

**OFFICIAL TRANSCRIPT OF PROCEEDINGS  
BEFORE THE  
POSTAL RATE COMMISSION**

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OFFICE OF THE SECRETARY

In the Matter of: )  
POSTAL RATE AND FEE CHANGES ) Docket No. R2001-1

VOLUME #3

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POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

In the Matter of: )  
 ) Docket No. R2001-1  
POSTAL RATE AND FEE CHANGES )

Suite 300  
U.S. Postal Rate Commission  
1333 H Street, N.W.  
Washington, D.C.

Volume 3  
Friday, December 14, 2001

The above-entitled matter came on for hearing  
pursuant to notice, at 9:30 a.m.

BEFORE:

HON. GEORGE A. OMAS, CHAIRMAN  
HON. RUTH Y. GOLDWAY, VICE-CHAIRMAN  
HON. DANA B. "DANNY" COVINGTON, COMMISSIONER

APPEARANCES:

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Val-Pak Dealers Association, Inc.:

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C O N T E N T S

## WITNESSES APPEARING:

ROBERT L. SHAW  
 BRADLEY V. PAFFORD  
 HERBERT B. HUNTER  
 THOMAS W. HARAHUSH  
 JENNIFER J. XIE

<u>WITNESSES:</u>	<u>DIRECT</u>	<u>CROSS</u>	<u>REDIRECT</u>	<u>RECROSS</u>	<u>VOIR DIRE</u>
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Bradley V. Pafford	41	--	--	--	--
Herbert B. Hunter	43	--	--	--	--
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P R O C E E D I N G S

(9:30 a.m.)

CHAIRMAN OMAS: Today we continue the hearing to receive testimony of postal witnesses in support of Docket No. R2001-1, Request for Rate and Fee Changes. I have one procedural matter to deal with before we begin.

Yesterday, the American Bankers Association and the National Association of Pre-Sort Mailers filed a joint motion for late acceptance of designation of written cross-examination of Postal Service Witness Bernstein. Witness Bernstein had already completed his appearance when this designation was filed.

I will grant the motion for late acceptance. The designated answers will be added to our record at the close of the hearings to receive the direct case of the Postal Service at the same time as institutional responses are received into the record. I will set a date for receiving institutional responses in writing in a written ruling.

Does anyone have a procedural matter to discuss before we continue today?

(No response.)

CHAIRMAN OMAS: Five witnesses are scheduled to appear today. They are Witness Shaw, Pafford, Hunter, Harahush and Xie. Mr. Hollies, will you call your first witness, please?

1 MR. HOLLIES: The Postal Service calls Mr. Robert  
2 L. Shaw, Jr., to the stand.

3 CHAIRMAN OMAS: Mr. Shaw, would you stand, please?  
4 Raise your right hand.

5 Whereupon,

6 ROBERT L. SHAW, JR.

7 having been duly sworn, was called as a witness  
8 and was examined and testified as follows:

9 CHAIRMAN OMAS: Thank you. You may be seated.

10 (The document referred to was  
11 marked for identification as  
12 Exhibit No. USPS-T-1.)

13 DIRECT EXAMINATION

14 BY MR. HOLLIES:

15 Q Mr. Shaw, my colleague is handing to you two  
16 copies of a document identified as USPS-T-1. Do you  
17 recognize this?

18 A Yes, I do.

19 Q Thank you. Was this prepared by you or under your  
20 direction?

21 A Yes, it was.

22 Q And if your testimony were to be provided orally  
23 today, would it be the same as this document identified as  
24 USPS-T-1?

25 A Yes, it would.

1 MR. HOLLIES: With that, Commissioner, the Postal  
2 Service moves that the T-1 testimony be made a part of the  
3 record in this case.

4 CHAIRMAN OMAS: Is there objection?

5 (No response.)

6 CHAIRMAN OMAS: Hearing none, I will direct  
7 counsel to provide the reporter with two copies of the  
8 corrected direct testimony of Robert L. Shaw. That  
9 testimony is received into evidence. However, as is our  
10 practice, it will not be transcribed.

11 (The document referred to,  
12 previously identified as  
13 Exhibit No. USPS-T-1, was  
14 received in evidence.)

15 CHAIRMAN OMAS: Mr. Shaw, have you had an  
16 opportunity to examine the packet of designated written  
17 cross-examination that was made available to you in the  
18 hearing room this morning?

19 THE WITNESS: Yes, I did.

20 CHAIRMAN OMAS: If the questions contained in that  
21 packet were posed to you orally today, would your answers be  
22 the same as those you previously provided in writing?

23 THE WITNESS: Yes, they would.

24 CHAIRMAN OMAS: Are there any corrections or  
25 additions you would like to make to those answers?



1 THE WITNESS: No.

2 CHAIRMAN OMAS: Counsel, would you please provide  
3 two copies of the corrected designated written cross-  
4 examination of Witness Shaw to the reporter? That material  
5 is received into evidence, and it is to be transcribed into  
6 the record.

7 (The document referred to was  
8 marked for identification as  
9 Exhibit No. USPS-T-1  
10 Designations and was received  
11 in evidence.)

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BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2001-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION  
OF UNITED STATES POSTAL SERVICE  
WITNESS ROBERT L. SHAW  
(USPS-T-1)

Party

Interrogatories

Newspaper Association of America

UPS/USPS-T1-1  
VP/USPS-T1-1-2, 4-6

Office of the Consumer Advocate

UPS/USPS-T1-1  
VP/USPS-T1-1-2, 4-5

Recording Industry Association of  
America

RIAA/USPS-T43-5 redirected to T1

United Parcel Service

UPS/USPS-T1-1

Val-Pak Direct Marketing Systems,  
Inc. and Val-Pak Dealers'  
Association Inc.

VP/USPS-T1-1-2, 4-7

Respectfully submitted, -



Steven W. Williams  
Secretary

INTERROGATORY RESPONSES OF  
UNITED STATES POSTAL SERVICE  
WITNESS ROBERT L. SHAW (T-1)  
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

RIAA/USPS-T43-5 redirected to T1

UPS/USPS-T1-1

VP/USPS-T1-1

VP/USPS-T1-2

VP/USPS-T1-4

VP/USPS-T1-5

VP/USPS-T1-6

VP/USPS-T1-7

Designating Parties

RIAA

NAA, OCA, UPS

NAA, OCA, Val-Pak

NAA, OCA, Val-Pak

NAA, OCA, Val-Pak

NAA, OCA, Val-Pak

NAA, Val-Pak

Val-Pak

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW TO  
INTERROGATORY OF RECORDING INDUSTRY ASSOCIATION OF AMERICA  
(REDIRECTED FROM WITNESS SCHENK)

**RIAA/USPS-T43-5.** Please refer to your response to PostCom/USPS-T43-20, in which you refer to instructions for Question 22 in USPS-LR-I-14/R2000-1 for "provid[ing] documentation on how the In-Office Cost System (IOCS) defines a flat, an automation flat, a parcel, and an IPP." Please further refer to your response to PostCom/USPS-T43-2p, in which you refer to sections CO50 and C820 of the Domestic Mail Manual for "provid[ing] documentation on how the Domestic Mail Manual defines a flat, an automation flat, a parcel, and an IPP."

a. Please confirm that an item with a length between 4 and 13 inches, a height between 4 and 12 inches, and a thickness greater than 0.75 inch but less than 1.25 inches does not satisfy the size definitions of a flat according to the instructions for Question 22 in USPS-LR-I-14/R2000-1 on page 12-10. If not confirmed, please explain fully.

...

e. ... For each of the requirements listed, please further provide a description of the decision criteria that an IOCS data collector uses to determine if a mail piece satisfies the requirement.

...

g. Please describe how an IOCS data collector determines the weight of a flat or parcel for an IOCS reading.

**RESPONSE:**

a. Confirmed.

e. IOCS data collectors do not collect mailpiece characteristics that are specific criteria for processing automation-compatible flats through FSM 1000 or FSM 881 machinery.

g. IOCS data collection instructions for recording weight are found in USPS-LR-I-14/R2000-1, page 16-1. For mail pieces weighing over 4 ounces, data collectors are asked to locate a scale that measures in ounces within the facility. Generally, a scale will be located at the window function or at an IOCS staging area in the facility. For mail pieces 4 ounces or less, data collectors generally carry a hand-held scale that measures by half ounce increments.

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

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

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.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

**VP/USPS-T1-1:**

- a. Do In-Office Cost System ("IOCS") tallies distinguish between Standard ECR flats that are mailed with Detached Address Labels ("DALs") and other Standard ECR flats?
- b. Do IOCS tallies distinguish between Standard parcels that are mailed with DALs and other Standard parcels?
- c. Do IOCS tallies distinguish between Periodicals that are mailed with DALs and other Periodicals?
- d. Do IOCS tallies distinguish between Bound Printed Matter ("BPM") pieces that are mailed with DALs and other BPM?
- e. If the answer to any of the preceding parts a, b, c, or d is affirmative, please indicate all entries in IOCS tallies where the distinction is recorded, with appropriate references to the current IOCS data collector's handbook. If whatever you reference has not been submitted as a library reference, please do so.

**RESPONSE**

- a. No. DAL information is only recorded when the sampled employee is handling a single piece of mail or when the top piece rule is applicable (please see USPS-LR-I-14/R2000-1, IOCS Field Instructions Handbook F-45, pages 12-3 through 12-4 for top piece rule). DAL information is not recorded for mixed mail tallies.
- b. No. Please see response in part (a.)
- c. No. Please see response in part (a.)
- d. No. Please see response in part (a.)
- e. N/A (Not Applicable).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.

**VP/USPS-T1-2:** Can IOCS tallies be used to estimate separately the mail processing cost of Standard ECR Mail with DALs (i.e., those flats or parcels - either separately or combined - that are mailed with DALs) and Standard ECR mail without DALs?

- a. *If your answer to the above question is affirmative, for Base Year please provide whatever cost estimates are available (i.e., for flats and parcels separately, or for flats and parcels combined, if that is the only estimate that is available).*
- b. *If your answer to the above question is anything other than an unqualified affirmative, please explain what changes in the IOCS would be necessary in order to develop such cost estimates.*

**RESPONSE**

No, since DAL information is not available for mixed mail tallies.

- a. N/A (Not Applicable).
- b. The IOCS laptop software would need to be modified to separately record the shape distributions not only for each subclass, as is currently done, but for each subclass and DAL combination (please see USPS-LR-I-14/R2000-1, pages 17-1 through 17-3). This software and data collection procedure change would require additional training for the data collectors. The IOCS mainframe software would also have to be extensively modified to separate records that are associated with DALs from other records without DALs so as to assign them unique activity codes. This would entail changes to the programs that assign activity codes, programs that edit the data, programs that distribute mixed mail tallies, and the cost distribution programs.



**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.**

**VP/USPS-T1-4:** As a hypothetical, please assume that while a carrier is still in the Destination Delivery Unit ("DDU") the carrier accidentally drops on the floor a number of flat-shaped Standard ECR pieces that are to accompany DALs (e.g., a bundle breaks accidentally). Assume further that each flat-shaped piece in the bundle is a wrap consisting of a host piece with five inserts inside the host piece. Assume also that, as a result of being dropped on the floor, many of the inserts become separated from their host pieces. Finally, assume that the carrier is the subject of an IOCS tally and at the moment of the tally the carrier was retrieving from the floor one or more letter-shaped inserts that had become separated from the host piece.

- a. Would the tally reflect that the carrier was working on letter-shaped mail or flat-shaped mail?
- b. Would the tally reflect that the carrier was handling mail accompanied by DALs?

**RESPONSE**

- a. The mailpiece would be recorded as flat shaped. Please see USPS-LR-I-14/R2000-1, pages 12-10 through 12-11, for IOCS recording instructions.
- b. Yes. Please see USPS-LR-I-14/R2000-1, pages 12-10 through 12-11, for IOCS recording instructions.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.**

**VP/USPS-TI-5:** Please assume that a carrier is in the process of casing DALs accompanying Standard ECR Mail at the time the carrier is the subject of an IOCS tally.

- a. Will the tally indicate that the carrier is casing a letter-shaped piece?
- b. If not, what will the tally indicate?

**RESPONSE**

- a. No.
- b. As described in USPS-LR-I-14/R2000-1, pages 12-10 through 12-11, the tally will reflect the shape of the DAL's accompanying piece.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.**

**VP/USPS-TI-6:** Please assume that a carrier, for whatever reason, is in the process of casing Standard ECR wraps that are accompanied by DALs at the time the carrier is the subject of an IOCS tally.

- a. Will the tally indicate simply that the carrier is casing a flat-shaped piece?
- b. Alternatively, will the tally indicate that the carrier is casing a flat-shaped piece that is part of a DAL mailing?
- c. Regardless of your answers to parts a and b, please explain the substance and extent of the information that the tally being handled will contain about the piece.

**RESPONSE**

- a. As described in USPS-LR-I-14/R2000-1, the tally will indicate the sampled employee's activity at the time of the reading to be "Sequencing/Casing Deliverable Mail" (page 10-8) and assuming that a wrap implies a flat shaped mailpiece, the tally will indicate that the mailpiece being handled is flat shaped.
- b. As described in USPS-LR-I-14/R2000-1, the tally will indicate that the sampled employee is handling a mailpiece that is associated with a detached address card (pages 12-10 through 12-11).
- c. At the time of the reading, the IOCS data collector will record the sampled employee's activity, and if the sampled employee is handling a piece of mail, the data collector will record any applicable data about the mailpiece in accordance with the procedures specified in the IOCS Field Instructions Handbook F-45.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW  
TO INTERROGATORY OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC.

**VP/USPS-T1-7:** Assume that a city carrier has finished pulling down and strapping out all mail cased in the office and is in the process of taking mail to the carrier's vehicle when the carrier is tallied by the In-Office Cost System ("IOCS").

- a. In general, when an IOCS tally is taken while the carrier is loading or preparing to load the vehicle, does the tally indicate the class/ subclass or classes/subclasses of mail being handled?
- b. Suppose that at the time of the tally the carrier was taking 500 detached address labels ("DALs") plus Standard ECR flat covers weighing 4 ounces each, which totals to 2000 ounces, or 125 pounds, to the carrier's vehicle. In other words, although carriers normally might be expected to be handling mixed classes when taking mail to their vehicle, on this particular occasion the carrier loading the vehicle happens to be handling only one class of mail - Standard ECR - at the time of the tally.
  - i. Would this particular tally indicate the class of mail being handled?
  - ii. Would this particular tally indicate the shape of the mail being handled? If so, what shape would be recorded: letter-shape for the DALs, or flat- shape for the covers?
  - iii. Assume that the carrier has a mounted route, and can take the DALs directly to the route unsorted. If the carrier were tallied when taking 500 DALs to the vehicle, would this particular tally indicate that it was a DAL mailing being handled?

**RESPONSE**

- a. Not generally. When an IOCS reading is conducted on an employee, who is loading or unloading a vehicle, the employee is usually handling mixed mail all shapes or handling empty equipment.
- b. (i) From your example, my understanding is that the carrier is handling a container composed of only DALs and their associated mailpieces, and it is an identical mailing. In this case, the data collector would indicate in the tally that the container held an identical mailing, and using the combination of a R2001-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SHAW  
TO INTERROGATORY OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC.

DAL and its associated mailpiece indicate the class of mail. Please see library reference USPS-LR-I-14/R2000-1, page 12-11.

(ii) Please see response in part (i). The employee would use the DAL's associated mailpiece to record the shape in the tally. In your example the tally would indicate the shape to be flat.

(iii) Yes, assuming that this is an identical mailing and the only mail being handled by the carrier at the time she is observed.

1 CHAIRMAN OMAS: Is there any additional written  
2 cross-examination for Mr. Shaw?

3 (No response.)

4 CHAIRMAN OMAS: This brings us to oral cross-  
5 examination. Two parties have requested oral cross-  
6 examination.

7 The Recording Industry Association of America, Mr.  
8 Volner?

9 (No response.)

10 CHAIRMAN OMAS: Mr. Volner is not present.

11 Val-Pak Direct Marketing System, Inc. and Val-Pak  
12 Dealers Association, Inc., Mr. Olson?

13 MR. OLSON: Yes, sir. Thank you, Commissioner  
14 Omas.

15 CROSS-EXAMINATION

16 BY MR. OLSON:

17 Q Mr. Shaw, I understand this is your first  
18 appearance today, so we want to make you a battle hardened  
19 veteran by the end of the day. Let me ask you to take a  
20 look at your response to Val-Pak/USPS-T-1-1.

