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Before the

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POSTAL RATE COMMISSION

POSTAL HA : OFFICE OF THE SECRETARY

DOCKET SECTION

In the Matter of:

Postal Rate and Fee Changes

Docket No. R2001-1

VOLUME 11-A

Designation of Responses of Postal Service Witnesses Abdirahman through Hatfield In Response to P.O. Ruling R2001-1/30

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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

Party

Interrogatories

United States Postal Service

Abdulkadir Abdirahman (USPS-T-42)

Office of the Consumer Advocate

OCA/USPS-T42-1-5 OCA/USPS-T36-38a-b, e redirected to T42

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Peter Bernstein (USPS-T-10)

American Bankers Association and ABA&NAPM/USPS-T10-1-4, 6-7 National Association of Presort Mailers

Postal Rate Commission

POIR No. 6, Question 3

Interrogatories

A. Thomas Bozzo (USPS-T-14)	
Office of the Consumer Advocate	OCA/USPS-T14-1-8 OCA/USPS-91a-g, 93a-b, 94, 172 redirected to T14 PostCom/USPS-T14-1 UPS/USPS-T14-2, 5, 6c-e, 7-10 POIR No. 6, Question 11(a-r)
Postal Rate Commission	POIR No. 5, Question 7 POIR No. 6, Question 11(a-r)
United Parcel Service	KE/USPS-T14-1b, 2a, 3a, 4a, 9d OCA/USPS-T14-1-2, 6 OCA/USPS-91a-g, 93a-b, 94 redirected to T14 UPS/USPS-T14-1-3, 6c-e, 7-20 POIR No. 5, Question 7 POIR No. 6, Question 11(a-r)
Michael D. Bradley (USPS-T-16)	

Postal Rate Commission

Postal Rate Commission	POIR No. 5, Question 6(b)

James Cochrane (USPS-T-40)

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<u>Party</u>

Parcel Shippers Association	PSA/USPS-T40-1a, c, 2, 3d UPS/USPS-12 redirected to T40
United Parcel Service	PSA/USPS-T40-1a, c UPS/USPS-T40-2-3
	UPS/USPS-20 redirected to T40

Party	Interrogatories
Jennifer L. Eggleston (USPS-T-25)	
Parcel Shippers Association	PSA/USPS-T25-1-6 PSA/USPS-T33-9d, f redirected to T25 UPS/USPS-T25-3, 5
Postal Rate Commission	AMZ/USPS-T25-5-9 CSA/USPS-T25-3-10 PSA/USPS-T33-9f redirected to T25 POIR No. 2, Question 4 POIR No. 6, Question 5 POIR No. 7, Question 1
United Parcel Service	PSA/USPS-T25-1-2 UPS/USPS-T25-1-26, 28-67 UPS/USPS-T33-15b-g, 35c-d redirected to T25 POIR No. 2, Question 4 POIR No. 7, Question 1

Thomas W. Harahush (USPS-T-5) Postal Rate Commission

POIR No. 7, Question 3, 4

Philip A. Hatfield (USPS-T-18)

Parcel Shippers Association	PSA/USPS-T18-1-2
United Parcel Service	PSA/USPS-T18-1-2
	UPS/USPS-T18-1-4, 7-8

Respectfully submitted,

fin to contin

Steven W. Williams Secretary

INTERROGATORY RESPONSES DESIGNATED AS WRITTEN CROSS-EXAMINATION

Interrogatory	Designating Parties
United States Postal Service	
Abdulkadir Abdirahman (USPS-T-42)	
OCA/USPS-T42-1	OCA
OCA/USPS-T42-2	OCA
OCA/USPS-T42-3	OCA
OCA/USPS-T42-4	OCA
OCA/USPS-T42-5	OCA
OCA/USPS-T36-38a redirected to T42	OCA
OCA/USPS-T36-38b redirected to T42	OCA
OCA/USPS-T36-38e redirected to T42	OCA
Peter Bernstein (USPS-T-10)	
ABA&NAPM/USPS-T10-1	ABA&NAPM
ABA&NAPM/USPS-T10-2	ABA&NAPM
ABA&NAPM/USPS-T10-3	ABA&NAPM
ABA&NAPM/USPS-T10-4	ABA&NAPM
ABA&NAPM/USPS-T10-6	ABA&NAPM
ABA&NAPM/USPS-T10-7	ABA&NAPM
POIR No. 6, Question 3	PRC
A. Thomas Bozzo (USPS-T-14)	
KE/USPS-T14-1b	UPS
KE/USPS-T14-2a	UPS
KE/USPS-T14-3a	UPS
KE/USPS-T14-4a	UPS
KE/USPS-T14-9d	UPS
OCA/USPS-T14-1	OCA, UPS
OCA/USPS-T14-2	OCA, UPS
OCA/USPS-T14-3	OCA
OCA/USPS-T14-4	OCA
OCA/USPS-T14-5	OCA
OCA/USPS-T14-6	OCA, UPS
OCA/USPS-T14-7	OCA

