

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, 2001

Docket No. R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SCHENK TO INTERROGATORIES OF
THE NEWSPAPER ASSOCIATION OF AMERICA
(NAA/USPS-T43-1-9)

The United States Postal Service hereby provides the responses of witness Schenk to the following interrogatories of the Newspaper Association of America: NAA/USPS-T43-1-9, filed on November 9 2001.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 23, 2001

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NAA/USPS-T43-1. Please refer to Library Reference USPS-LR-J-58, and explain how the volume distributions by destination entry and weight increment given in 'tiers_table.xls' from the data in LR-J-112 are developed. Please provide specific calculations.

RESPONSE:

As described in LR-J-58, page 24, the volume distributions by destination entry and weight increments given in tiers_table.xls come from Volumes_tiers.xls, also in USPS-LR-J-58. The calculations are given in sheet 'Summary by entry' in Volumes_tiers.xls. The source data from LR-J-112 (specifically, workbook RPW_Shape_PFY_GFY_ounce.xls) are provided in the rest of the sheets in Volumes_tiers.xls. Each cell in sheet 'Summary by entry' provides the formulas used to calculate each volume. The general methodology used is to sum volumes across shapes and rate elements corresponding to each cell in Table 7.

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NAA/USPS-T43-2. Please refer to Library Reference USPS-LR-J-58, and explain how non-variable costs are calculated and then please explain how those costs are distributed to different subclasses.

RESPONSE:

The cost by ounce increment models in USPS-LR-J-58 provide deaveraged volume variable costs. Non-variable costs are not included in USPS-LR-J-58.

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NAA/USPS-T43-3. Please refer to Library Reference USPS-LR-J-58, and provide all calculations and the results for transportation-related dropship cost avoidance.

RESPONSE:

Dropship cost avoidances are calculated in USPS-LR-J-68. AppenB.xls provides the calculations of the transportation-related dropship cost avoidance for Standard Mail.

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NAA/USPS-T43-4. Please refer to Library Reference USPS-LR-J-58, and provide all calculations and the results for non-transportation-related and transportation-related dropship cost avoidances separately for each mail subclass.

RESPONSE:

Dropship cost avoidances are calculated in USPS-LR-J-68. AppenB.xls provides the calculations of the transportation-related dropship cost avoidance for Standard Mail.

AppenC.xls provides the calculations of the non-transportation-related dropship cost avoidances for Standard Mail.

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NAA/USPS-T43-5. Please refer to Library Reference USPS-LR-J-58, and state whether non-transportation-related dropship cost avoidances are figured into the total dropship costs?

RESPONSE:

Non-transportation-related dropship cost avoidances are figured into the total dropship costs for Standard Mail in USPS-LR-J-58.

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NAA/USPS-T43-6. Please confirm that Table 7 in Library Reference USPS-LR-J-58 presents volumes by units.

RESPONSE:

Table 7 in USPS-LR-J-58 provides volumes (pieces) by tier (Basic, High Density, and Saturation), destination entry, and weight increment for Standard ECR (Commercial) mail.

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NAA/USPS-T43-7. Please refer to the FY2000 IOCS data set.

- a. Identify the total number of tallies.
- b. Identify the number of tallies that are not dollar-weighted.
- c. Identify the number of tallies with "Leave" activity codes.
- d. Identify the number of tallies that were used to distribute mail processing costs, by class and subclass.

RESPONSE:

- a. The FY2000 IOCS data set contains 855,132 records.
- b. The FY2000 IOCS data set contains 361,235 records with a zero tally dollar weight.
- c. The FY2000 IOCS data set contains 328,651 records with a "leave" activity code (F262). A "leave" activity code is defined as all activity codes except 9130 that are reported in Section 9 of Table B-2 (page B-22) of USPS LR-J-1 (Summary Description of USPS Development of Costs by Segments and Components Fiscal Year 2000).
- d. See Attachment A.

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NAA/USPS-T43-8. Please refer to LR-J-58 spreadsheet "LR58AECR.xls", tab "TY MP." Please provide the number of IOCS direct tallies and the number of weighted tallies associated with each distributed mail processing cost figure, by shape, presort level (activity code), handling category (Field F9213: single piece, item, and container), and by weight increment (including no weight).

RESPONSE:

See Attachment B.