21 A I have it.

22 Q Do you see there that we're asking you about IOCS  
23 tallies and whether they can distinguish between standard  
24 ECR flats which are mailed with detached address labels and  
25 other standard ECR flats? By that we mean ones which are

1 addressed. You understood that to mean addressed standard  
2 ECR flats, correct?

3 A Yes.

4 Q Okay. Your answer says, "No, the IOCS tallies do  
5 not distinguish," and then you say, "DAL information is only  
6 recorded when the sampled employee is handling a single  
7 piece of mail or when the top piece rule is applicable,"  
8 correct?

9 A Correct.

10 Q Okay. Then you reference IOCS Field Instructions  
11 Handbook F-45 and certain pages there for the top piece  
12 rule. There are some other sections that deal with the  
13 handling of DALs, correct?

14 A Yes.

15 Q Okay. First of all, in your direct testimony you  
16 reference that as a library reference in Docket No. R2000-1  
17 and not in this docket. That was provided as a library  
18 reference in that docket I believe as -- do you recall the  
19 number?

20 A No.

21 Q I think it's I-14. Does that sound familiar?

22 A Yes. Sorry.

23 Q Has it been put as a library reference into this  
24 docket?

25 A Yes. I'm assuming -- well, I won't say that. I

1 referenced it. I think the answer is yes. Yes.

2 Q When I looked through the list of library  
3 references, I couldn't find it for this docket. The  
4 reference to the prior docket indicated to me that it hadn't  
5 been put in again in this case.

6 A Oh.

7 MR. HOLLIES: That is correct. It has not been  
8 refiled.

9 MR. OLSON: Thank you.

10 BY MR. OLSON:

11 Q Have there been any changes in that document,  
12 In-Office Cost System Field Operating Instructions Handbook  
13 F-45, June, 1998? That's Library Reference I-14. Have  
14 there been any changes to that document since it was  
15 introduced as a library reference in the last docket?

16 A Yes.

17 Q Can you describe those generally? Were there many  
18 changes? Few changes?

19 A We have a procedure by which we update all our  
20 manuals, all our statistical manuals, via what we call a  
21 statistical programs letter. With that letter that  
22 basically highlights those changes, we provide all the  
23 detail and documentation that would go with that.

24 That was supplied in a library reference for this  
25 case. I think it's J-34. That includes all the statistical



1 program letters and their detail with all the systems for  
2 the years up to now or up to the R2000.

3 Q Okay. The list that I have shows that Library  
4 Reference J-34 is entitled Supplemental Statistical Programs  
5 Policies and Data Collection Instructions. Is that what  
6 you're referring to?

7 A Yes, sir. Yes, sir.

8 Q Does that explain where the changes have been made  
9 in this Handbook F-45?

10 A Yes, they do.

11 Q Do you know if there are any changes? We asked  
12 you, you might have noticed, quite a few questions about  
13 detached address labels, correct?

14 A Yes. Did you notice if any of the sections of  
15 this Handbook F-45 that dealt with detached address labels  
16 had been changed since this filing was made? Since this  
17 library reference was filed rather.

18 A Right. Has there? Could you please restate the  
19 question?

20 Q Yes. I'm just wondering if any of the changes to  
21 Handbook F-45 which have been made since it was filed in  
22 Docket R2000-1 related to how DALs are handled or treated  
23 rather?

24 A There has been no change in my understanding in  
25 what we supplied in the J-34 library reference. Now, after

1 R-2000 there might have been changes, but I'd have to  
2 research that to be specific.

3 Q Would those changes now be in a current version of  
4 this document, Handbook F-45?

5 A No.

6 Q Is there a version more current than June, 1998?

7 A No.

8 Q So in other words the handbook stays the same, but  
9 edits get made within by transmittal or some other type of  
10 letter?

11 A Exactly. By the SP letter. That's exactly how  
12 we --

13 Q Is there a copy of the Handbook F-45 that is  
14 marked up with the changes that have been made since it was  
15 issued in June, 1998?

16 A I can only speak for myself. I am not aware of  
17 any. I don't have any.

18 Q But as of the time that this library reference was  
19 filed on September 24, this library reference meaning the  
20 one that documents the changes in LR I-14, that contains all  
21 the changes as of September 24, 2001, correct?

22 I'm just trying to figure out if this is a current  
23 document that we can rely on for how it treats DALs. That's  
24 basically what I'm trying to get at.

25 A As far as R2000 data, yes, it is current. You

1 have all the SP letters that are current there, and you have  
2 the F-45.

3 I guess in reference to your question earlier, and  
4 maybe I misunderstood it, but I thought your response was  
5 insofar as to say that if there has been an additional SP  
6 letter that has come out since the filing of this rate  
7 case -- that would be in FY 2001 or something like that --  
8 I'm not sure. I haven't researched that to find out if  
9 there has been a change in the DAL procedure.

10 Q In any event, if there were such a change that  
11 would not have affected the data collection during the base  
12 year, for example?

13 A Correct.

14 Q So if we want to know how your base year data was  
15 derived, we would look at this notebook and this version  
16 that was filed in R2000-1?

17 A Exactly, along with the SP letters.

18 Q I'm sorry. Let me just ask you again. The SP  
19 letters are the ones that are filed in the September 24  
20 library reference. What does SP stand for?

21 A Statistical programs.

22 Q Okay.

23 A These are what we call -- the actual title that we  
24 put on these are statistical programs field support SP  
25 letters. Like I mentioned earlier, they provide any changes

1 that would occur in any of our handbooks. The F-45 would be  
2 one of those handbooks.

3 Q And the filing in the library reference on  
4 September 24 contained all changes to F-45 that had been  
5 made as of September 24, 2001, correct?

6 A As of September 24? The J-34 library ref, the  
7 last SP letter in here is dated June 30, 2000, so it would  
8 include everything, all the changes in FY 2000. When you  
9 say September 24, 2001, -- let's see. In our fiscal year I  
10 think that's FY '01, unless I'm mistaken.

11 Q So J-34 contains the SP letters through 6-30-00?

12 A That was the last one that was produced. It  
13 contains all of them through '00, through FY 2000, which  
14 ends somewhere in the beginning of September.

15 Q Okay. Of the letters that have been issued since  
16 6-30-00, do you know if any of them deal with Handbook F-45  
17 and the way in which DALs are treated?

18 A There is nothing after that that deals with IOCS  
19 or DALs.

20 Q So if we look at the library reference in the last  
21 docket, I-14, and the library reference in this docket,  
22 J-34, we will know everything about how DALs are handled and  
23 IOCS through September 24?

24 A Through FY 2000. Right.

25 Q I think you just said there have been none that

1 affect DALs since June 30, 2000, through September 24, 2001.

2 A I think where I'm getting hung up here is our  
3 fiscal year. What you have there is completed through the  
4 fiscal year. Our fiscal year starts something at the  
5 beginning of September. You keep using September 24,  
6 which --

7 Q Well, that's the filing date of the library  
8 reference.

9 A But my recollection is that it involves all  
10 changes through FY '00.

11 Q Okay.

12 A I might be wrong there.

13 Q If there were changes to how IOCS Handbook F-45  
14 handles DALs since the information was provided in J-34  
15 through June 30, 2000, could you provide those as a library  
16 reference?

17 MR. OLSON: Mr. Chairman, we would ask that that  
18 be done.

19 THE WITNESS: Yes, I could.

20 CHAIRMAN OMAS: Thank you. Mr. Hollies?

21 MR. HOLLIES: That's fine. We'll certainly follow  
22 that up.

23 CHAIRMAN OMAS: Thank you.

24 MR. OLSON: Thank you.

25 //

1 BY MR. OLSON:

2 Q As you can see, I'm just trying to get at knowing  
3 what document controls. Let's go back and take a look at  
4 your response.

5 You say that DAL information is only recorded when  
6 the sampled employee is handling a single piece of mail or  
7 when the top piece rule is applicable. Let me ask you to  
8 take a look at page 12-10 of F-45.

9 A Okay. I have it.

10 Q I think you reference that page and the following  
11 page, as does Witness Schenk in some of her answers to  
12 interrogatories that were redirected from you to her; like  
13 T-43-8 references those pages, 12-10 and 12-11.

14 Let me just ask you to help me understand how this  
15 works. First of all, this has to do with Question 22, which  
16 deals with single piece tallies, correct?

17 A Correct.

18 Q And when a postal employee, whether he be a  
19 carrier or clerk or mail handler or supervisor -- I think  
20 those are the four categories covered by IOCS, are they not?

21 A Uh-huh. Yes.

22 Q Okay. If any of them is holding a single piece of  
23 mail, then the shape of that single piece of mail is  
24 recorded, correct?

25 A Correct.

1 Q On page 12-11 there do you see K, Detached address  
2 labels, parent piece unidentifiable?

3 A Correct. I do.

4 Q Okay. It's my understanding that what they call  
5 parent piece is I guess they mean the associated mail piece  
6 like the flat or the parcel that goes with the detached  
7 address label. Is that what they mean?

8 A Yes.

9 Q Okay. If the parent piece, using these terms, is  
10 unidentifiable, then they record it as a card, as a detached  
11 address card under K, correct?

12 A That is correct.

13 Q Okay. First of all, do you know when that  
14 happened typically aren't the parent pieces and the detached  
15 address labels at the carrier station so that, for example,  
16 if a carrier was tallied and he had a DAL the associated  
17 parent mail piece would be there to look at?

18 A It's been my observation that typically that's the  
19 case. I know that, for instance, when a carrier is out on  
20 the route, for instance, they were carrying samples, and  
21 they had a card in those samples. The card would be brought  
22 back.

23 If we happened to have an IOCS reading at that  
24 time, that would be an example of when this type of -- they  
25 were holding the DAL. That would be probably appropriate

1 for this option to be chosen, but I'm not really an expert  
2 in operations so I can't say that that's atypical, but in my  
3 mind I have observed that as an example.

4 Q You do know that there are tallies under this part  
5 of Question 22 for detached address cards, parent piece  
6 unidentifiable?

7 A As far as the base year are there tallies?

8 Q Yes.

9 A I have done analyses, and I was trying to  
10 remember. I can't answer that. I'm not sure.

11 Q If there were tallies, and let's assume there  
12 were, what other information would be recorded about --  
13 strike that.

14 I was about to ask you what information would be  
15 recorded about the parent piece, but obviously you wouldn't  
16 be able to identify the parent piece, so you couldn't record  
17 any information about it, correct?

18 A Correct.

19 Q Okay. Let's take the other possibility of a flat  
20 or a parcel that is associated with a detached address card.  
21 Is a detached address card the same as a detached address  
22 label?

23 A Yes.

24 Q Okay. At the bottom of page 12-10 it has another  
25 section dealing with detached address cards, and it seems to



1 indicate to me -- let me give you my understanding of this,  
2 and then you can correct me.

3 It says if your selection in Question 22 was a  
4 flat, IPP or parcel, then the person taking the tally is  
5 asked, "Detached address card?" It says, "If the selected  
6 employee's activity at the time of the reading is associated  
7 with a detached address card or the accompanying mail piece,  
8 enter yes."

9 Doesn't that indicate that if the tally taker is  
10 recording the handling of a single piece flat, IPP or parcel  
11 that in all cases it comes up to enter into the database  
12 whether there is a detached address card?

13 A On Question 22, if the data collector indicates  
14 that it's a flat, an IPP machinable, an IPP non-machinable,  
15 parcel machinable, parcel outside, they will be prompted  
16 with a question with a question marked, "Detached address  
17 card?"

18 Q And those are the Sections E, F, G, H and I on  
19 page 12-10, correct?

20 A Correct.

21 Q So doesn't that indicate that you would be able to  
22 know for a particular tally if the flat had a detached  
23 address card or not?

24 A If the data collector was -- if we could identify  
25 a single piece, yes. We would then collect that data.

1 Q All of Question 22 is for single piece readings,  
2 correct?

3 A Correct.

4 Q Okay. Suppose we have a flat that has a detached  
5 address card. Under (e), the person recording the tally  
6 indicates it's a flat. Then he's prompted, "Detached  
7 address card?", and he says yes. What other information is  
8 then recorded about that particular piece?

9 A Okay.

10 Q I know there are other questions that follow this.  
11 I mean, do they record weight of the piece?

12 A Yes.

13 Q Do they record the class of the piece?

14 A Yes.

15 Q Okay.

16 A In fact, on 12-11 in the F-45 near the bottom of  
17 that top paragraph that you were reading from it says,  
18 "Always use the accompanying mail piece to determine shape.  
19 Use a combination of detached address card and mail piece to  
20 respond to the mail characteristics questions," so it's  
21 using a combination of both of them to answer all mail  
22 characteristics questions that would follow this in IOCS.

23 Q Suppose there was a flat at the carrier station  
24 and a detached address card, and the person who is doing  
25 your recording on a laptop types in it's a flat, and, yes,

1 there is a detached address card. Then their mail  
2 characteristics is in what chapter is that?

3 A That would be -- well, mail characteristics starts  
4 with indicia, which would be chapter 13, page 13-1. You can  
5 see on page 13-2 it begins to ask what type of indicia.  
6 13-5 is class of mail.

7 Q Okay. So the class of mail would be the same for  
8 the detached address card, as well as for the piece, of  
9 course, because the detached address card specifies the  
10 class of mail, correct?

11 A Yes.

12 Q So, for example, standard ECR would be an option,  
13 correct?

14 A Correct.

15 Q Does it record weight, you said?

16 A Yes.

17 Q And you say it records the weight of the combined  
18 piece. Do they take the card and the parent piece and put  
19 them together and weigh it?

20 A Yes.

21 Q So what I'm trying to get at is why the answer to  
22 my question was no then based on what you've told me.

23 We asked you if the IOCS tallies distinguish  
24 between standard ECR flats that are mailed with DALs and  
25 other addressed standard ECR flats, and you say no because

1 DAL information is only recorded when the sampled employee  
2 is handling a single piece or the top piece rule is  
3 applicable. It's not recorded for mixed mail tallies.

4 Now, I'm not going to get into the mixed mail  
5 aspect of this right now, but for single pieces isn't it  
6 true that the IOCS does distinguish between, for example,  
7 standard ECR flats that have DALs and those that don't?

8 A For single piece.

9 Q For single piece.

10 A And if it's one of those particular shapes then  
11 yes, we do.

12 Q One of those particular shapes meaning flat, IPP  
13 machinable or non-machinable, parcel machinable or parcel  
14 outside, correct?

15 A correct.

16 Q Okay. So would it be possible to go into the  
17 database and pull the instances where you have standard ECR  
18 mail which have flats which are accompanied by a DAL and  
19 isolate those tallies? Would that be possible?

20 A Yes.

21 Q And then for those tallies would it be possible to  
22 run a report on the average weight, let's say, of those  
23 tallies?

24 A It would be possible. The difficulty with an  
25 average weight is that if it's less than four ounces we

1 don't ask for exact weight. We only ask for a range of  
2 weights.

3 Q Okay. Where is that in the handbook? Is that in  
4 chapter 13?

5 A No. That's in chapter 16, page 16-1.

6 Q Okay. From that chapter, tell me, if you would,  
7 what options are available to the data recorder in terms of  
8 the weight of a standard ECR flat which is accompanied by a  
9 detached address card?

10 A They would weigh the combination of the pieces.  
11 For instance, if it was between a half ounce and less than  
12 or equal to one ounce they would chose Option B.

13 Q In other words, they don't put down that it's .6  
14 ounces; they put down it's between half an ounce and one  
15 ounce?

16 A Correct.

17 Q So we wouldn't have the exact weight of that flat,  
18 but we would know the range in which the weight falls in  
19 half ounce increments up to four ounces, correct?

20 A That is correct.

21 Q And we would also know whether it was more than  
22 four ounces?

23 A Correct.

24 Q Okay. Would it be possible to take the standard  
25 ECR tallies where there's a flat that has a detached address

1 card and run a report showing the distribution by half ounce  
2 increments up to four ounces and then how many are over four  
3 ounces?