Interrogatory	Designating Parties
OCA/USPS-T14-8	OCA
OCA/USPS-91a redirected to T14	OCA, UPS
OCA/USPS-91b redirected to T14	OCA, UPS
OCA/USPS-91c redirected to T14	OCA, UPS
OCA/USPS-91d redirected to T14	OCA, UPS
OCA/USPS-91e redirected to T14	OCA, UPS
OCA/USPS-91f redirected to T14	OCA, UPS
OCA/USPS-91g redirected to T14	OCA, UPS
OCA/USPS-93a redirected to T14	OCA, UPS
OCA/USPS-93b redirected to T14	OCA, UPS
OCA/USPS-94 redirected to T14	OCA, UPS
OCA/USPS-172 redirected to T14	OCA
PostCom/USPS-T14-1	OCA
UPS/USPS-T14-1	UPS
UPS/USPS-T14-2	OCA, UPS
UPS/USPS-T14-3	UPS
UPS/USPS-T14-5	OCA
UPS/USPS-T14-6c	OCA, UPS
UPS/USPS-T14-6d	OCA, UPS
UPS/USPS-T14-6e	OCA, UPS
UPS/USPS-T14-7	OCA, UPS
UPS/USPS-T14-8	OCA, UPS
UPS/USPS-T14-9	OCA, UPS
UPS/USPS-T14-10	OCA, UPS
UPS/USPS-T14-11	UPS
UPS/USPS-T14-12	UPS
UPS/USPS-T14-13	UPS
UPS/USPS-T14-14	UPS
UPS/USPS-T14-15	UPS
UPS/USPS-T14-16	UPS
UPS/USPS-T14-17	UPS
UPS/USPS-T14-18	UPS
UPS/USPS-T14-19	UPS
UPS/USPS-T14-20	UPS
POIR No. 5, Question 7	PRC, UPS
POIR No. 6, Question 11(a-r)	OCA, PRC, UPS

Interrogatory	Designating Parties
Michael D. Bradley (USPS-T-16)	
POIR No. 5, Question 6(b)	PRC
James Cochrane (USPS-T-40)	
PSA/USPS-T40-1a	PSA, UPS
PSA/USPS-T40-1c	PSA, UPS
PSA/USPS-T40-2	PSA
PSA/USPS-T40-3d	PSA
UPS/USPS-T40-2	UPS
UPS/USPS-T40-3	UPS
UPS/USPS-12 redirected to T40	PSA
UPS/USPS-20 redirected to T40	UPS
Jennifer L. Eggleston (USPS-T-25)	
AM7/USPS-T25-5	PRC
AMZ/USPS-T25-6	PRC
AMZ/USPS-T25-7	PRC
AMZ/USPS-T25-8	PRC
AMZ/USPS-T25-9	PRC
CSA/USPS-T25-3	PRC
CSA/USPS-T25-4	PRC
CSA/USPS-T25-5	PRC
CSA/USPS-T25-6	PRC
CSA/USPS-T25-7	PRC
CSA/USPS-T25-8	PRC
CSA/USPS-T25-9	PRC
CSA/USPS-T25-10	PRC
PSA/USPS-T25-1	PSA, UPS
PSA/USPS-T25-2	PSA, UPS
PSA/USPS-T25-3	PSA
PSA/USPS-T25-4	PSA
PSA/USPS-T25-5	PSA
PSA/USPS-T25-6	PSA
PSA/USPS-T33-9d redirected to T25	PSA
PSA/USPS-T33-9f redirected to T25	PRC, PSA
UPS/USPS-T25-1	UPS

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Interrogatory
UPS/USPS-T25-2
UPS/USPS-T25-3
UPS/USPS-T25-4
UPS/USPS-T25-5
UPS/USPS-T25-6
UPS/USPS-T25-7
UPS/USPS-T25-8
UPS/USPS-T25-9
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UPS/USPS-T25-11
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UPS/USPS-T25-36
UPS/USPS-T25-37
UPS/USPS-T25-38
UPS/USPS-T25-39

