORIES OF UNITED PARCEL SERVICE  
(UPS/USPS-T1-1)

The United States Postal Service hereby provides the responses of witness Shaw to the following interrogatories of United Parcel Service: UPS/USPS-T1-1, filed on November 9, 2001.

The 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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November 21, 2001

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW  
TO INTERROGATORY OF UNITED PARCEL SERVICE

**UPS/USPS-T1-1.** Refer to page 7 of your testimony where you discuss the replacement of the old City Carrier In-Office Cost Attributable (“LIOCATT”) system reports with an In-Office Cost System (“IOCS”)-based Carrier Mixed Mail (“CARMM”) report for the purposes of distributing city carrier in-office labor costs associated with mixed mail to classes and subclasses of mail.

- a. Why did the Postal Service decide to replace the LIOCATT report with the CARMM report?
- b. Does the CARMM report produce the same calculations using the same methodologies as the LIOCATT report but in a different programming language? Explain in full.
- c. Are the calculations and methodologies of the CARMM report different from the LIOCATT report? If so, explain in full.
- d. Confirm that the CARMM report uses essentially the same mixed mail cost distribution methodology that was used for Cost Segment 3.1, Mail Processing Labor Costs, prior to R97-1. Explain any differences in full. If confirmed, explain why the Postal Service did not implement the improved mixed mail cost distribution methodology now used for Cost Segment 3.1 for Cost Segment 6.1.
- e. Has the Postal Service considered or is the Postal Service considering implementing the improved mixed mail cost distribution methodology now used for Cost Segment 3.1 for Cost Segment 6.1? If not, why not?

**RESPONSE:**

- a. There were two primary reasons for replacing the LIOCATT Report with the CARMM Report. First, with the advent of MODS-based costing methodology for mail processing, LIOCATT was only being relied upon for the distribution of mixed mail costs for city carriers. Hence, large portions of the LIOCATT software code and reports were extraneous, and created the potential for confusion through their existence. Second, replacing LIOCATT with CARMM provided the opportunity to change programming languages from COBOL to SAS thereby facilitating software development, maintenance and testing.
- b. Yes. The CARMM (SAS) program produces the same calculations using the same methodologies as the LIOCATT (COBOL) program for distributing

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mixed mail costs to direct mail activity codes by basic function within route type for city carriers. USPS-LR-J-10/R2001-1, Appendix J, CARMM Reports & Pivot Tables vs. Old City Carrier LIOCATT, provides side-by-side comparisons between the reports.

- c. No.
- d. The CARMM program produces the same information that the LIOCATT program produced to distribute the mixed mail costs to direct mail activity codes by basic function within route type for city carriers. As far as I have been able to ascertain, the methodology is the same as it was for Cost Segment 3.1 prior to R97-1. For an explanation as to why the Postal Service did not implement the improved mixed mail cost distribution methodology now used for Cost Segment 3.1 for Cost Segment 6.1, please see the institutional response part (e).
- e. Redirected to United States Postal Service.

## 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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