4 A In the cases where we have a direct tally that  
5 would be possible.

6 Q And that would be where Question 22 deals with  
7 single piece, correct?

8 A Correct.

9 Q This falls between you and Witness Schenk, and I  
10 apologize, but I'm going to ask you what you know. I'll ask  
11 Witness Schenk what you don't know. We asked you a  
12 question, which was -- I'm sorry. This was not originally  
13 directed to you. It was Val-Pak/USPS-T-43-8.

14 Let me just read you what Witness Schenk said and  
15 ask you if this is consistent with your understanding of the  
16 way the IOCS works. We said, "Please refer to your response  
17 to Val-Pak/USPS-T-39-48 redirected from Witness Kingsley  
18 wherein you state, 'The Postal Service has no data  
19 whatsoever which provide the weight of all flats accompanied  
20 by detached address labels.'"

21 Then we asked this question. "When an IOCS tally  
22 is taken of a postal employee handling a DAL, is the fact  
23 that a DAL was being handled recorded by the IOCS tally."  
24 She says, "Not generally," and she says something similar to  
25 what you said, which is that it's only if it's a single

1 piece or the top piece rule applies, so that's consistent.

2 We then asked her, "Is the weight of the mail  
3 piece that accompanies the DAL also recorded on the same  
4 IOCS tally," and she said, "Not in all cases. The weight of  
5 an associated mail piece would not be recorded if the  
6 associated mail piece is not identifiable to the data  
7 collector. Assuming the associated mail piece is  
8 identifiable and weight information is recorded for the  
9 tally, then the weight information is contained in Fields  
10 F-165, 166, 167." Is that correct?

11 A Could you -- I'm sorry.

12 Q I could give it to you.

13 A Yes. That would probably be better.

14 MR. OLSON: Would you mind if I provided this to  
15 counsel?

16 THE WITNESS: Thank you. This was C, right?

17 MR. OLSON: Yes.

18 THE WITNESS: Okay.

19 (Pause.)

20 THE WITNESS: Okay.

21 BY MR. OLSON:

22 Q My question would be do you agree with her answer  
23 to C?

24 A Yes.

25 Q Okay. Would you take a look at D? We asked her

1 to provide the type of distribution and average weight that  
2 we just talked about for standard ECR flats. Do you see  
3 that question?

4 A Yes.

5 Q She indicates that's not possible, I believe.

6 (Pause.)

7 A Okay. Your question?

8 Q The question is if you agree with the answer to D?

9 A Yes.

10 Q Okay. Let me take it then and ask you some more  
11 questions.

12 A Okay. Let me read it one more time so I can  
13 remember it.

14 (Pause.)

15 A Okay.

16 Q Question D asked Witness Schenk that for standard  
17 ECR flats that are accompanied by DALs is it possible to use  
18 the IOCS database for fiscal 2000 to provide average weight  
19 and the distribution by weight of the standard ECR flats  
20 with DALs by half ounce increment up to four.

21 She says, "Not applicable," and that's because she  
22 had indicated previously, "There are no such tallies." She  
23 says, "IOCS cannot provide estimates of weight. It's a  
24 labor/cost system."

25 A The way I read the question and interpreted it was



1 that you were trying to come up with some total estimate  
2 over the population. We don't collect DAL information on  
3 all possible scenarios, so if you're looking for a total  
4 estimate, a population estimate, IOCS can't provide that,  
5 but if you're looking for obviously strictly into the single  
6 piece where we have direct tallies then that subset would be  
7 possible.

8 Q That's exactly what I think we'd like to get.  
9 Would it be possible to use the IOCS then, you agree, for  
10 standard ECR flats accompanied by DALs for that subset that  
11 responded to Question 22 about single pieces; that it was a  
12 flat or a parcel or an IPP and that it had a DAL where the  
13 weight was recorded, and we could tell by half ounce  
14 increments up to four ounces and for pieces over four  
15 ounces? Of that subset, we can tell the weight  
16 distribution, correct?

17 A Yes. We should be able to produce a report like  
18 that.

19 Q The impression that I had had from her answer and  
20 from other answers was that that was simply impossible to do  
21 from IOCS. As a matter of fact, she says, "IOCS is not a  
22 volume or weight measurement system," leading me to believe  
23 that you couldn't take those tallies and tell anything about  
24 weight.

25 A Well, again you're looking at only a small portion

1 of the universe, so to speak, so I think her answer is  
2 actually appropriate in that if you're trying to make some  
3 determination about the entire population I think you're  
4 going to have a hard -- I don't see a clear way to expand  
5 that subset to a population estimate. You'd have to make an  
6 awful lot of assumptions.

7 Q But if you were simply trying to get the best data  
8 that were available from IOCS, one could get a distribution  
9 of the single piece pieces by weight increment, correct?

10 A You can absolutely get a distribution where we  
11 have direct tallies and where we have single piece data.

12 MR. OLSON: Mr. Chairman, insofar as we've now  
13 figured out what the confusion was; that in fact it is  
14 possible to do what we have previously asked for, for that  
15 subset of tallies that are single piece tallies as Witness  
16 Shaw has explained it today, we would ask the Postal Service  
17 to provide that distribution by weight at its earliest  
18 convenience if it would do that.

19 CHAIRMAN OMAS: Okay. Mr. Hollies?

20 MR. HOLLIES: Yes. We can do that. I think that  
21 the answer that this line of cross-examination began with  
22 did indeed explain the fact that for a subset of pieces  
23 there is such information available, and if it's now asking  
24 for that it was follow up available before, but we can  
25 provide it.

1 CHAIRMAN OMAS: If you would provide that? Also,  
2 will you provide within seven days the information that was  
3 requested by Mr. Olson earlier of Mr. Shaw?

4 MR. HOLLIES: Sure.

5 CHAIRMAN OMAS: Thank you.

6 MR. OLSON: Thank you.

7 I don't have too much more, but I just want to  
8 check my notes, Mr. Shaw.

9 (Pause.)

10 BY MR. OLSON:

11 Q Let me ask you to take a look at your response to  
12 Val-Pak-T-1-7. In part A we asked you about IOCS tallies  
13 taken when a carrier is loading or preparing to load a  
14 vehicle and whether the class or subclass of the mail being  
15 handled is recorded. You say, "Not generally," and then go  
16 on to explain that. Do you see that?

17 A Yes, I see it.

18 Q Okay. You say, "When an IOCS reading is conducted  
19 on an employee who is loading or unloading a vehicle, the  
20 employee is usually handling mixed mail of all shapes or  
21 handling empty equipment."

22 Let me ask you this. You know the precise minute  
23 and second, I take it, that a tally taker is supposed to  
24 record a tally for that employee, correct? That's  
25 specified, is it not?

1 A It's what they observe at that time.

2 Q Is it down to the second?

3 A It's what they observe. I mean, they know that  
4 they're supposed to be out at such and such a time. It  
5 might fluctuate. Maybe they're supposed to be out at 9:32,  
6 but when they actually look at the person it could be 9:34  
7 or something like that.

8 Q So it's down to the minute? Is that what is  
9 provided to them? In other words, I thought there was this  
10 random pool of employees that were picked, and then it told  
11 the tally taker to go see a particular employee on a  
12 particular day at a particular time.

13 A Right. Yes. They try to keep it to that exact  
14 minute, but there's also a 30 minute rule which allows them  
15 some flexibility.

16 Q Okay. Is a particular minute specified like 9:32  
17 in the morning?

18 A Yes.

19 Q Okay. If, for example, the person who is supposed  
20 to be tallied is outside by the truck at that moment, would  
21 the tally taker go outside; leave the office and be outside  
22 by the truck at that minute?

23 A If it was an on site reading, that would be the  
24 case. They would have to observe, physically observe what  
25 the employee is doing. It's when they observe at that

1 moment. That's when the reading is capturing any kind of  
2 information, especially if it's on mail pieces or such.

3 Q But what I'm trying to get at is if the reading is  
4 in the office. I mean, it's the in-office cost system. If  
5 it's in the office, I understand they would observe it. I'm  
6 asking if it was in the parking lot loading a vehicle would  
7 it be observed outside of the building, or would they wait  
8 until the person came back?

9 A Can you bear with me for a minute?

10 Q Yes, sir.

11 A I think I would answer that at this point I don't  
12 know, and I think I need to research that one to be  
13 absolutely 100 percent sure.

14 Q Just to amplify that, if as we're discussing a  
15 carrier is loading his vehicle or unloading is vehicle, the  
16 tally could be taken when he's on the way out to the vehicle  
17 or at the vehicle loading or on the way back presumably  
18 handling empty equipment, correct?

19 A Correct.

20 Q I mean, those are the basic options?

21 A Correct.

22 Q Can you tell from your tallies which of those the  
23 carrier is doing, or does it simply record loading or  
24 unloading vehicle?

25 A It's just one option, loading or unloading.

1 There's no distinction between which they're doing.

2 Q Would it be difficult to provide an answer to that  
3 question, as well as to whether tallies are taken outside in  
4 the parking lot where the vehicles are loading or whether  
5 they wait until the employee comes back in?

6 A Yes.

7 MR. OLSON: Mr. Chairman, we would ask for that,  
8 too.

9 CHAIRMAN OMAS: Mr. Hollies?

10 MR. HOLLIES: Certainly, and I am assuming the  
11 earlier specified deadline is the Commission's preference.

12 CHAIRMAN OMAS: Seven days, please. Yes. Thank  
13 you.

14 BY MR. OLSON:

15 Q Mr. Shaw, this is my last area. I just want to  
16 ask you. I have in prior dockets spent a little bit of time  
17 with LIOCATT, and I now see you have the carrier mixed mail  
18 CARMM report that substitutes for that that's discussed in  
19 your testimony, page 7, correct?

20 A Correct.

21 Q You reference a library reference. You reference  
22 Library Reference J-10 as containing information on the new  
23 CARMM report, correct?

24 A Correct.

25 Q First of all, can you just describe very briefly

1 the old LIOCATT system and the new CARMM system and why it  
2 was changed, what benefit there is in the new system?

3 A Okay. I think I basically responded to that in  
4 part A here. I'll read it if you want.

5 Q I'm sorry. Part A of what?

6 A Part A of UPS/USPS-T-1-1.

7 Q If you could do that, I'd appreciate it. I'm  
8 sorry. You're correct. Is that your response then to the  
9 reasons for replacing LIOCATT with CARMM?

10 A Yes.

11 Q Okay. Anything else you can think of?

12 A That was basically it.

13 Q Okay. I had a tab on that. I'm sorry. I wasn't  
14 going to ask that, but I am going to ask you this.

15 On Appendix J of Library Reference J-10, it says  
16 in your testimony that that depicts side-by-side table  
17 comparisons between the two systems using FY '98 data,  
18 correct?

19 A Correct.

20 Q Okay. I pulled that, and I don't know if you have  
21 that one with you. Do you?

22 A Yes.

23 Q While you're getting it, let me tell you what I  
24 found. I found an appendix of 29 pages that starts off with  
25 two pages which purport to be side-by-side table

1 comparisons. Then it has pages 4 through 26, which are  
2 LIOCATT printouts, and then it's got at the end pages 27 to  
3 29, something called P-I-V-O-T tables. What is P-I-V-O-T?

4 A I don't know. That one I'd have to research. I  
5 don't know if I could -- I don't know.

6 Q Okay. Take a look, if you would, at page 2 of  
7 that appendix.

8 A Okay.

9 Q What I had thought from your testimony was that  
10 there would be tables comparing side-by-side the LIOCATT and  
11 CARMM methods, and it would show how they differed. I don't  
12 know if I see that on that page. Is that what I'm looking  
13 at on page 2 of the Appendix J?

14 A Two of 29 you're talking about?

15 Q Yes, 2 of 29.

16 A Which? The top or the bottom one you're looking  
17 at? The table.

18 Q Either one. I can't see a correlation between how  
19 you describe in your testimony and what's there.

20 A The top table shows what the -- I'm sorry. The  
21 top table shows the LIOCATT program name; for instance, the  
22 top one for the report coming out of the LIOCATT, ALA860P7,  
23 and the SAS report would be a product of the CARMM,  
24 C-A-R-M-M, so those two would be the same.

25 Q In other words, that would be side-by-side the



1 name of the report under LIOCATT and CARMM?

2 A In this particular instance, yes.

3 Q Okay. So now we know the old name and the new  
4 name of the reports?

5 A Right.

6 Q Okay. What do we know from the table at the  
7 bottom?

8 A The table at the bottom depicts the output file  
9 for the CARMM process, the program that's run for that.  
10 That tells us the format of how to read the output file.

11 Q So the entire chart at the bottom only deals with  
12 CARMM and not LIOCATT, correct?

13 A Yes.

14 Q What in this Appendix J were you referring to when  
15 you said that there were side-by-side table comparisons  
16 between LIOCATT and CARMM using fiscal '98 data?

17 A If you turn to page 4 of 29, you'll see the  
18 LIOCATT printout and what's blocked in there. It's colored  
19 in a rectangular shape. You see some numbers there. Then  
20 on page 6 of 29 you see the output of the CARMM report.  
21 Again, the numbers are blocked out there or are shaded, I  
22 should say.

23 For instance, if I turn back to page 4, if we look  
24 at the output there where it shows Activity Code 1080 under  
25 Outgoing as 56,088, and then on page 6 out of the CARMM

1 report for Activity Code 1080 you have under Outgoing  
2 56,088. That was what was meant by the side-by-side  
3 comparison.

4 Q So everything in a shaded box is from the CARMM  
5 report?

6 A I think that was used just to highlight it so you  
7 could -- to enable the highlighting, to make the crossover  
8 more efficient.

9 Q Just take page 4, if you would, 4 of 29, and  
10 explain to me which of the numbers on the page come from  
11 LIOCATT and which come from CARMM if there's a side-by-side  
12 comparison using fiscal '98 data.

13 A On page 4 of 29 it says in the upper left-hand  
14 corner Report ALA860P7. If you remember from page 1 -- I'm  
15 sorry. Page 2 of 29. The top table there says that that  
16 report is ALA860P7. The CARMM report is now Report No. 7,  
17 so everything on page 4 of 29 through 5 of 29 is the LIOCATT  
18 portion, and then on page 6 of 29 is the CARMM portion. The  
19 subsequent pages do the same type of thing.

20 Q So page 6 of 7 is not a LIOCATT run? It's a CARMM  
21 report?

22 A Correct.

23 Q Is there anywhere in this library reference that  
24 it tells the innocent reader that clearly?

25 A I apologize for not wording it so that you

1 couldn't understand it.

2 MR. OLSON: It's just very difficult to plow  
3 through this. You are now battle hardened, and I thank you  
4 for all of your help.

5 THE WITNESS: Thank you.

6 CHAIRMAN OMAS: Thank you, Mr. Olson.

7 Are there any other questions? Any other cross-  
8 examination?

9 (No response.)

10 CHAIRMAN OMAS: Are there any questions from the  
11 bench?

12 (No response.)

13 CHAIRMAN OMAS: Mr. Hollies, would you like some  
14 time with your witness to determine redirect?

15 MR. HOLLIES: Yes. If we would have about ten  
16 minutes, that would be appreciated.

17 CHAIRMAN OMAS: All right. That's good timing.  
18 Why don't we take a break now for about ten minutes? We'll  
19 be back here at 10:40.

20 (Whereupon, a short recess was taken.)

21 CHAIRMAN OMAS: Mr. Hollies?

22 MR. HOLLIES: Thank you, Mr. Chairman. I have a  
23 couple of questions. This should be quick.

24 //

25 //

## REDIRECT EXAMINATION

BY MR. HOLLIES:

Q Mr. Shaw, what is the relationship between the F-45 and the SP letters?

A The SP letters are designed to update policy and procedures that are associated with the IOCS data collection, not to replace pages in the F-45 document.

Q Several times on your cross-examination you referred to the R-2000 docket. Was that a correct use of that reference?

A No. I think I mis-spoke. I should have used base year.

Q Is LR J-34 missing any SP letters pertinent to the base year?

A No.

MR. HOLLIES: Thank you. I have no further questions.

CHAIRMAN OMAS: Mr. Olson?

MR. OLSON: Nothing further, Commissioner Omas.

CHAIRMAN OMAS: Mr. Shaw, there being no follow up of redirect, that completes your testimony here today. We appreciate your appearance and your contribution to our record. Again, thank you. You're excused.

THE WITNESS: Thank you.