Designating Parties
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PSA, UPS
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PSA, UPS
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Interrogatory	Designating Parties
UPS/USPS-T25-40	UPS
UPS/USPS-T25-41	UPS
UPS/USPS-T25-42	UPS
UPS/USPS-T25-43	UPS
UPS/USPS-T25-44	UPS
UPS/USPS-T25-45	UPS
UPS/USPS-T25-46	UPS
UPS/USPS-T25-47	UPS
UPS/USPS-T25-48	UPS
UPS/USPS-T25-49	UPS
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UPS/USPS-T25-59	UPS
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UPS/USPS-T25-64	UPS
UPS/USPS-T25-65	UPS
UPS/USPS-T25-66	UPS
UPS/USPS-T25-67	UPS
UPS/USPS-T33-15b redirected to T25	UPS
UPS/USPS-T33-15c redirected to T25	UPS
UPS/USPS-T33-15d redirected to T25	UPS
UPS/USPS-T33-15e redirected to T25	UPS
UPS/USPS-T33-15f redirected to T25	UPS
UPS/USPS-T33-15g redirected to T25	UPS
UPS/USPS-T33-35c redirected to T25	UPS
UPS/USPS-T33-35d redirected to T25	UPS
POIR No. 2, Question 4	PRC, UPS

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Interrogatory	Designating Parties
POIR No. 6, Question 5	PRC
POIR No. 7, Question 1	PRC, UPS
Thomas W. Harahush (USPS-T-5)	
POIR No. 7, Question 3, 4	PRC
Philip A. Hatfield (USPS-T-18)	
PSA/USPS-T18-1	PSA, UPS
PSA/USPS-T18-2	PSA, UPS
UPS/USPS-T18-1	UPS
UPS/USPS-T18-2	UPS
UPS/USPS-T18-3	UPS
UPS/USPS-T18-4	UPS
UPS/USPS-T18-7	UPS
UPS/USPS-T18-8	UPS

United States Postal Service

Abdulkadir Abdirahman (USPS-T-42)

OCA/USPS-T42-1. The following interrogatory refers to USPS-LR-J-69 at page 35. Your testimony refers to USPS-LR-J-69, pages 2 to 17, in section B.

- (a) Please confirm that the Test Year unit manufacturing cost of a number 10 aggregate printed-stamped envelope is \$0.04177. (See USPS-LR-J-69 at page 33.) If you are unable to confirm, please provide the corrected amount and provide its complete derivation. Cite the sources for all calculated values.
- (b) Please confirm that the total unit Test Year selling cost for a printed envelope is estimated to be \$0.0058. (See USPS-LR-J-69 at page 35.) If you are unable to confirm, please provide the corrected amount and provide its complete derivation. Cite the sources for all calculated values.
- (c) Please confirm that the total unit cost of a printed household number 10 envelope is the sum of \$0.04177 + \$0.0058, which is \$0.04757. If you are unable to confirm, please provide the step-by-step derivation and include specific cites for all calculated values.
- (d) Appendix A, page 3, of your testimony indicates that the average cost of a printed household box lot of number 10 envelopes consisting of 50 envelopes costs \$2.38. Confirm that the unit cost of a printed household number 10 envelope is \$0.0476 (\$2.38 / 50). If you are unable to confirm, please provide the corrected amount and provide its complete derivation. Cite the sources for all calculated values.
- (e) Please explain how the costs in USPS-LR-J-69 at page 36 for Test Year Distribution Costs are factored into the costs for the aggregated unit printed envelope cost of \$0.04177 and/or the unit selling cost of \$0.0058. If the Test Year Distribution Costs are not factored into either the aggregated printed stamp envelope cost or the unit selling cost, please explain the purpose of the distribution costs and where they are incorporated into Postal Service costs.

Response:

a) Confirmed for the envelopes with existing features. These costs might not apply to

envelopes with the types of features (barcode, taggant) that might be needed for a

Delivery Confirmation envelope.

b) Confirmed.

c) Confirmed for envelopes with existing features. These costs might not be applicable

for envelopes with other types of features, such as barcodes or taggants that might be

needed for a Delivery Confirmation envelope.

d) Confirmed, assuming that the envelopes are sold in a 50-pack through the Stamp Fulfillment Services center. Moreover, this unit cost might not be applicable to envelopes with other types of features (barcode, taggant) such as might be needed for a Delivery Confirmation envelope.

e) Distribution costs are those costs incurred by the Postal Service to ship envelopes from the manufacturer's dock to a post office or Postal Distribution Center that will sell the envelopes at the window. Printed envelopes are not sold at the window and hence do not incur distribution costs.