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NAA/USPS-T43-9. Please refer to your response to OCA/USPS-107, wherein you identify 6,497 "letter-shaped unweighted IOCS tallies" for mail processing Cost Segment 3.1 for Standard Regular mail in the 0-1 oz. range. Please also refer to your answer to OCA/USPS-112 (a), which lists 10,442 IOCS direct tallies for Standard Regular letters less than 1 oz. Please explain why these two tally numbers differ.

RESPONSE:

The unweighted tallies for Standard Regular mail letters in the 0-1 ounce range reported in OCA/USPS-107 reflect clerk/mailhandler mail processing tallies only. The IOCS direct tally number reported in OCA/USPS-112 (a) contains not only the mail processing tallies, but window service and administrative clerk/mailhandler tallies and city carrier tallies.

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ATTACHMENT A – FY2000 IOCS Tallies – Clerks/Mailhandlers Mail Processing

Class		Record Count	Weighted Tallies (\$000)
<u>First-Class</u>	Single-piece letters	38,001	2,738,511
	Presorted letters	10,052	751,101
	Single-piece cards	1,561	108,886
	Presorted cards	313	22,715
	Total First-Class	49,927	3,621,213
	Priority	5,216	349,589
	Express	1,058	60,533
	Mailgrams	2	129
<u>Periodicals</u>	In-County	284	9,179
	Regular	4,615	335,680
	Non Profit	965	58,413
	Classroom	202	3,156
	Total Periodicals	6,066	406,429
<u>Standard</u>	Regular ECR	2,104	159,023
	Regular Other	16,569	1,211,021
	Non Profit ECR	259	18,973
	Non Profit Other	3,670	260,218
	Total Standard	22,602	1,649,236
<u>Package Services</u>	Parcel post	1,534	101,899
	Bound Printed Matter	953	63,057
	Special Rate	631	40,673
	Library Rate	97	6,027
	Total Package Services	3,215	211,656
	USPS	1,257	90,403
	Free for Blind/Handicapped	95	5,857
	International	4,154	125,925
	Registry	413	23,164
	Certified	358	32,002
	Insurance	13	985
	COD	11	956
	Money Orders	0	0
	Stamped Envelopes	0	0
	Special Handling	4	106
	P.O. Box	0	0
	Other Special Services	449	35,884
	Total Special Services	1,248	93,098
Total Direct		94,840	6,614,068
	Standard (A) Mixed Mail	203	14,585
	Other Mixed Mail	29,256	1,863,251
	Not Handling	97,139	6,135,407
Total		221,438	14,627,311

ATTACHMENT B: BY00 IOCS Weighted Direct Tallies (\$000s) by shape and weight increment - Standard Mail Enhanced Carrier Route (ECR)

Shape	Activity Code	Handling Category	Weight Increment (ounces)										
			0 to .5	.5 to 1.0	1.0 to 1.5	1.5 to 2	2 to 2.5	2.5 to 3	3 to 3.5	3.5 to 4	4 to 5	5 to 6	6 to 7
Letters	1310 Single Piece		8,655	8,058	1,066	1,095	970	848	288	417	0	0	0
	1310 Single Item		7,662	6,063	2,490	1,449	989	593	307	951	143	0	0
	1310 Container		302	0	59	0	0	0	0	0	0	0	0
	1330 Single Piece		2,464	1,886	1,049	202	111	51	64	15	0	0	0
	1330 Single Item		1,884	1,468	121	0	77	0	0	0	0	0	0
	1330 Container		128	55	0	0	0	0	0	0	0	0	0
Total Letters			21,095	17,530	4,785	2,745	2,148	1,493	659	1,383	143	0	0
Flats	2310 Single Piece		1,851	6,091	5,389	5,199	3,358	3,598	4,139	5,422	1,789	1,277	1,183
	2310 Single Item		3,393	5,325	6,619	7,089	7,267	4,956	5,666	7,608	3,323	2,450	1,626
	2310 Container		311	505	261	622	365	320	525	260	173	273	142
	2330 Single Piece		315	1,316	669	753	346	320	451	169	115	88	62
	2330 Single Item		371	636	352	476	0	514	57	261	357	59	67
	2330 Container		0	0	0	0	0	0	0	0	0	0	0
Total Flats			6,240	13,873	13,290	14,139	11,336	9,708	10,838	13,721	5,757	4,146	3,080
IPPs	3310 Single Piece		513	107	49	120	193	778	559	589	182	110	187
	3310 Single Item		0	229	118	110	0	0	47	180	60	196	64
	3310 Container		57	0	58	0	0	0	115	0	91	57	0
	3330 Single Piece		0	0	52	0	0	0	57	0	0	0	80
	3330 Single Item		0	0	55	0	0	0	54	261	0	0	0
	3330 Container		0	0	0	0	0	0	0	0	0	0	0
Total IPPs			569	336	333	230	193	778	831	1,030	333	363	332
Parcels	4310 Single Piece		0	0	0	0	0	0	0	0	0	0	0
	4310 Single Item		0	0	0	0	0	0	0	0	0	0	0
	4310 Container		0	0	0	0	0	0	0	0	0	0	0
	4330 Single Piece		0	0	0	0	0	0	0	0	0	0	0
	4330 Single Item		0	0	0	0	0	0	0	0	0	0	0
	4330 Container		0	0	0	0	0	0	0	0	0	0	0
Total Parcels			0	0	0	0	0	0	0	0	0	0	0