CHAIRMAN OMAS: I hope you enjoyed your initial

1 appearance with us.

2 THE WITNESS: It was fun.

3 CHAIRMAN OMAS: Thank you.

4 THE WITNESS: Thank you very much.

5 (Witness excused.)

6 CHAIRMAN OMAS: Our next scheduled witness is  
7 Bradley V. Pafford. There has been no designation of  
8 written cross-examination of Witness Pafford, and no party  
9 has requested oral cross-examination.

10 Mr. Hollies, if you have corrected copies of  
11 Witness Pafford's direct testimony and an appropriate  
12 declaration of authenticity, you can move Witness Pafford's  
13 testimony into evidence.

14 MR. HOLLIES: I presented that opportunity to Mr.  
15 Pafford, and he elected to be present here today. We are  
16 expecting to put his testimony in in a traditional way.

17 CHAIRMAN OMAS: Okay. Mr. Pafford?

18 MR. HOLLIES: The Postal Service calls Mr. Bradley  
19 Pafford to the stand.

20 CHAIRMAN OMAS: Mr. Pafford, would you stand?  
21 Raise your right hand.

22 Whereupon,

23 BRADLEY V. PAFFORD

24 having been duly sworn, was called as a witness  
25 and was examined and testified as follows:

1 CHAIRMAN OMAS: Be seated.

2 (The document referred to was  
3 marked for identification as  
4 Exhibit No. USPS-T-3.)

5 DIRECT EXAMINATION

6 BY MR. HOLLIES:

7 Q Mr. Pafford, my colleague has handed you two  
8 copies of a document marked as USPS-T-3. Do you recognize  
9 that?

10 A I do.

11 Q All right. Were you to testify orally today,  
12 would that document, USPS-T-3, comprise your testimony?

13 A It would.

14 MR. HOLLIES: The Postal Service would like to  
15 move USPS-T-3, Mr. Pafford's testimony, into the record.

16 CHAIRMAN OMAS: Is there any objection?

17 (No response.)

18 CHAIRMAN OMAS: Hearing none, I will direct  
19 counsel to provide the reporter with two copies of the  
20 corrected direct testimony of Mr. Pafford. The testimony is  
21 received into evidence. However, as is our practice, it  
22 will not be transcribed.

23 //

24 //

25 //

1 (The document referred to,  
2 previously identified as  
3 Exhibit No. USPS-T-3, was  
4 received in evidence.)

5 CHAIRMAN OMAS: Mr. Pafford, have you had an  
6 opportunity to examine the packet of designated written  
7 cross-examination that was made available to you in this  
8 hearing room this morning?

9 MR. HOLLIES: Excuse me, Mr. Chairman. There is  
10 no written cross-examination of this witness.

11 CHAIRMAN OMAS: Okay. All right. I'm a little  
12 lost. This is my first time.

13 MR. HOLLIES: I'm right with you there.

14 CHAIRMAN OMAS: Mr. Pafford, there being no  
15 questions on oral cross-examination, that completes your  
16 testimony here today. We appreciate your appearance and  
17 your contribution to our record. Thank you. You're  
18 excused.

19 THE WITNESS: Thank you.

20 (Witness excused.)

21 CHAIRMAN OMAS: I apologize to the group here. It  
22 sort of caught me off guard with my script.

23 MR. HOLLIES: I believe the next scheduled witness  
24 is Mr. Hunter.

25 CHAIRMAN OMAS: Yes. Mr. Hollies, would you

1 please introduce your next witness?

2 MR. HOLLIES: The Postal Service calls Herbert  
3 Humper to the stand. Excuse me. Hunter.

4 Mr. Hunter, my apologies for mispronouncing your  
5 name. I believe the Chairman is about to swear you in.

6 MR. HUNTER: That's quite all right.

7 CHAIRMAN OMAS: Would you stand and raise your  
8 right hand?

9 Whereupon,

10 HERBERT B. HUNTER

11 having been duly sworn, was called as a witness  
12 and was examined and testified as follows:

13 CHAIRMAN OMAS: Be seated.

14 (The document referred to was  
15 marked for identification as  
16 Exhibit No. USPS-T-4.)

17 DIRECT EXAMINATION

18 BY MR. HOLLIES:

19 Q Mr. Hunter, my colleague is handing to you two  
20 copies of a document identified as USPS-T-4. Do you  
21 recognize this?

22 A Yes, I do.

23 Q And what is it?

24 A This is my testimony.

25 Q And were you to testify orally today, would your



1 testimony be the same?

2 A Yes, it would.

3 MR. HOLLIES: The Postal Service moves Mr.  
4 Hunter's testimony, USPS-T-4, into evidence in this  
5 proceeding.

6 CHAIRMAN OMAS: I will direct counsel to provide  
7 the reporter with two copies of the corrected direct  
8 testimony of Herbert B. Hunter. That testimony is received  
9 into evidence. As is our practice, it will not be  
10 transcribed.

11 (The document referred to,  
12 previously identified as  
13 Exhibit No. USPS-T-4, was  
14 received in evidence.)

15 CHAIRMAN OMAS: Mr. Hunter, have you had an  
16 opportunity to examine the packet of designated written  
17 cross-examination that was made available to you in the  
18 hearing room this morning?

19 THE WITNESS: Yes, I have.

20 CHAIRMAN OMAS: If the questions contained in that  
21 packet were proposed to you orally today, would your answers  
22 be the same as those previously provided in writing?

23 THE WITNESS: Yes, sir, they would.

24 CHAIRMAN OMAS: Are there any corrections or  
25 additions you would like to make to those answers?

1 THE WITNESS: I have none.

2 CHAIRMAN OMAS: Counsel, would you please provide  
3 two copies of the corrected designated written cross-  
4 examination of Witness Hunter to the reporter? That  
5 material is received into evidence, and it is to be  
6 transcribed into the record.

7 (The document referred to was  
8 marked for identification as  
9 Exhibit No. USPS-T-4  
10 Designations and was received  
11 in evidence.)

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BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2001-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION  
OF UNITED STATES POSTAL SERVICE  
WITNESS HERBERT B. HUNTER  
(USPS-T-4)

Party

Newspaper Association of America


Val-Pak Direct Marketing Systems,  
Inc. and Val-Pak Dealers'  
Association Inc.

Interrogatories

VP/USPS-T4-1, 4, 6

VP/USPS-T4-1-6

Respectfully submitted,.



Steven W. Williams  
Secretary

INTERROGATORY RESPONSES OF  
UNITED STATES POSTAL SERVICE  
WITNESS HERBERT B. HUNTER (T-4)  
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

VP/USPS-T4-1  
VP/USPS-T4-2  
VP/USPS-T4-3  
VP/USPS-T4-4  
VP/USPS-T4-5  
VP/USPS-T4-6

Designating Parties

NAA, Val-Pak  
Val-Pak  
Val-Pak  
NAA, Val-Pak  
Val-Pak  
NAA, Val-Pak

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER  
TO INTERROGATORY OF VAL-PAK**

**VP/USPS-T4-1.**

- a. Does Postal Service Form 3602 distinguish between (i) Standard ECR flats with Detached Address Labels ("DALs") and (ii) other Standard ECR flats?
- b. Does Form 3602 distinguish between Standard parcels with DALs and other Standard parcels?
- c. Does Form 3602 distinguish between Bound Printed Matter ("BPM") with DALs and other BPM?
- d. If the answers to preceding parts a, b, or c are anything other than an unqualified affirmative, please explain fully what information about DAL mailings can be ascertained from Form 3602.
- e. If prior versions of Form 3602 contained such information, please describe.
- f. If other Postal Service forms contain such information, please describe.

**RESPONSE.**

- a-b. No. The level of detail necessary to compute postage on PS Form 3602 for Standard Mail parcel and ECR flat mailings does not require DAL mailpiece characteristic information.
- c. No. To respond to this question, it is assumed that PS Form 3605 is of interest and not PS Form 3602, which applies only to Standard Mail mailings. The level of detail necessary to compute postage on PS Form 3605 for BPM mailings does not require DAL mailpiece characteristic information.
- d. PS Forms 3602 and 3605 do not identify DAL revenue, volume, and weight information for Standard Mail parcel, ECR flat, and BPM mailings. The intent of these forms is to compute postage by rate category. Since DAL is not a rate category, these forms do not describe DAL mailings.
- e. Prior versions of PS Forms 3602 and 3605 do not identify DAL revenue and volume information. See also my response to part (d).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER  
TO INTERROGATORY OF VAL-PAK

- f. My response to this question is based on discussions with other postal officials. I am not aware that the requested DAL information is collected.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER  
TO INTERROGATORY OF VAL-PAK

**VP/USPS-T4-2.**

- a. Of all Standard ECR flats that were entered during Base Year, what was the volume of unaddressed flats mailed with (i.e., accompanied by) DALs?
- b. Of the volume provided in response to part a, what was the volume of flats with DALs that were entered at the minimum piece rate?
- c. Of the volume provided in response to part a, what was the volume of flats with DALs that were entered at the pound rate?

**RESPONSE.**

Please see my response to VP/USPS-T4-1(d).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER  
TO INTERROGATORY OF VAL-PAK**

**VP/USPS-T4-3.**

- a. Please state the average weight of Standard ECR flats that were mailed with DALs during Base Year at the minimum piece rate.
- b. Please state the average weight of Standard ECR flats that were mailed with DALs during Base Year at the pound rate.
- c. Please supply all sources for the data provided in response to preceding parts a and b.

**RESPONSE.** Please see my response to VP/USPS-T4-1(d).



**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC.**

**VP/USPS-T4-4.**

Please assume that the Postal Service receives a Standard ECR mailing consisting of detached address labels ("DALs") and unaddressed flat-shaped "wraps."

- a. For any portion of the mailing, does the Postal Service count the number of DALs to verify that they are equal to the number of pieces shown on Form 3602?
- b. For any portion of the mailing, does the Postal Service count the number of wraps to verify that they are equal to the number of pieces shown on Form 3602?
- c. Please assume that the number of DALs should happen to exceed the number of wraps.
  - (i) Would the basis for computing the postage be the number of DALs or the number of wraps?
  - (ii) Under the circumstances envisioned here, would the volume recorded by the RPW system be the number of DALs or the number of wraps?
  - (iii) What would the Postal Service do with the DALs for which there were insufficient wraps?
- d. Please assume that the number of wraps should happen to exceed the number of DALs.
  - (i) Would the basis for computing the postage be the number of DALs or the number of wraps?
  - (ii) Under the circumstances envisioned here, would the volume recorded by the RPW system be the number of DALs or the number of wraps?
  - (iii) What would the Postal Service do with the extra unaddressed wraps?

**RESPONSE.** My response to this question is based on discussions with other postal officials.

- a-b. At the point of mail verification and acceptance, the Postal Service does not count all mailpieces and DALs; instead, the Postal Service utilizes sample-based weight verification for identical-weight piece mailings, or other verification methods outlined in a specific postage payment system

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC.

agreement for nonidentical-weight piece mailings. See DMM A060.5.2,  
P910, P920, and P930.

- c-d. (i) If the mailpiece and DAL totals differ, the postage is based on the  
greater of the two counts. See DMM A060.5.2.
- (ii) The RPW System captures the number of pieces reported on the  
postage statement. See also my response to USPS-T4-6.
- (iii) The mailer is required to specify how the Postal Service handles the  
disposition of excess or undeliverable mailpieces and accompanying  
DALs, including the holding of mailpieces or DALs pending the supply of  
additional materials. See DMM A060.4.1.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC.**

**VP/USPS-T4-5.**

**Please confirm that, when the Postal Service receives a Standard ECR mailing consisting of DALs and unaddressed flat-shaped "wraps," the RPW System attributes all revenues from that mailing to flats. If you do not confirm, please explain how the revenues are recorded.**

**RESPONSE. Confirmed.**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HUNTER  
TO INTERROGATORIES OF VAL-PAK DIRECT MARKETING SYSTEMS, INC.  
AND VAL-PAK DEALERS' ASSOCIATION, INC.

**VP/USPS-T4-6.**

Please assume that the Postal Service receives a Standard ECR mailing consisting of, say, 1 million DALs and 1 million unaddressed flat-shaped "wraps."

- a. Does the RPW System record the DALs as 1 million letter-shaped pieces? If not, what record, if any, is made of the volume of DALs?
- b. Does the RPW System record the wraps as 1 million flat-shaped pieces?
- c. Does the RPW System record the weight of the DALs and wraps combined, or does the RPW system record only the weight of the wraps? Please explain.

**RESPONSE.**

- a-b. The RPW System records DAL mailings as flats. A mailpiece and its accompanying DAL are considered a single mailpiece. The RPW System records a Standard Mail ECR mailing of 1 million mailpieces and accompanying DALs as 1 million flats.
- c. The RPW System records the combined weight of the mailpiece and its accompanying DAL, as required for postage computation. See also DMM A060.5.2.

1 CHAIRMAN OMAS: Is there any additional written  
2 cross-examination of Witness Hunter?

3 (No response.)

4 CHAIRMAN OMAS: This brings us to oral cross-  
5 examination. No participants have requested oral cross-  
6 examination of Mr. Hunter.

7 I will now ask. Are there any questions from the  
8 bench?

9 (No response.)

10 CHAIRMAN OMAS: There being no questions from oral  
11 cross, you are excused. We appreciate your appearance here  
12 today. Thank you.

13 THE WITNESS: Thank you very much, sir.

14 (Witness excused.)

15 MR. HOLLIES: We will be just a moment as we have  
16 a changing of the guard.

17 CHAIRMAN OMAS: All right.

18 (Pause.)

19 MR. COOPER: The Postal Service calls Thomas  
20 Harahush to the stand.

21 CHAIRMAN OMAS: Mr. Harahush, would you please  
22 stand?

23 //

24 //

25 //

1                   Whereupon,

2                               THOMAS W. HARAUSH

3                   having been duly sworn, was called as a witness  
4 and was examined and testified as follows:

5                   CHAIRMAN OMAS: Be seated.

6                               (The document referred to was  
7                               marked for identification as  
8                               Exhibit No. USPS-T-5.)

9                               DIRECT EXAMINATION

10                   BY MR. COOPER:

11               Q     Mr. Harahush, my colleague is handing you two  
12 copies of a document identified as USPS-T-5, Direct  
13 Testimony of Thomas W. Harahush on behalf of the United  
14 States Postal Service. Are you familiar with this document?

15               A     Yes.

16               Q     Was it prepared by you or under your direct  
17 supervision?

18               A     Yes.

19               Q     If you were to be giving testimony orally today,  
20 is this the testimony that you would give?

21               A     Yes.

22               Q     I understand that there are a number of library  
23 references associated with your testimony.

24               A     Yes.

25               Q     Are they mentioned in your testimony?

1 A Yes.

2 Q Would you identify those library reference numbers  
3 for us?

4 A LR-14. LR-12, 13, 14 and 15.

5 Q Those are all USPS-LR-J-12, 13, 14 and 15? Is  
6 that correct?

7 A Yes.

8 Q And are you sponsoring those Category II library  
9 references --

10 A Yes.

11 Q -- in this proceeding?

12 A Yes.

13 MR. COOPER: With that, Mr. Chairman, I offer the  
14 direct testimony of this witness and the Category II library  
15 references associated with that testimony into evidence.

16 CHAIRMAN OMAS: Are there any objections?

17 (No response.)

18 CHAIRMAN OMAS: Hearing none, I will direct  
19 counsel to provide the reporter with two copies of the  
20 corrected direct testimony of Thomas W. Harahush. That  
21 testimony is received into evidence. However, as is our  
22 practice, it will not be transcribed.

23 //

24 //

25 //

1 (The document referred to,  
2 previously identified as  
3 Exhibit No. USPS-T-5, was  
4 received in evidence.)

5 CHAIRMAN OMAS: Mr. Harahush, have you had an  
6 opportunity to examine the packet of designated written  
7 cross-examination that was made available to you in the  
8 hearing room this morning?

9 THE WITNESS: Yes.

10 CHAIRMAN OMAS: If the questions contained in that  
11 packet were posed to you orally today, would your answers be  
12 the same as those previously provided in writing?