OCA/USPS-T42-2. Please explain the differences among the printed household number 10 envelopes, as designated in your Appendix A, page 3, numbered 2127, 2135, 2146, 2147 and 2148.

Response:

2127 contains the Love stamp. 2135 contains the Lincoln stamp. 2146 contains the

Eagle stamp. 2147 contains the Lovebird stamp. 2148 contains the Community College

stamp. Some envelope designs (e.g., Community College) require jet printing in a

separate station, while others only require a normal one-pass print. These differences

in printing requirements can result in differences in costs.

OCA/USPS-T42-3. Please explain the differences between [sic] the printed household number 6³/₄ envelopes, as designated in your Appendix A, page 3, numbered 2623, 2643 and 2644.

Response:

2623 contains the Flag stamp. 2643 contains the Eagle stamp. 2644 contains the

Lovebird stamp. Some designs require jet printing in a separate station, while others

only require a normal one-pass print. These differences in printing requirements may

result in differences in costs.

OCA/USPS-T42-4. The following interrogatory refers to USPS-LR-J-69 at page 34. Footnotes 6, 12 and 13 refer to SFS data.

- (a) Please explain what the abbreviation SFS data refers to.
- (b) Please provide a copy of the SFS data used in preparing USPS-LR-J-69 if one has not been previously provided in this docket.

Response:

- (a) SFS data refers to data supplied by Stamp Fulfillment Services.
- (b) To prepare USPS-LR-J-69, I used the data provided in an electronic mail message

from SFS that read as follows: "The cost per wk/hr through AP 13 FY2000 was \$28.56.

This is an average of all employees that work at SFS. The total number of wk/hrs used

to process PEP for FY2000 was 20,559.87. If you multiply that by \$28.56 you get a

grand total of \$587,189.89."

OCA/USPS-T42-5. The following interrogatory refers to USPS-LR-J-69 at page 34, "PFSC Customer Service Cost." Please explain what the abbreviation "PFSC" stands for.

Response:

PFSC stands for Philatelic Fulfillment Service Center. This name changed a few years

ago to "Stamp Fulfillment Services" (SFS).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS ABDIRAHMAN TO AN INTERROGATORY OF THE OFFICE OF CONSUMER ADVOCATE, REDIRECTED FROM WITNESS MAYO

OCA/USPS-T36-38. Your testimony at page 44 states: "Insurance provides a very high value of service to customers, as these customers can receive reimbursement for lost, stolen, or damaged articles."

(a) Please confirm that the average indemnity for unnumbered insurance is \$0.10. If you are unable to confirm, please explain.

(b) Please confirm that the \$0.94 test year cost of unnumbered insurance includes the \$0.10 (rounded) average unnumbered indemnity cost.

(e) Please confirm that the average indemnity for numbered insurance valued at \$50.01 to \$100.00 is \$0.19. If you are unable to confirm, please explain.

Response:

(a) Confirmed.

(b) Confirmed. I provided witness Mayo (USPS-T-36) the variable unit cost of \$0.91 for unnumbered insurance pieces, which excludes contingency. This figure includes an average indemnity cost of \$0.10. See LR-J-69, D-3, page 3.

(e) Confirmed.

United States Postal Service

Peter Bernstein (USPS-T-10)

<u>ABA&NAPM/USPS-T10-1</u> Starting on page 6 of your testimony, you discuss past efforts you or Dr. Tolley at RCF have engaged in with respect to technological diversion.

- a. Why did the separate demand equations for workshared mail from single piece that you refer to as part of the effort in R97-1 (page 8, lines 6-11) not continue as your analytical method for R2000-1?
- b. Why have you re-introduced that decomposition in R2001-1?
- c. Why in this discussion have you not mentioned the results contained in LR-179 from R2000-1, the work RCF did for the GAO study?
- d. Please confirm that the work referenced in c. above showed strong diversion of workshared letter mail, not just single piece mail, in the volume models that were projected out for several years beyond year 2000.
- e. Please confirm that the GAO study in which the RCF volume projections appear is based on the following environment from which RCF was to render its projections. "Notably, the combination of consumer movement to alternative bill payment methods and the consolidation in the financial sector would reduce the number of bills, statements and payments in the mail stream." (GAO/T-GGD-00-2, page 5).
- f. Please confirm that this scenario was based on a USPS scenario for the next decade.