ATTACHMENT B: BY00 IOCS Weighted Direct Tallies (\$000s) by shape and weight increment - Standard Mail Enhanced Carrier Route (ECR) (continued)

Activity Handling

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Shape	Code	Category	7 to 8	8 to 9	9 to 10	10 to 11	11 to 12	12 to 13	13 to 14	14 to 15	15 to 16	> 16 oz	No Wgt *	Total
Letters	1310	Single Piece	0	0	0	0	0	0	0	0	0	0	0	22,707
	1310	Single Item	0	0	0	0	0	0	0	0	116	0	466	22,540
	1310	Container	0	0	0	0	0	0	0	0	0	0	0	1,671
	1330	Single Piece	0	0	0	0	0	0	0	0	0	0	0	7,172
	1330	Single Item	0	0	0	0	0	0	0	0	0	0	23	4,903
	1330	Container	0	0	0	0	0	0	0	0	0	0	0	1,513
Total Letters			0	0	0	0	0	0	0	0	116	0	489	60,506
Flats	2310	Single Piece	1,987	371	53	124	669	329	52	0	455	0	0	45,645
	2310	Single Item	706	585	365	615	198	347	479	341	745	0	1,573	63,586
	2310	Container	220	0	0	49	0	0	0	0	0	0	0	6,338
	2330	Single Piece	0	0	225	0	0	0	0	0	0	0	0	7,158
	2330	Single Item	100	15	0	0	0	0	0	62	0	0	175	5,831
	2330	Container	0	0	0	0	0	0	0	0	0	0	0	2,330
Total Flats			3,012	972	642	789	867	676	531	403	1,199	0	1,748	130,888
IPPs	3310	Single Piece	0	0	0	0	0	0	0	0	0	0	0	6,698
	3310	Single Item	0	0	0	0	0	0	0	0	0	0	115	4,431
	3310	Container	0	0	0	0	0	0	0	0	0	0	0	3,687
	3330	Single Piece	0	0	0	0	0	0	0	0	0	0	0	3,519
	3330	Single Item	0	0	0	0	0	0	0	0	0	0	0	3,700
	3330	Container	0	0	0	0	0	0	0	0	0	0	0	3,330
Total IPPs			0	0	0	0	0	0	0	0	0	0	115	25,365
Parcels	4310	Single Piece	117	219	69	0	0	0	246	269	635	59	0	5,925
	4310	Single Item	254	0	0	0	46	166	0	0	0	0	254	5,030
	4310	Container	0	59	0	70	47	0	0	0	0	0	0	4,486
	4330	Single Piece	64	59	49	0	0	0	0	0	0	0	0	4,502
	4330	Single Item	83	0	0	0	0	0	0	0	0	0	231	4,644
	4330	Container	0	0	0	0	0	0	0	0	0	0	0	4,330
Total Parcels			517	337	118	70	94	166	246	269	635	59	485	28,917

DECLARATION

I, Leslie M. Schenk, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Leslie M. Schenk

Dated: 11/23/01

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.


Nan K. McKenzie

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