13 THE WITNESS: Yes.

14 CHAIRMAN OMAS: Are there any corrections or  
15 additions you would like to make to those answers?

16 THE WITNESS: No.

17 CHAIRMAN OMAS: Counsel, would you please provide  
18 two copies of the corrected designated written cross-  
19 examination of Witness Harahush to the reporter? That  
20 material is received into evidence and is to be transcribed  
21 into the record.

22 //

23 //

24 //

25 //



1 (The document referred to was  
2 marked for identification as  
3 Exhibit No. USPS-T-5  
4 Designations and was received  
5 in evidence.)

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BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2001-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION  
OF UNITED STATES POSTAL SERVICE  
WITNESS THOMAS W. HARAHUSH  
(USPS-T-5)

Party

Newspaper Association of America

Val-Pak Direct Marketing Systems,  
Inc. and Val-Pak Dealers'  
Association Inc.

Interrogatories

NAA/USPS-T5-1-3  
VP/USPS-T5-1-3, 7-8  
VP/USPS-T43-11a-b, d redirected to T5

VP/USPS-T5-1-3, 7a, 8a-d, 9a-c, 10a, 13a-c, 14b,  
17

VP/USPS-T43-11a-b, d redirected to T5

Respectfully submitted, ,



Steven W. Williams  
Secretary

INTERROGATORY RESPONSES OF  
UNITED STATES POSTAL SERVICE  
WITNESS THOMAS W. HARAHUSH (T-5)  
DESIGNATED AS WRITTEN CROSS-EXAMINATION

<u>Interrogatory</u>	<u>Designating Parties</u>
NAA/USPS-T5-1	NAA
NAA/USPS-T5-2	NAA
NAA/USPS-T5-3	NAA
VP/USPS-T5-1	NAA, Val-Pak
VP/USPS-T5-2	NAA, Val-Pak
VP/USPS-T5-3	NAA, Val-Pak
VP/USPS-T5-7	NAA
VP/USPS-T5-7a	Val-Pak
VP/USPS-T5-8	NAA
VP/USPS-T5-8a	Val-Pak
VP/USPS-T5-8b	Val-Pak
VP/USPS-T5-8c	Val-Pak
VP/USPS-T5-8d	Val-Pak
VP/USPS-T5-9a	Val-Pak
VP/USPS-T5-9b	Val-Pak
VP/USPS-T5-9c	Val-Pak
VP/USPS-T5-10a	Val-Pak
VP/USPS-T5-13a	Val-Pak
VP/USPS-T5-13b	Val-Pak
VP/USPS-T5-13c	Val-Pak
VP/USPS-T5-14b	Val-Pak
VP/USPS-T5-17	Val-Pak
VP/USPS-T43-11a redirected to T5	NAA, Val-Pak
VP/USPS-T43-11b redirected to T5	NAA, Val-Pak
VP/USPS-T43-11d redirected to T5	NAA, Val-Pak

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARAHUSH  
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

**NAA/USPS-T5-1.**

Please refer to your testimony at Page 4, lines 13-14. Are the "randomly selected routes" sampled during each quarter the same routes from quarter to quarter, or does the random selection occur on a quarterly basis? Please explain your answer.

**Response:**

The random selection occurs on a quarterly basis. Each quarter, prior to sample selection, a current frame of city carrier routes is received from the Address Management System. A new sample is chosen each quarter from the current frame.

---

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARAHUSH  
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA**

**NAA/USPS-T5-2.**

Please refer to your testimony at Page 4, lines 16-17. When data are recorded at a stop, is the determination of class of mail done solely by the person entering the data, or does a process exist by which a more centralized authority can review or correct the classification?

**Response:**

The determination of class of mail is generally done by the data collector at the time of the test. However, several processes exist for reviewing and/or correcting the classification, as follows:

1. If the data collector is uncertain how to categorize a mailpiece, the data collector can review handbooks and policy memos on the laptop, contact other data collectors or the statistical programs supervisory staff, or record a comment about the mailpiece in the laptop software. The data can be subsequently reviewed and edited, if necessary.
  2. As a test is uploaded to the base unit, a summary of weighted counts by class and shape is available for review by the Manager of Statistical Programs or designee, for quality assurance purposes. If clarification is needed about how a mailpiece should be categorized, the office may contact its Statistical Programs Service Center (SPSC), or the headquarters program manager via the SPSC. For the city carrier system, corrections would be made at the base unit computer.
  3. At headquarters, the data are reviewed in preparation for summarizing and producing the distribution keys. If an abnormal number of pieces were recorded for a mail class or shape, either for an individual stop or an entire route,
-

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARAHUSH  
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

then headquarters staff contact the data collector for clarification. Errors  
identified at this point are corrected by headquarters staff.

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARAHUSH  
TO INTERROGATORIES OF NEWSPAPER ASSOCIATION OF AMERICA

**NNA/USPS-T5-3:**

Please refer to your testimony at page 10, Table 10 (2). Is it a correct reading of this Table 2 that for FY2000:

- a. Standard commercial flats are estimated to comprise 70.59 percent subject to the CV, of the flat mail at SDR stops? Or
- b. 70.50 (70.59) percent of the SDR stops that received flat mail, received one or more Standard commercial flats?

In other words, is Table 2 an indication of volume at type of stop, or of proportions of stops receiving one or more types of pieces? Please explain your answer.

**Response:**

Table 2 indicates the proportions of volumes by type of stop. Thus, Standard

Mail Regular flats comprised 70.59 percent of all flats at SDR stops.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS HARAUSH  
TO INTERROGATORIES OF VAL-PAK

**VP/USPS-T5-1.**

According to the cover sheet for LR-J-14, Handbook F-65, the March 1999 Data Collection User's Guide for Cost Systems, "Chapters 3 and 4 are subject to witness Harahush, USPS-T-5." Section 3.2.1.10 of this Handbook F-65 states that: "If the mailing consists of a detached label with a mailing sample, count the two pieces as one saturation mailing but record the pieces separately when counting mail for the stop."

- a. Does this treatment of DAL mailings only apply to saturation mailings? If so how are DAL mailings which are not saturation mailings recorded?
- b. What is the significance of counting the two pieces as a single saturation mailing? How are the data regarding the number of saturation mailings used by the Postal Service?
- c. What is the significance of counting the two pieces separately when counting mail for the stop? How are the data regarding the number of mail pieces per stop by the Postal Services?

**RESPONSE:**

- a. In city carrier cost, if a mailing has a DAL accompanying another mailpiece, each of the two mailpieces will be counted at the stop, but only one saturation mailing will be recorded when the saturation mailings are counted.
- b. For purposes of counting the number of saturation mailings on a tested route, the DAL and the accompanying mailpiece are considered one mailing. The number of saturation mailings is not used.
- c. Each piece of mail handled by the carrier is counted in a sampled stop in a city carrier test. The number of mail pieces per stop are used for cost distribution purposes.



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**VP/USPS-T5-2**

Section 4.1.1.2 of Handbook F-65 states: "Make sure that you know how to distinguish between letters and flats and between flats and parcels. You can find definitions for the various compensation categories in RM 4-08. Unlike in the City Carrier test, you must make these distinctions based on the measurements of the mailpieces rather than on the way the carrier cases the mailpieces." Likewise, Section 1.2 of the handbook states "In the city test you count mail according to how it is cased, but in the rural test you count it according to its measurements."

- a. Does this mean that, when a City Carrier Route Test is conducted, the identification of a mailpiece as a letter, or flat, or parcel, is based upon the way the carrier cases the mailpiece, rather than on the dimensions of the mailpiece? Please explain your answer.
- b. Why does the city carrier route test use a method of defining a mailpiece's shape that is different from the rural carrier route test.

**RESPONSE:**

- a. Confirmed, with the exception when a carrier uses a mail case that is not divided for letters and flats separately. In that case, measurements are used for determining shape.
- b. Rural costing methodology is tied to the national rural count of mail, which uses the measurement.

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**VP-USPS-T5-3**

Section 4.2.4.8 states:

Recording Detached Address Labels (DALs/Cards). This applies to a variety of rates of mail. Record class, subclass, and compensation category for detached address labels accompanying a product or host-piece by examining the markings to determine the proper class or subclass. The address format determines compensation category. If the DAL has a simplified address, then use "Boxholder" as the compensation category. If the DAL has occupant (postal customer, occupant, householder or resident and a specific address) or exceptional ("Jane Doe or current resident" and a specific address) address format, use the proper type of letter as the compensation category.

- a. For rural carriers, why does the address format determine the compensation category for a DAL mailing?
- b. Does the address format determine the compensation category for both the DAL and the accompanying mailpiece.
- c. Please identify all of the compensation categories for which a DAL may qualify under this section, and the corresponding compensation to a rural carrier for a DAL and accompanying mailpiece.
- d. For the calculation of rural carrier compensation, are the DAL and accompanying mailpiece treated as two mailpieces?

**RESPONSE:**

- a. The rural carrier cost system uses the rules that are followed by personnel conducting the National Rural Mail Count.
- b. The address format determines the compensation category of the DAL as described in Section 4.2.4.8. The compensation category of the accompanying piece is determined separately.
- c. The rural carrier cost system allows a data collector to enter any compensation category for a mailpiece; however, a DAL would be counted as

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either an "Other Letter" or a boxholder. The allowance factor for an "Other Letter" is 0.0625, or 16 pieces per minute. The allowance factor for the accompanying piece, a boxholder, is 0.04, or 25 pieces per minute.

d. Confirmed.

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**VP/USPS-T5-7.**

Please refer to your response to VP/USPS-T5-1.

- a. Would the detached address label ("DAL") accompanying a merchandise sample be recorded as a letter-shaped piece, a flat-shaped piece, or a parcel-shaped piece (*i.e.*, as a nonletter, non-flat-shaped) piece?

**Response:**

- a. Almost invariably, the DAL would be counted as a letter in the city carrier system.

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Revised 12/13/01

**VP/USPS-T5-8.**

Please assume that a carrier has a Standard ECR Saturation mailing consisting of DALs and unaddressed flat-shaped "wraps."

- a. Would the Carrier Cost Systems (CCS) include the number of DALs in the count of pieces?
- b. Unless your answer to part a is an unqualified negative, would the DALs be recorded as letter-shaped or flat-shaped pieces?
- c. Would the CCS include the number of wraps in the count of pieces?
- d. Unless the answer to preceding part c is an unqualified negative, would the wraps be recorded as letter-shaped or flat-shaped pieces?

**Response:**

- a. Yes.
- b. Almost invariably, the DAL would be counted as a letter in the city carrier system. In the rural carrier cost system, almost invariably, the DAL would be counted either as an "Other Letter" or a boxholder, depending on the address format on the DAL.
- c. Yes.
- d. In the city carrier system wraps would almost invariably be counted as flats. In the rural carrier system wraps would almost invariably be counted as boxholders.

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**VP/USPS-T5-9:**

Please assume that a carrier has Bound Printed Matter ("BPM") items with an accompanying DAL.

- a. Would the CCS record the DAL accompanying the BPM item as a separate piece?
- b. Unless your answer to preceding part a is an unqualified negative, would the DAL be recorded as a letter-shaped or flat-shaped piece?
- c. Should the DAL be recorded as a Standard Regular piece, a Standard ECR piece, or a BPM piece? Please explain.

**Response:**

- a. Yes.
- b. Almost invariably, the DAL would be counted as a letter in the city carrier system. In the rural carrier cost system, almost invariably, the DAL would be counted either as an "Other Letter" or a boxholder, depending on the address format on the DAL.
- c. The DAL should be counted as a BPM piece, because the indicia and endorsements would indicate BPM.

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**VP/USPS-T5-10.**

The Summary Description of USPS Development of Costs by Segments and Components, FY 2000, USPS-LR-J-1, Section 7.2.4 states that the volume variable cost of access time is distributed to the pertinent classes and subclasses of mail on the basis of the class and subclass proportions of pieces constituting each aggregate in the FY 1999 CCS volume data.

- a. When CCS volume data are recorded, do those data records distinguish between letters, flats, and parcels?

**Response:**

- a. Yes.

**VP/USPS-T5-13.**

Please refer to LR-J-131, WP1, Page H, tab COST, column 2, which shows unit delivery costs for ECR letters and flats in various presort conditions.

- a. Were you, or any of the library references sponsored by you, the source of the unit delivery cost estimates for ECR letters and flats.
- b. If your answer to preceding part a is in the affirmative, please indicate the data (and source of those data) that went into the estimated unit delivery costs for ECR letters and flats.
- c. If your answer to preceding part a is an unqualified negative, please indicate the source of the unit delivery cost data for ECR letters and flats, and the sponsoring witness for those data.

**Response:**

- a. No.
- b. Not applicable.
- c. The unit delivery costs were estimated by witness Schenk in USPS-LR-J-117.

Parts d-e are redirected to witness Schenk.



**VP/USPS-T5-14.**

Tables 1-4 in your testimony show the distribution of city carrier costs of each route type to the different classes and subclasses of mail, and, in a similar format, Tables 5-8 show the distribution of rural carrier costs for evaluated factors to the different classes and subclasses and subclasses of mail.

b. Once the volume variable carrier costs attributed to each class and subclass of mail have been determined, are you the witness responsible for determining the delivery costs for each rate cell within each class and subclass (as shown, for instance, in USPS-LR-J-131, Page H)? If you are not the witness with this responsibility, please indicate who is, and where the delivery costs by rate cell are developed.

**Response:**

b. No. Schenk, USPS-LR-J-117.

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**VP/USPS-17.**

Please refer to your response to VP/USPS-T5-2, part a, where you state:

Confirmed, with the exception when a carrier uses a mail case that is not divided for letters and flats separately. In that case, measurements are used for determining shape.

- a. Is the casing configuration to which you refer commonly known as the "vertical flats case?" If not, please provide the nomenclature used by the Postal Service to describe such cases.
- b. Does the Postal Service have statistics regarding the number of city carriers that use such cases? If so, please provide data indicating:
  - (i) How many city carriers use such cases
  - (ii) How many do not;
  - (iii) The type of case or cases used by city carriers that do not have the case configuration in your response.
- c. Do in-office costs associated with casing letters and flats into such cases differ from the costs associated with the use of "regular" or "other" city carrier cases? If your answer is anything other than unqualified negative, please provide all supporting data for your response, including costs and cost differences for all classes/subclasses of mail.

**Response:**

- a. A DPS vertical flat case work method or a one bundle system work method would utilize a case in which letters and flats were cased together in the same case.
- b. I am informed that the Postal Service does not track the type of case that carriers use.
- c. I am informed that the In Office Cost statistical data system (IOCS) does not collect data by case type. Costs by case type are not produced.

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**VP/USPS-T43-11.**

- a. Please confirm that in the sample of mail taken for the city carrier cost system, and used as the "volume" basis for distributing costs to mail by class and subclass, as well as by weight, a Standard ECR DAL will be counted as a piece, and the accompanying flat or parcel will also be counted as a piece.
- b. Assuming that Standard ECR DALs are counted when the sample of mail is taken for the city carrier cost system, would they be recorded as letters, or would they be recorded as flats or parcels in accordance with the shape of the accompanying mailpiece?
- d. Do the data that are recorded in the city carrier cost system distinguish between DALs and other similarly-shaped pieces? That is, if DALs are recorded as letters or letter-shaped pieces, can the data base for the city carrier cost system be used to ascertain the number o[r] percentage of "letters" that in fact were DALs? If so, please provide this information for Base Year 2000.

**Response:**

- a. Please see response to VP/USPS-T5-1a.
- b. Almost invariably, the DAL would be counted as a letter in the city carrier cost system.
- d. The city carrier cost system does not identify a mailpiece as a DAL.

1 CHAIRMAN OMAS: Is there any additional written  
2 cross-examination by Witness Harahush?

3 (No response.)

4 CHAIRMAN OMAS: There being none, this brings us  
5 to oral cross-examination. One party has requested oral  
6 cross-examination.

7 Val-Pak Direct Marketing System, Inc. and Val-Pak  
8 Dealers Association, Inc., Mr. Olson?

9 MR. OLSON: Thank you, Commissioner Omas.

10 CROSS-EXAMINATION

11 BY MR. OLSON:

12 Q Mr. Harahush, I want to begin with your Library  
13 Reference J-14, Handbook F-65, Data Collection Users Guide  
14 for Cost Systems, dated March, 1999.

15 A Yes.

16 Q Okay. I had not pulled this before this morning  
17 just to see what it covers, but it's a CD in the  
18 Commission's files. Is this a voluminous document?