RESPONSE:

- a. Separate demand equations for single-piece and workshared letters were used in R2000-1.
- b. Please see my response to (a) above.
- c. The volume forecasts presented in LR-179 from R2000-1 were not based on an RCF analysis of mail diversion. Instead, RCF's role was limited to mechanistically including diversion assumptions developed exogenously into our existing volume forecasting model. As the underlying analysis was not prepared by RCF, I saw no reason to discuss it in my testimony.

- d. The exogenous diversion assumptions include the diversion of workshared letters.
- e. Confirmed, recognizing that the RCF projections simply involved a mechanistic incorporation of the exogenous diversion analysis.
- f. My understanding is that it represents one of many scenarios investigated by the Postal Service.

<u>ABA&NAPM/USPS-T10-2</u> You spend considerable time discussing "technological diversion" methods that do <u>not</u> seem to have yet developed serious competitive consequences for the Postal Service, and seek to explain why they have not, e.g. EBPP or online banking. You hardly devote any time to the current technology that does appear to be diverting substantial amounts of mail volume, Automatic Funds Transfer ("AFT"), to which you devote only 4 lines of your testimony at page 24, lines 8-12.

- a. Please confirm that of your "sub-total technological share" of methods used to pay household bills (Table 4) two thirds comes from AFT.
- b. Why in your view has AFT usage grown from 16.7% of the Household Diary sample in 1995 to 33% in 2000.
- c. How, if at all, is this competitive substitute explicitly accounted for in estimating demand elasticities for FCM workshared letters?
- d. Has the Postal Service done any future projections of diversion from AFT? If not, why not? If so, please provide a copy of all such studies.
- e. Has the Postal Service explored competitive (including technological) responses to the acceleration in diversion from AFT? If not, why not? If so, please provide a copy of all such plans, studies, etc.

RESPONSE:

- a. Confirmed.
- b. Growth in the use of automatic funds transfers is consistent with the greater acceptance of technological alternatives, as evidenced by the growth in household computer ownership and Internet access.
- c. Table 4 shows how households pay their bills. Bill payments mailed by households are sent as single-piece letters, not as workshared letters.
- d. As part of my analysis of technological diversion, I have made forecasts of the future shares of household bill payments by mail, in person, and by electronic methods (including, but not limited to, AFT). Those forecasts are attached to this response.
- e. I do not know the full extent of responses explored by the Postal Service. I know that the Postal Service has introduced its own electronic bill payment service.

		(-) -		/		
Method	2000	2001	2002	2003	2004	2005
	(actual)	(projected)	(projected)	(projected)	(projected)	(projected)
Electronic	11.1%	13.7%	16.7%	20.3%	24.5%	29.2%
In-Person	9.5%	9.2%	8.9%	8.6%	8.3%	8.0%
By Mail	79.4%	77.1%	74.4%	71.1%	67.2%	62.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Actual and Projected Shares of Household Bill Payments (By Payment Method)

<u>ABA&NAPM/USPS-T10-3</u> Using your terminology, please confirm that the "incremental diversion" from AFT is now large "relative to cumulative diversion."

RESPONSE:

I have not made forecasts of diversion specifically from AFT. The forecasts attached to ABA&NAPM/USPS-T10-2 indicate that incremental diversion of household bill payments to electronic alternatives is likely to be greater than the cumulative diversion that has already occurred.

<u>ABA&NAPM/USPS-T10-4</u> Please confirm that between 1998 and 2000, the growth in technological diversion from FCM bill payments (+4.45, from bottom row of Table 4, page 20) was greater than the diversion of all advertising, including direct mail, to the Internet (2.6% from Table 11, page 46).

RESPONSE:

I can confirm that the increase in the share of household bill payments paid electronically exceeds the increase in the share of advertising dollars spent on the Internet. I would not agree that this implies that growth in technological diversion from bill payments exceeds growth in diversion of all advertising from Internet advertising. The share numbers are not directly comparable as one represents the share of a subset of total First-Class letter mail where as the other represents a share of total advertising. Furthermore, changes in shares do not in themselves measure diversion as there may be other factors responsible for changes in these shares.