19 A I'll show you. City carrier has 72 pages. Rural  
20 carrier has 78 pages, including indices and stuff like that.

21 Q And that's it? It has to do with the two cost  
22 systems that you describe in your testimony as generally the  
23 city carrier system and the rural carrier system?

24 A Yes. They're the instructions that our data  
25 collectors follow for these two systems.

1           Q     Therefore, is Handbook F-65 to the city and rural  
2 carrier cost systems the same as perhaps F-45 is to the  
3 in-office cost system?

4           A     Yes. The analogy is -- yes, your analogy is  
5 correct.

6           Q     Okay. However, F-65 has no bearing whatsoever on  
7 the in-office time of carriers, correct?

8           A     That's correct.

9           Q     What is the dividing line between in-office and  
10 out-of-office time of the carrier? Is loading or unloading  
11 a vehicle in-office or out-of-office?

12          A     There is the in-office cost system, there are the  
13 city and rural carrier cost systems, and then there are  
14 special studies which handle various things.

15                The city and rural carrier programs that I am  
16 representing here deal with in-city carrier mail delivered  
17 that day; in-rural carrier mail available for delivery on  
18 the day of the test. That's what these two library  
19 references pertain to.

20          Q     Right. I'm just trying to get a handle of where  
21 the beginning point is of a carrier. I take it the first  
22 type of cost that would be incurred in logical sequence is  
23 route time. It would be from the moment the carrier leaves  
24 the parking lot. Is that the beginning of route time?

25          A     I don't know about the special studies. I'm not

1 familiar with the special studies. The city and rural  
2 carrier tests pertain to the mail that's, like I say,  
3 available for delivery on rural and being delivered for  
4 city.

5 Q Well, don't you handle Segment 7 city carrier  
6 street costs?

7 A I handle the statistical -- the data collection  
8 for it.

9 Q Right.

10 A I don't handle the costing.

11 Q No. I understand. You're a data collection  
12 witness, not a costing witness.

13 A Yes.

14 Q I understand that. Correct? That is correct?

15 A Yes. Oh, yes.

16 Q With respect to the data collection, you would  
17 know the first instance in time a carrier would be subject  
18 to being surveyed under the city carrier systems, would you  
19 not? I mean, you wouldn't collect data in the office,  
20 correct, under the city carrier system?

21 A Well, we collect our data in the office. In other  
22 words, the mail -- in city carrier, the mail that's being  
23 cased. That is where we collect our data, okay, and the  
24 same thing at the case for the rural carrier because that's  
25 where we know what is either being delivered that day or

1 available for delivery that day.

2 Q That's where you ascertain the volume of mail and  
3 the shape and the class or whatever else --

4 A That's correct.

5 Q -- in the office, but you're not seeking to --  
6 well, I guess that's a costing question. Okay. Fair  
7 enough. You look at the mail inside the office for both  
8 city and rural?

9 A Yes.

10 Q And what are the major aspects of what you record,  
11 the information you record for a city carrier?

12 A On city carrier we of course get class, subclass  
13 and shape. Now, we get additional data that describe the  
14 route and that describe the particular stop that was  
15 sampled.

16 On rural carrier we're getting the class, subclass  
17 and compensation category of the mail that is available for  
18 delivery on that test date, and we get some additional  
19 information on the route itself.

20 Q Okay. Back to city carriers. When a detached  
21 address label is identified, do you record information about  
22 that?

23 A We record data on the detached address label. We  
24 don't record any information, any characteristic defining it  
25 as a detached address label, but, yes, we do. If that mail

1 is going to a sampled stop in city carrier, if it's a DAL we  
2 will record that.

3 Q And will you record it simply as a generic card,  
4 or would you record it as a DAL?

5 A It will not be recorded as a DAL. It will be  
6 recorded by its class, subclass and shape.

7 Q What are the options for shape?

8 A The shape is letter, flat and parcel.

9 Q Card, too?

10 A No.

11 Q So a card would be a letter?

12 A A card would be a letter.

13 Q And a DAL would then be identified as an  
14 additional letter for that particular stop?

15 A In city carrier, wherever the carrier cases that  
16 piece of mail that is the shape we use with the exception of  
17 the one bundle system where we actually measure, but the DAL  
18 will almost invariably be counted as a letter.

19 Q If the DAL is not cased, will it be identified by  
20 your system?

21 A All mail that's going for delivery that day will  
22 be counted by our data collectors. They're instructed to  
23 ask the carrier for, you know, things that might not be  
24 right at the case to make sure that they get anything else  
25 that might be associated with that route that he is taking,



1 he or she is taking out that day. Yes, they will get all  
2 mail going out that day.

3 Q So if a particular carrier had a stack of cards,  
4 they would thumb through to see if that particular address  
5 was to receive a DAL mailing, correct?

6 A They would ask the carrier, you know, how he's  
7 handling these particular pieces. Will everybody get one?

8 You know, they have to delve into this situation  
9 because it's a sample of stops in city carrier. The sampled  
10 stops are identified, and then they have to determine from  
11 that point how this is going to pan out.

12 Q And the objective is, is it not, to find out what  
13 pieces of mail are to be delivered to that particular stop?

14 A That's correct.

15 Q And that would include cards under the category of  
16 letters, correct?

17 A Yes.

18 Q And if a detached address label was accompanied by  
19 an associated mail piece or a parent mail piece we talked  
20 about before, which let's say was a flat, then they would  
21 report that as a separate piece of mail, which was a flat?

22 A That's correct. They record both the DAL and the  
23 host piece.

24 Q You mentioned that with respect to rural carriers  
25 that it's a little different because you don't record the

1 shape, but you record information that allows you to get to  
2 the evaluated time of the piece?

3 A Yes. We call them compensation categories, and  
4 that includes what would normally be called shapes, but  
5 there are additional things. We take it from the national  
6 rural mail count.

7 We use the compensation categories that national  
8 rural mail count uses. Some people call them evaluation  
9 factors. For example, you have your letters, three types of  
10 letters, flats, parcels, boxholders, and then you get into  
11 various types of accountable mail.

12 Q Okay. Let's go through those. What are the three  
13 types of letters?

14 A DPS letters, sector segment letters and other  
15 letters.

16 Q If you wanted to know letters, you would add up  
17 those three categories, and that would equal total letters?

18 A That's correct.

19 Q Okay. I'm sorry. What were the other categories  
20 besides those three and letters?

21 A Flats, parcels, boxholders. Then we go into he  
22 accountables, postage due, certified, insured, registered,  
23 COD and signature and delivery confirmation.

24 Q Okay. Let's go back to boxholders. Can you  
25 explain to me what a boxholder is?

1           A     Okay. Let me take it right out of the manual or  
2 the handbook that we give it. That way --

3           Q     Are you referring to Handbook F-65?

4           A     Yes.

5           Q     If you could give the page reference also when you  
6 do this?

7           A     Page 471. It's in RM408. "All simplified address  
8 mail, including samples with simplified addresses and  
9 detached address labels with no specific addresses."

10                Then we explain a little bit more about a  
11 particular type of boxholder, but this particular definition  
12 comes from the definition of a boxholder in the DMM.

13           Q     Not being familiar with that term until I saw it  
14 in response to discovery, can I ask you a couple of  
15 questions about it?

16                First of all, boxholder has nothing to do with  
17 mailbox within a postal office, for example? It has nothing  
18 to do with holding space inside a mailbox that someone might  
19 rent at a post office, correct?

20           A     Okay. It's not a post office box. I guess the  
21 old terminology was a mailbox was a box, so they called it a  
22 boxholder. The DMM explains, you know, exactly that a  
23 boxholder mailing would go to on a rural route all the --  
24 let's see. Let me just get it so that I don't -- yes.

25                "A simplified address format may be used when

1 general distribution is desired to each boxholder on a rural  
2 route or highway contract route." Each family on a rural  
3 route or highway contract route. Then they go on to say "at  
4 all post office boxholders" when they're talking about, you  
5 know, post office box.

6 Q I'm trying to correlate boxholder with something  
7 that I can associate it with. It has nothing to do with a  
8 post office box?

9 A That's correct.

10 Q Okay. Does it have something to do with a mailbox  
11 at a residence or a business?

12 A A mailbox, yes. Like every mailbox on a rural  
13 route, for example, would be a box.

14 Q A boxholder is distinguished, I think one of your  
15 answers to our interrogatories said, from other letter by  
16 the form of address?

17 A The format of the address.

18 Q And if it's a simplified address or if there's no  
19 address, a DAL is classified as a boxholder?

20 A That's correct.

21 Q And if it is an addressed piece, then it's an  
22 other letter?

23 A Well, a simplified address is a very specific type  
24 of address. It just has certain -- one line of information  
25 which is very generic. There are other types of formats,

1 but when we're talking about simplified address we're  
2 talking boxholder mailings.

3 Q And if it had any type of address other than  
4 what's known as a simplified address, it would be other  
5 letter?

6 A That's correct.

7 Q From the word boxholder, can you tell what shape a  
8 piece has?

9 A No.

10 Q Is it always a card? Always a letter? Always a  
11 flat? Always a parcel? It could be any of them?

12 A It could be anything.

13 Q Okay. We know how a card could be a boxholder now  
14 in that they are DALs with no address or simplified address.  
15 Are there any other cards that could be boxholders?

16 A Well, I'm no classification expert. I don't  
17 believe so, but I'm not a classification expert.

18 Q Well, if you know. Could letters be boxholders  
19 based on their address also?

20 A In other words, could a letter be a boxholder?  
21 Now, when you say a letter do you mean like a letter that I  
22 would send to you?

23 Q Yes. How about a first class single piece letter?  
24 Well, I guess it wouldn't be. Let's take standard ECR.

25 A Yes.

1           Q     I know this gets into an area that I don't  
2 understand about what types of addresses are permitted. I  
3 guess I don't even know enough to ask the question, to tell  
4 you the truth, but can you conceive of a circumstance where  
5 a letter might be a boxholder?

6           A     I'm thinking of one situation. A postmaster, for  
7 example, on a rural route might send out something about  
8 mailbox -- making sure that the rural mailboxes are in good  
9 shape. It's usually done once a year.

10           A postmaster may send out a letter -- you know,  
11 it's folded up in the shape of a letter -- which would go to  
12 every boxholder because they want to inform the public that  
13 they have to keep their mailboxes in good shape so that the  
14 mail can be delivered. That's a possibility where a  
15 boxholder could be a letter.

16           Q     Can you think of illustrations of a flat or a  
17 parcel that would be a boxholder?

18           A     Well, like an ADVO mailing. Anything that goes to  
19 everybody. In some rural areas where the phone books are  
20 small, that could go to everybody on the route if everybody  
21 has a phone, you know.

22           Q     But it wouldn't have to go to 100 percent of the  
23 addresses, would it, to be a boxholder mailing?

24           A     A boxholder goes to each boxholder on a rural  
25 route or each family on a rural route or highway contract

1 route.

2 Q So it requires 100 percent saturation to qualify  
3 as a boxholder?

4 A If it's a simplified address -- perhaps I  
5 shouldn't think out loud. Boy. I can think of examples  
6 where -- could you ask me the question again?

7 Q Sure. I know the one instance that a card could  
8 be considered a boxholder, the DAL with the simplified  
9 address or no address.

10 A Yes.

11 Q I was trying to get at what else could be  
12 considered a boxholder. I asked you about letters, and you  
13 mentioned the Postal Service postmaster who wanted to put a  
14 mailing to every boxholder on a route.

15 A Yes.

16 Q Then we talked about the ADV0 wraps, for example,  
17 you mentioned.

18 A Yes.

19 Q I'm trying to get at I think those don't have to  
20 go to every single address. I guess my question would be if  
21 it were say 95 percent saturation, then would it go as other  
22 letter or something or flat?

23 A I see what you're saying.

24 Q Something other than boxholder.

25 A The thing of it is if it's unaddressed, for

1 example, like WalMart circulars, you know, a lot of  
2 advertising mail that goes to everyone, only a certain  
3 number of pieces are given to the carrier.

4 Now, it would be a boxholder mailing, you know,  
5 because it has simplified address. However, if there  
6 weren't quite enough to go around everybody wouldn't get  
7 one. I mean, it would be a boxholder mailing because it is  
8 simplified address.

9 Q I'm going to speculate for a second that if it was  
10 say a standard ECR flat mailing with a detached address  
11 label and if it qualified for purposes of saturation rates  
12 that it would probably be as much a boxholder as the  
13 detached address label that went with it.

14 A Yes.

15 Q Would that be reasonable?

16 A Yes. Saturation mailings are boxholder mailings  
17 because they generally don't have a complete address on  
18 them. They just have a simplified address. Everybody has  
19 to get them because, you know, they have no address on, so  
20 everybody.

21 Q But I'm not sure if you really mean that 100  
22 percent of the stops have to have a DAL and a flat to  
23 qualify for the flat being considered a boxholder.

24 We know the DAL is a boxholder, but I'd be  
25 surprised if the 95 percent coverage flat would not also be



1 a boxholder. I'm not trying to argue with you. I just --

2 A Yes.

3 Q Perhaps you could just provide that factoid for  
4 the record if it's not easily available.

5 A Our definition is all simplified address mail,  
6 okay, so, you know, I know that's what we use. It's a  
7 simplified address mailing.

8 Q Perhaps if you could provide a response once you  
9 look at that up?

10 A Yes.

11 Q It may be a bit of an obscure point.

12 A Yes. Okay.

13 CHAIRMAN OMAS: Mr. Cooper?

14 MR. COOPER: We would be happy to provide that.

15 CHAIRMAN OMAS: In seven days?

16 MR. COOPER: Hopefully sooner.

17 CHAIRMAN OMAS: Thank you.

18 MR. OLSON: Thank you.

19 BY MR. OLSON:

20 Q Let me change topics then from boxholders. Well,  
21 one more. Boxholders only come up with the rural carriers,  
22 right?

23 A It is not a part of city carrier.

24 Q Okay. If you had a flat mailing with DALs and  
25 they were saturation and they were going to city carrier,

1 you wouldn't call it a boxholder, right?

2 A No. No.

3 Q Okay. You would call the DAL a card, and you  
4 would call the flat a flat, correct?

5 A I would call the DAL almost invariably a letter.

6 Q I'm sorry. A letter.

7 A Yes.

8 Q I'm sorry. When your data systems are used by the  
9 costing witnesses, in the city carrier area they're used  
10 with respect to street costs to allocate the volume variable  
11 street time to those four categories, route, access,  
12 elemental load and street support, correct?

13 A That's not a part of my testimony.

14 Q Okay.

15 A I just provide them with the data.

16 Q Okay. Some of the interrogatories we provided to  
17 you were redirected to the Postal Service. One of them, for  
18 example, was T-5-7(b), 8(e), 9(d). We asked about this  
19 process, and this may be a costing issue, and that's  
20 probably why you didn't answer it.

21 We're trying to get at how these costs are first  
22 identified by subclass and then by shape. You don't really  
23 handle that, correct?

24 A No, I don't.

25 Q Okay. Do you know what witness does, even though

1 these were responses of the Postal Service institutionally?  
2 Do you know what witness I should ask about how your work  
3 product is used to allocate cost?

4 A I remember two of the interrogatories that I did  
5 answer. Let me just make sure I get this right.

6 Yes. I answered one interrogatory on unit  
7 delivery costs specifically to ECR and another interrogatory  
8 on unit delivery costs in general. We just pointed to a  
9 library reference of Witness Schenk.

10 MR. COOPER: I'll point out that the general base  
11 year cost witness is probably the most appropriate target  
12 for questions directed at costing issues not covered by any  
13 other witness.

14 MR. OLSON: Thank you.

15 MR. COOPER: We also have some other witnesses,  
16 such as Bradley, who do address certain city carrier issues,  
17 so we'll try to cover your questions one way or the other.

18 MR. OLSON: Thank you.

19 BY MR. OLSON:

20 Q Do you measure time for volume variable street  
21 tallies?

22 A No.

23 Q You don't do anything about whether a cost is  
24 volume variable or not volume variable? You don't do  
25 anything with respect to any of the four categories of

1 street, time --

2 A No. I don't cover any of that.

3 Q Okay. I'll tell you what my question is, and then  
4 you can tell me you don't handle this just so I state the  
5 question.

6 It seems like the CCS studies that you have first  
7 distribute volume variable street time to subclass, one of  
8 the other answers from the Postal Service said, without  
9 regard to shape they emphasized, and then after that they  
10 have some procedure which is unidentified in responses that  
11 I've seen yet as to how those costs are subsequently  
12 distributed to letters, flats and parcels.

13 That's what I was trying to get at with this line  
14 of questions, but that's something you don't know anything  
15 about?

16 A No.

17 Q Okay.

18 A That's out of my testimony.

19 Q Are any weights taken? Is weight ever measured in  
20 either of your city or rural systems?

21 A No.

22 Q And so when city carrier street costs are  
23 distributed by weight increment, you would not know what the  
24 distribution key is that they use for that?

25 A No.

1           Q     Okay. I hate to go back to boxholders, but when  
2     you take a look at the rural system and boxholders and since  
3     they could be of varying shape, you don't have any idea as  
4     to how those costs eventually are spread among letters,  
5     flats and parcels, do you?

6           A     No.

7           Q     Is there any way from your cost system to know of  
8     the boxholder tallies which of them are in various shapes?

9           A     No.

10          Q     Your response to our Interrogatory T-5-8 was  
11     amended, correct?

12          A     Yes.

13          Q     And in (d) I think the only change is you deleted  
14     the words "flats or?"

15          A     That's correct.

16          Q     What was the reason for that change?

17          A     I spoke to someone who gave me information that,  
18     you know, made me realize that the wraps would be flats.  
19     That the flats would be boxholders.

20          Q     This has to do with the way in the rural system  
21     flats with DALs are handled, and you had said that they  
22     would be either flats or boxholders. Now it's your  
23     testimony they would be boxholders and not flats?

24          A     That's correct.

25          Q     Okay. And I guess your same answer would apply?

1 You couldn't tell for boxholders which of them were DALs or  
2 which of them were flats?

3 A No, I can't.

4 MR. OLSON: Mr. Chairman, that's everything we  
5 have.

6 Thank you very much, Mr. Harahush.

7 THE WITNESS: Thank you.

8 CHAIRMAN OMAS: Thank you, Mr. Olson.

9 Is there anyone else wishing to cross-examine?

10 (No response.)

11 CHAIRMAN OMAS: Any questions from the bench?

12 (No response.)

13 CHAIRMAN OMAS: There being none, Mr. Harahush,  
14 that completes your testimony here today. We appreciate  
15 your appearance and your contribution to our record. Again,  
16 thank you. You are excused.

17 THE WITNESS: Thank you.

18 MR. COOPER: Mr. Chairman, before the witness is  
19 excused could I have five minutes to confer with him?

20 CHAIRMAN OMAS: Oh, I'm sorry.

21 MR. COOPER: It will be very short.

22 CHAIRMAN OMAS: All right. I'm sorry.

23 (Whereupon, a short recess was taken.)

24 CHAIRMAN OMAS: Mr. Harahush, now there being no  
25 redirect that completes your testimony here today. We

1 appreciate your appearance and your contribution to our  
2 record. Again we thank you. You are now excused.

3 THE WITNESS: Thank you.

4 (Witness excused.)

5 CHAIRMAN OMAS: Mr. Hollies?

6 MR. HOLLIES: The Postal Service calls Jennifer J.  
7 Xie to the stand.

8 CHAIRMAN OMAS: Would you pronounce her name  
9 again, Mr. Hollies?

10 MR. HOLLIES: I say Xie, but we can ask her.

11 CHAIRMAN OMAS: All right. I will do that. I was  
12 about ready to call her Ms. Xie.

13 MS. XIE: That's okay, too.

14 CHAIRMAN OMAS: That's okay, too? Thank you, Ms.  
15 Xie.

16 MR. HOLLIES: It would appear we have surprised  
17 her.

18 MS. XIE: Yes, you did.

19 CHAIRMAN OMAS: Ms. Xie, would you raise your  
20 right hand?

21 Whereupon,

22 JENNIFER J. XIE

23 having been duly sworn, was called as a witness  
24 and was examined and testified as follows:

25 CHAIRMAN OMAS: Thank you. You may be seated.

(The document referred to was  
marked for identification as  
Exhibit No. USPS-T-2.)

## DIRECT EXAMINATION

BY MR. HOLLIES:

Q Ms. Xie, we have provided to you two copies of a  
document identified as USPS-T-2. Can you otherwise identify  
it?

A Yes, I can.

Q And what is it?

A This is my testimony. Direct testimony.

Q And were you to testify orally today, would your  
testimony be the same?

A Yes, it would.

MR. HOLLIES: With that, the Postal Service moves  
USPS-T-2, Ms. Xie's testimony, into the record.

CHAIRMAN OMAS: Without objection. I will direct  
counsel to provide the reporter with two copies of the  
corrected direct testimony of Jennifer Xie. That testimony  
is received into evidence. As is our practice, it will not  
be transcribed.

(The document referred to,  
previously identified as  
Exhibit No. USPS-T-2, was  
received in evidence.)



1 CHAIRMAN OMAS: Ms. Xie, have you had the  
2 opportunity to examine the packet of designated written  
3 cross-examination that was made available in the hearing  
4 room this morning?

5 THE WITNESS: Yes, I did.

6 CHAIRMAN OMAS: If the questions contained in that  
7 packet were posed to you today, would your answers be the  
8 same as those you previously provided in writing?

9 THE WITNESS: Yes, they would.

10 CHAIRMAN OMAS: Are there any corrections or  
11 additions you would like to make to those answers?

12 THE WITNESS: No, there aren't.

13 CHAIRMAN OMAS: Counsel, would you please provide  
14 two copies of the corrected designated written cross-  
15 examination of Witness Xie to the reporter? That material  
16 is received into evidence, and it is to be transcribed into  
17 the record.

18 (The document referred to was  
19 marked for identification as  
20 Exhibit No. USPS-T-2  
21 Designations and was received  
22 in evidence.)

23 //

24 //

25 //

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2001-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION  
OF UNITED STATES POSTAL SERVICE  
WITNESS JENNIFER XIE  
(USPS-T-2)

Party

Amazon.com, Inc.

Parcel Shippers Association

United Parcel Service

Interrogatories

AMZ/USPS-T2-3-6, 9

PSA/USPS-T25-4a-e, g-h, 5c-f redirected to T2

PSA/USPS-T25-4a-e, g-h, 5c-f redirected to T2  
UPS/USPS-T25-27 redirected to T2

Respectfully submitted,



Steven W. Williams  
Secretary

INTERROGATORY RESPONSES OF  
UNITED STATES POSTAL SERVICE  
WITNESS JENNIFER XIE (T-2)  
DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory

AMZ/USPS-T2-3

AMZ/USPS-T2-4

AMZ/USPS-T2-5

AMZ/USPS-T2-6

AMZ/USPS-T2-9

PSA/USPS-T25-4a redirected to T2

PSA/USPS-T25-4b redirected to T2

PSA/USPS-T25-4c redirected to T2

PSA/USPS-T25-4d redirected to T2

PSA/USPS-T25-4e redirected to T2

PSA/USPS-T25-4g redirected to T2

PSA/USPS-T25-4h redirected to T2

PSA/USPS-T25-5c redirected to T2

PSA/USPS-T25-5d redirected to T2

PSA/USPS-T25-5e redirected to T2

PSA/USPS-T25-5f redirected to T2

UPS/USPS-T25-27 redirected to T2

Designating Parties

Amazon

Amazon

Amazon

Amazon

Amazon

PSA, UPS

PSA, UPS

PSA, UPS

PSA, UPS

PSA, UPS

PSA, UPS

PSA, UPS

PSA, UPS

PSA, UPS

PSA, UPS

PSA, UPS

UPS

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORIES AMAZON.COM, INC.

**AMZ/USPS-T2-3.**

For purposes of this interrogatory, please assume that the maximum capacity of a particular trailer is either 4,000 cubic feet or 40,000 pounds, whichever occurs first. Assume further that the trailer utilized for inter-BMC transportation and is loaded with 1,000 cubic feet of mail that weighs 18,000 pounds (i.e., has an average density of 18 pounds per cubic foot).

The mail in the trailer has thus utilized 25 percent of the trailer's cubic capacity and 45 percent of its weight-carrying capacity.

(a). Under the Transportation Cost System ("TRACS") system, would the trailer be regarded as 25 percent utilized or 45 percent utilized? That is, would it be 75 percent empty, or 55 percent empty? Please explain the rationale for your answer.

(b). If this trailer were sampled as part of TRACS, would TRACS expand the sampled mail to fill the 75 percent of unutilized cube? Please explain the rationale for your answer.

**RESPONSE:**

- (a) The trailer would be recorded as 75% empty, or 25% utilized, if the 1,000 cubic feet of mail occupied 25% of trailer's floor space. TRACS measures cubic-foot-miles of mail transported on various highway contracts. Data collectors, among other things, record the trailer's floor space occupied by mail and the origin facility where the mail was loaded onto the vehicle.
- (b) TRACS would not expand the sampled mail to fill the 75% of unutilized floor space. Please see TRACS Highway Subsystem Statistical and Computer Documentation, filed as USPS-LR-J-32, page 25 for the rationale.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORIES AMAZON.COM, INC.

**AMZ/USPS-T2-4.**

As in interrogatory AMZ/USPS-T2-3, please assume that the maximum capacity of a particular trailer is either 4,000 cubic feet or 40,000 pounds, whichever occurs first. In this case, however, assume that the trailer is loaded with 2,000 cubic feet of mail that weighs 36,000 pounds. The mail in the trailer has thus utilized 50 percent of the trailer's cubic capacity and 90 percent of its weight-carrying capacity.

(a) Under the TRACS system, would the trailer be regarded as 50 percent utilized or 90 percent utilized? That is, would the trailer be regarded as 50 percent empty or 10 percent empty?

(b) If this trailer were sampled as part of TRACS, would TRACS expand the sampled mail to fill the 50 percent of unutilized cube? Please explain the rationale for your answer.

**RESPONSE:**

(a) The trailer would be recorded as 50% empty, or 50% utilized, if the 2,000 cubic feet of mail occupied 50% of trailer's floor space.

(b) TRACS would not expand the sampled mail to fill the 50% of unutilized floor space. See the response to part (b) of AMZ/USPS-T2-3 for the rationale.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORIES AMAZON.COM, INC.

**AMZ/USPS-T2-5.**

As in interrogatory AMZ/USPS-T2-3, please assume that the maximum capacity of a particular trailer is either 4,000 cubic feet or 40,000 pounds, whichever occurs first. In this case, however, assume that the trailer is loaded with 2,220 cubic feet of mail that weighs 39,960 pounds. The mail has thus utilized 55.5 percent of the trailer's cubic capacity and 99.9 percent of its weight-carrying capacity.

(a). Under the TRACS system, would the trailer be regarded as 55.5 percent utilized or 99.9 percent utilized? That is, would the trailer be regarded as 44.5 percent empty or 0.1 percent empty?

(b). If this trailer were sampled as part of TRACS, would TRACS expand the sampled mail to fill the 44.5 percent of non-utilized cube? Please explain the rationale for your answer, and especially address why the sampled mail would be expanded to this non-utilized cube when only 40 more pounds can be added to the trailer.

**RESPONSE:**

(a) The trailer would be recorded as 44.5% empty, or 55.5% utilized, if the 2,220 cubic feet of mail occupied 55.5% of trailer's floor space.

(b) TRACS would not expand the sampled mail to fill the 44.5% of unutilized floor space. See the response to part (b) of AMZ/USPS-T2-3 for the rationale.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORIES AMAZON.COM, INC.

**AMZ/USPS-T2-6.**

Based on data supplied by TRACS, witness Eggleston, USPS-T-25, at page 20, Table IV-3, reports that based on her computations the Postal Service's cost of transporting DSCF- entered parcel post (to DDUs) is \$0.807 per cubic foot. Witness Eggleston, at page 28, Table VII-I, likewise reports the Postal Service's cost of transporting DSCF-entered Bound Printed Matter (to DDUs) is \$0.029 per pound. Since Bound Printed Matter has an average density, according to USPS-LR-J-2, of 14.2 pounds per cubic foot, the Postal Service's cost of transporting a cubic foot of DSCF-entered Bound Printed Matter is \$0.412 per cubic foot.

- (a). Please explain why, on a per cubic foot basis, TRACS data result in DSCF-entered parcels having a transportation cost of 2.0 times as much as Bound Printed Matter.
- (b). Does TRACS have an implicit bias that results in charging more per cubic foot for mail with a low density, such as Parcel Post? If so, please explain why. If not, please explain why TRACS results in a per cubic foot transportation costs for parcel post that is high relative to Bound Printed Matter.

**RESPONSE:**

- (a) It is my understanding that your premise, that TRACS data result in DSCF-entered parcels having a transportation cost of 2.0 times as much as Bound Printed Matter, is false. Please see witness Eggleston's response to AMZ/USPS-T25-6(a).
- (b) No. TRACS measures cubic-foot-miles transported on various contract types by classes and subclasses of mail. It results in the same transportation cost for each cubic-foot-mile of mail transported on the single contract type, regardless of how dense it is. The rest of the question is not applicable. See my response to part (a).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORIES AMAZON.COM, INC.

**AMZ/USPS-T2-9.**

- (a). In terms of cubic feet, what is the average percentage capacity utilization of vans used in inter-BMC transportation?
- (b). In terms of practical weight limit, what is the average percentage capacity utilization of vans used in inter-BMC transportation?

**RESPONSE:**

- (a) TRACS data shows that the average utilization of rail vans in BY2000 is 92%. The utilization is measured based on the percent of floor space occupied by mail, not cubic feet of van capacity. A rail van is considered 100% full if all of its floor space is occupied by mail.
- (b) The requested information is not available.



**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION  
(REDIRECTED FROM WITNESS EGGLESTON)**

**PSA/USPS-T25-4.** Please refer to your response to PSA/USPS-T25-1 (d) where you state, "[t]he costs in the inter-[BMC] highway account also include stops at facilities other than BMCs, and therefore may be used by both intra-BMC and DBMC mail. In fact, only 45 percent of the stop-days of Inter-BMC highway transportation are at BMCs." Please refer further to the table you provided in your response to PSA/USPS-T25-3(d) that was titled "BY 2000 Inter-BMC Stop-Days". Finally, please refer to USPS-LR-J-64, 2ptran.xls.

- (a) Please define stop-days as used in your response to PSA/USPS-T25-1(d).
- (b) Please define Non-Bulk Mail Center (Non-BMC) Stop-Days as used in the table provided in your response to PSA/USPS-T25-3(d).
- (c) Please define [BMC] Stop-Days as used in the table provided in your response to PSA/USPS-T25-3(d).
- (d) Is mail ever transported on Inter-BMC Transportation directly from a [BMC] to a sectional center facility (SCF) that is in the service territory of a different BMC? If so, would the "stop-days" for this type of transportation leg be counted in the table titled "BY 2000 Inter-BMC Stop-Days" in the Non-BMC category.
- (e) Is Parcel Post ever transported on Inter-BMC Transportation directly from a BMC to an SCF that is in the service territory of a different BMC?
- ...
- (g) Does the Transportation Cost System (TRACS) contain any information from which one can determine whether sampled Parcel Post mail was Parcel Select mail or not? If so, please provide the TRACS field that contains the information.
- (h) Is there any way to determine from TRACS data the percentage of Non-BMC stop-days from the table provided in your response to PSA/USPS-T25-3(d) that were for trips that began at a BMC whose service territory does not include the destination facility? If so, please explain the method fully.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION  
(REDIRECTED FROM WITNESS EGGLESTON)**

**RESPONSE:**

- (a) Stop-days, or route-trip-stop-days, are the primary sampling units (PSU) of the TRACS-highway subsystem. A stop-day is defined as all mail unloaded from a truck at one facility on a specific trip, on a specific day. Under TRACS, a trip that originates from facility A and stops at facilities B and C with a daily operation frequency will contribute 728 (2 facilities x 7 days per week x 52 weeks) stop-days a year to the TRACS-highway sampling frame.
- (b) Non-BMC stop-days are the stop-days that trucks made at facilities other than BMCs, which include SCFs, AMCs, Associated Offices (AOs), etc. For the hypothetical example cited in my response to part (a), if facility B is an SCF and facility C is a BMC, the trip would contribute 364 non-BMC stop-days and 364 BMC stop-days.
- (c) BMC stop-days are the stop-days that trucks made at BMCs. See my responses to parts (a) and (b) for a hypothetical example.
- (d) Yes. Yes.
- (e) Yes.
- (g) Yes. The SAS-logs filed in the Library Reference USPS-LR-J-32/R2001-1 contain the distribution key information for both Zone-Rated Parcel Post and Parcel Select, under the column 'key-cfm'. The mail code for Zone-Rated Parcel Post is 'P', and for Parcel Select, it is 'LL'.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION  
(REDIRECTED FROM WITNESS EGGLESTON)

- (h) Yes. The NASS facility file used as one of inputs for TRACS frame compilation contains a variable indicating the BMC service area to which a facility belongs. Appending this variable to the TRACS Inter-BMC frame allows one to calculate such a percentage.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORY OF PARCEL SHIPPERS ASSOCIATION  
(REDIRECTED FROM WITNESS EGGLESTON)**

**PSA/USPS-T25-5.** Please refer to your response to PSA/USPS-T25-1 (d) where you state, "[t]he methodological change to the Parcel Post transportation model deals with how inter-[BMC] highway transportation costs were distributed. In the Parcel Post transportation model presented in Docket No. R2000-1, it was assumed that all costs contained in the inter-[BMC] highway transportation account were costs associated with transporting mail from one BMC to another BMC. Therefore, all highway transportation costs were distributed to the long distance zone-related cost category. Between the filing of Docket No. R2000-1 and Docket No. R2001-1, I learned that this was not an accurate assumption." Please refer to USPS-LR-J-64, 2ptran.xls, worksheet Cost-dist 1.

...

- (c) Are intra-BMC highway transportation contracts ever used to transport mail from the service territory of one BMC (including the BMC itself) to the service territory of another BMC (including the [BMC] itself)? Please explain your response fully.
- (d) Are inter-SCF highway transportation contracts ever used to transport mail from the service territory of one BMC (including the BMC itself) to the service territory of another BMC (including the [BMC] itself)? Please explain your response fully.
- (e) Are intra-BMC highway transportation contracts ever used to transport Parcel Post from the service territory of one BMC (including the BMC itself) to the service territory of another BMC (including the BMC itself)? Please explain your response fully.
- (f) Are inter-SCF highway transportation contracts ever used to transport Parcel Post from the service territory of one BMC (including the BMC itself) to the service territory of another BMC (including the [BMC] itself)? Please explain your response fully.

**RESPONSE**

- (c), (d), (e), (f)      Yes. These were observed in BY2000 TRACS tests.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
TO INTERROGATORIES OF UNITED PARCEL SERVICE  
(REDIRECTED FROM WITNESS EGGLESTON)**

**UPS/USPS-T25-27.** Refer to the table of BY2000 Inter-BMC (Bulk Mail Center) Stop Days provided in your response to interrogatory PSA/USPS-T25-3, part (d). Provide the data for non-BMC Stop Days separately for Sectional Center Facilities ("SCF"s) and Associate Office/Destination Delivery Units ("AO/DDU"s). (a) Provide the same data (including, if available, the separation of non-BMC into SCFs and AO/DDUs) for intra-BMC highway service.

**RESPONSE:**

The following table shows the split between "SCF/P&DC"s and other facilities for all non-BMC Stop-days under the Inter-BMC contract type. The category "Others" includes annex, AO/DDU, AMF, etc. The facility type variable in NASS does not explicitly identify AOs or DDUs.

BY 2000 Inter-BMC Non-BMC Stop-Days

	PQ1	PQ2	PQ3	PQ4	BY2000
SCF/P&DC	71,616	72,000	71,148	95,168	309,932
Others	11,748	11,520	11,100	13,968	48,336
Total Inter-BMC	83,364	83,520	82,248	109,136	358,268

(a) The following table shows Intra-BMC stop-days separated by BMC, SCF/P&DC, and others:

BY 2000 Intra-BMC Stop-Days

	PQ1	PQ2	PQ3	PQ4	BY2000
BMC	130,068	131,580	138,840	186,160	586,648
SCF/P&DC	235,632	239,316	243,108	324,112	1,042,168
Others	92,196	92,544	100,536	134,016	419,292
Total Intra-BMC	457,896	463,440	482,484	644,288	2,048,108

1           CHAIRMAN OMAS: Is there any additional written  
2 cross-examination for Witness Xie?

3           MR. MCKEEVER: Good morning, Your Honor. John  
4 McKeever for United Parcel Service. We do have some  
5 additional written cross.

6           Ms. Xie, I have just handed you a copy of your  
7 previously filed responses to Interrogatories  
8 UPS/USPS-T-2-4, 5, 6, 7, 8, 9 and 10 and your response to  
9 Interrogatory UPS/USPS-T-25-27 redirected from Witness  
10 Eggleston. If you were asked those questions today would  
11 your answers be the same as reflected in those previously  
12 filed answers?

13          THE WITNESS: I have not looked at the set that  
14 you just gave to me because that wasn't designated, so if  
15 you --

16          MR. MCKEEVER: Sure.

17          THE WITNESS: -- can allow me a couple minutes?

18          MR. MCKEEVER: Sure.

19          THE WITNESS: Maybe a short couple of minutes. I  
20 can read through it and let you know, okay?

21          (Pause.)

22          THE WITNESS: There is one correction on a typo, a  
23 typographic error, to Question 6 where it should read the  
24 second sentence -- the response of my second sentence should  
25 read as, "However, it is my understanding that there...",

1 T-H-E-R-E. The T is missing. "...there are independencies  
2 among costs for certain modes."

3 MR. MCKEEVER: Is that the only correction you  
4 have?

5 THE WITNESS: Yes.

6 MR. MCKEEVER: So with that correction then your  
7 answers would be the same as provided in writing?

8 THE WITNESS: Yes, they would.

9 MR. MCKEEVER: Mr. Chairman, I move that the  
10 additional written cross-examination of Postal Service  
11 Witness Xie in the form of Ms. Xie's answers to  
12 Interrogatories UPS/USPS-T-2-4, 5, 6, 7, 8, 9, 10 and her  
13 response to UPS/USPS-T-25-27 redirected from Witness  
14 Eggleston be admitted into evidence and transcribed into the  
15 record.

16 I have made the correction that Ms. Xie mentioned  
17 on one copy. I will make it on the second copy and then  
18 provide two copies to the reporter.

19 CHAIRMAN OMAS: Without objection. So ordered.

20 (The documents referred to  
21 were marked for identification  
22 as Exhibit Nos. UPS/USPS-T-2-4  
23 through 10 and UPS/USPS-25-27  
24 and were received in  
25 evidence.)

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

**UPS/USPS-T2-4.** Are there interdependencies among costs for contract highway transportation?

**RESPONSE:**

There are no interdependencies among costs for contract highway transportation included in Tables 1-4 of my testimony. However, it is my understanding that there are interdependencies among costs for contract highway transportation in the Transportation Model filed in witness Meehan's workpaper, Exhibit 11A.



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

**UPS/USPS-T2-5.** Has the Postal Service calculated Confidence Intervals for all modes of contract highway transportation together? If so, provide those confidence intervals. If not, why not?

**RESPONSE:**

The following table shows the 95% confidence intervals for the sum of four highway contract types shown in Tables 1-4 of my testimony.

**BY00 Total Highway**

<b>Mail Category</b>	<b>CV</b>	<b>Lower 95% C.L. (\$1,000)</b>	<b>Cost (\$1,000)</b>	<b>Upper 95% C.L. (\$1,000)</b>
1C Single-Piece Letters	0.035	274,420	294,423	314,425
1C Presort Letters	0.092	100,601	122,725	144,850
1C Single-Piece Cards	0.132	2,984	4,026	5,068
1C Presort Cards	0.213	1,635	2,810	3,984
Priority Mail	0.046	262,865	288,748	314,632
Express Mail	0.165	10,925	16,155	21,386
Periodicals	0.049	164,707	182,317	199,927
Standard Mail ECR	0.137	31,960	43,667	55,374
Standard Mail Regular	0.067	239,748	275,781	311,813
Parcel Post	0.037	215,471	232,328	249,185
Bound Printed Matter	0.059	51,496	58,240	64,983
Media Mail	0.055	49,030	54,962	60,894
US Postal Service	0.223	1,527	2,713	3,898
Free Mail	0.180	1,943	3,006	4,070
International Mail	0.219	10,844	19,006	27,168
<b>Total</b>			<b>1,600,907</b>	

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

**UPS/USPS-T2-6.** Are there interdependencies among costs for any modes of purchased transportation?

**RESPONSE:**

There are no interdependencies among costs for any modes of purchased transportation included in Tables 1-10 of my testimony. However, it is my understanding that ~~there~~<sup>there</sup> are interdependencies among costs for certain modes included in the Transportation Model, filed in witness Meehan's workpaper, Exhibit 11A.

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

**UPS/USPS-T2-7.** Has the Postal Service calculated confidence intervals for the sum of all modes of purchased transportation together? If so, provide those confidence intervals. If not, why not?

**RESPONSE:**

The following table shows the 95% confidence intervals for the sum of all modes of purchased transportation included in Tables 1-10 of my testimony.

**BY00 Total TRACS**

<b>Mail Category</b>	<b>CV</b>	<b>Lower 95% C.L. (\$1,000)</b>	<b>Cost (\$1,000)</b>	<b>Upper 95% C.L. (\$1,000)</b>
1C Single-Piece Letters	0.049	467,435	516,741	566,046
1C Presort Letters	0.080	267,137	316,458	365,778
1C Single-Piece Cards	0.774	-	9,636	24,255
1C Presort Cards	1.338	-	4,902	17,753
Priority Mail	0.075	545,395	639,107	732,819
Express Mail	0.321	16,169	43,618	71,067
Periodicals	0.036	270,754	291,523	312,293
Standard Mail ECR	0.118	39,522	51,366	63,210
Standard Mail Regular	0.053	319,940	356,719	393,498
Parcel Post	0.035	241,344	258,946	276,547
Bound Printed Matter	0.054	61,639	68,910	76,182
Media Mail	0.047	62,430	68,795	75,160
US Postal Service	1.557	-	5,450	22,082
Free Mail	2.454	-	4,491	26,089
International Mail	0.142	35,998	49,903	63,809
<b>Total</b>			<b>2,686,565</b>	

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

**UPS/USPS-T2-8.** Confirm that total cost for Parcel Post across all transportation modes for FY2000 is \$258,945,000. If not confirmed, provide the correct number.

**RESPONSE:**

The total cost for Parcel Post across all transportation modes included in Tables 1-10 of my testimony is \$258,945,000 subject to rounding. Also see witness Meehan's workpaper, Exhibit 11A, page 43.

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

**UPS/USPS-T2-9.** Confirm that adding the upper bound of the confidence intervals for each of the transportation modes yields \$299,409,000. If not confirmed, provide the correct number.

**RESPONSE:**

Adding the upper bound of the confidence intervals in Tables 1-10 of my testimony yields \$299,409,000.

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

**UPS/USPS-T2-10.** Do you have any reason to believe that the covariance between distribution key estimates for any of the possible combinations of purchased transportation cost components is anything other than zero? If so, identify each combination and explain why the covariance for that combination is not zero.

**RESPONSE:**

The covariance between TRACS distribution key estimates of the 10 cost pools included in my testimony is zero. However, it is my understanding that some cost pools in witness Meehan's workpaper 11A are developed using combinations of TRACS distribution keys. Those cost pools are interdependent with TRACS cost pools.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS XIE  
 TO INTERROGATORIES OF UNITED PARCEL SERVICE  
 (REDIRECTED FROM WITNESS EGGLESTON)

**UPS/USPS-T25-27.** Refer to the table of BY2000 Inter-BMC (Bulk Mail Center) Stop Days provided in your response to interrogatory PSA/USPS-T25-3, part (d). Provide the data for non-BMC Stop Days separately for Sectional Center Facilities ("SCF"s) and Associate Office/Destination Delivery Units ("AO/DDU"s). (a) Provide the same data (including, if available, the separation of non-BMC into SCFs and AO/DDUs) for intra-BMC highway service.

**RESPONSE:**

The following table shows the split between "SCF/P&DC"s and other facilities for all non-BMC Stop-days under the Inter-BMC contract type. The category "Others" includes annex, AO/DDU, AMF, etc. The facility type variable in NASS does not explicitly identify AOs or DDUs.

BY 2000 Inter-BMC Non-BMC Stop-Days

	PQ1	PQ2	PQ3	PQ4	BY2000
SCF/P&DC	71,616	72,000	71,148	95,168	309,932
Others	11,748	11,520	11,100	13,968	48,336
Total Inter-BMC	83,364	83,520	82,248	109,136	358,268

(a) The following table shows Intra-BMC stop-days separated by BMC, SCF/P&DC, and others:

BY 2000 Intra-BMC Stop-Days

	PQ1	PQ2	PQ3	PQ4	BY2000
BMC	130,068	131,580	138,840	186,160	586,648
SCF/P&DC	235,632	239,316	243,108	324,112	1,042,168
Others	92,196	92,544	100,536	134,016	419,292
Total Intra-BMC	457,896	463,440	482,484	644,288	2,048,108

1 THE WITNESS: Let me note it here in case you miss  
2 this copy. Here you go.

3 CHAIRMAN OMAS: This brings us to oral cross-  
4 examination. Two parties have requested oral cross-  
5 examination, including the Parcel Shippers Association and  
6 United Parcel Service.

7 Is there any other party who wishes to cross-  
8 examine Witness Xie?

9 (No response.)

10 CHAIRMAN OMAS: Mr. McKeever?

11 MR. MCKEEVER: Mr. Chairman, we submitted our  
12 request for cross before we had the interrogatory answers  
13 that I just had admitted into the record. Now that we have  
14 those answers and have reviewed them, we do not have any  
15 oral cross.

16 CHAIRMAN OMAS: Thank you.

17 MR. HOLLIES: Mr. Chairman?

18 CHAIRMAN OMAS: Mr. Hollies?

19 MR. HOLLIES: Mr. Volner, on behalf of Parcel  
20 Shippers, was here earlier. I'm sorry. Mr. May.

21 CHAIRMAN OMAS: Mr. May.

22 MR. HOLLIES: That's right. It's been one of  
23 those days.

24 CHAIRMAN OMAS: You can say that again.

25 MR. HOLLIES: He has a conflict, and again his



1 purpose in conducting cross-examination had to do with an  
2 outstanding set of interrogatories to this witness. She was  
3 prepared to answer them orally on the stand. However, in  
4 view of his absence I suppose that written answers appear to  
5 be the appropriate course of action.

6 CHAIRMAN OMAS: If you would supply them for the  
7 record?

8 THE WITNESS: Sure.

9 CHAIRMAN OMAS: Mr. Hollies, do you need any time  
10 with your witness?

11 MR. HOLLIES: I do believe we're done.

12 CHAIRMAN OMAS: I forgot it the last time. I just  
13 wanted to make sure I gave you the opportunity.

14 Ms. Xie, that completes your testimony here today.  
15 We appreciate your appearance and your contribution to our  
16 record. Thank you. You're now excused.

17 THE WITNESS: Thank you. I'm glad.

18 (Witness excused.)

19 CHAIRMAN OMAS: This concludes today's meeting.  
20 We will reconvene on Monday morning at 9:30 a.m. when we  
21 will receive testimony from Postal Service Witnesses Meehan,  
22 Patelunas, Kay and Smith. Thank you. Have a nice weekend.

23 (Whereupon, at 11:45 a.m. the hearing in the  
24 above-entitled matter was adjourned, to reconvene at 9:30  
25 a.m. on Monday, December 17, 2001.)

1                                    REPORTER'S CERTIFICATE

2

3    DOCKET NO.:        R2001-1

4    CASE TITLE:        Postal Rate and Fee Changes

5    HEARING DATE:     December 14, 2001

6    LOCATION:          Washington, D.C.

7

8            I hereby certify that the proceedings and evidence are

9    contained fully and accurately on the tapes and notes

10   reported by me at the hearing in the above case before the

11   Postal Rate Commission.

12

13

14                                    Date:    December 14, 2001

15                                    Michael Beckman

16                                    Official Reporter

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