ABA&NAPM/USPS-T10-6

- a. For rate making purposes, please confirm that the letters subclass for FCM includes both single piece and workshared letters.
- b. Please re-calculate Table 2 on page 54 at the FCM letters subclass level, i.e. "total First Class letters".

RESPONSE:

a. First-Class Mail includes both single-piece and workshared letters.

b. A table corresponding to Dr. Tolley's Table 2 (which I have reprinted in my testimony) for total First-Class letters cannot be calculated exactly. The information from Table 2 is based on the econometric analysis of single-piece letters. Dr. Tolley's Table 3 is based on econometric analysis of workshared letters. An exact calculation of the impacts on total First-Class letters would require a single econometric equation for total First-Class letters, which does not exist. However, I have developed a "reduced-form" version of Table 2 for total First-Class letters, which aggregates the impacts of different variables and gives some indication of the relative importance of different kinds of variables on total First-Class letter volume over the past five years. That table is attached to this response.

Table Accompanying Witness Bernstein's Response to ABA&NAPM/USPS-T10-6

Approximate Impact of Different Factors on the Volume of Total First-Class Letters Over the Five-Year Period Ending in 2001Q3

Factor Affecting Volume	Approximate Impact of Factor on Volume Over the 5-Year Period Ending 2001Q3
Growth in Adult Population	+4.5 percent
Increases in Economic Activity (Real Change per Adult)	+5.5 percent
Changes in Postal Prices (own-price, discounts, cross-prices)	+2.5 percent
Technological Diversion	-5.5 percent
Total Change in Volume	+7.0 percent

<u>ABA&NAPM/USPS-T10-7</u> You assert on Page 70, lines 1-3, that reduced contribution from technological diversion requires rate increases.

- a. Please confirm this assertion assumes away the alternative possibility of reducing costs.
- b. Please confirm that the Postal Service has raised FCM single piece rates twice this year alone already, once in January and again (for extra ounces) in July.
- c. Please confirm that preliminary data for AP's 1 and 2 for current PFY show a tremendous drop off in advertising mail and priority mail volumes; and please confirm that these are factors, whatever their cause, which also cause reduced contribution and either require rate increases or cost cuts.

RESPONSE:

a. I do not assume away the alternative possibility of reducing costs. However, whatever cost reductions might be realized, the loss of contribution due to technological diversion would require rate increases that are higher or more frequent than would be required given those cost reductions but without the lost contribution from technological diversion. Furthermore, reductions in volume due to technological diversion have the effect of increasing cost per piece because the non-volume variable costs of the Postal Service (sometimes referred to as institutional or common costs) must be spread out over fewer pieces of mail. Thus, diversion makes cost reductions more difficult to achieve.

b. Confirmed, recognizing that the increase in the extra ounce rate occurring in July was a result of the Postal Rate Commission's decision to give the Postal Service a reduced revenue request in the implementation of its rates in January. · ,

c. I can confirm that preliminary data suggest volume declines in the categories that you mention, that those volume declines lead to reduced contribution, and that rate increases and/ or cost reductions are likely responses to reductions in contribution.

RESPONSE OF POSTAL SERVICE WITNESS BERNSTEIN TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

 In Table 4 at page 20 of USPS-T-10, Household Diary Study (HDS) data are cited as the source of the shares of household bills paid by various methods from 1995 through 2000. Please show the calculations used to develop the shares from the HDS data.

RESPONSE:

The information presented in my Table 4 is based on an RCF analysis of raw Household Diary Study data. The raw data, taken from the Diary Study's recruitment survey, was re-weighted by RCF to obtain the results presented in my testimony. The re-weighting was done to i) provide a data set that was more reflective of the demographic characteristics of the entire US population as opposed to those of the recruitment survey respondents only, and ii) obtain data values for the entire population (since total number of monthly bills paid by each method, in addition to shares of bills, was also of interest).

The table attached to this response contains both sets of data – the raw unweighted diary study results (with accompanying shares) and the RCF weighted results (and shares, as presented in my testimony).

RESPONSE OF WITNESS BERNSTEIN, POIR NO. 6, ITEM 3

Number of Household Bills Paid by Each Method (unweighted sample figures)						
	1995	1996	1997	1998	1999	2000
Mail	44,845	44,462	45,786	44,921	46,636	90,668
In Person	5,539	6,746	5,502	5,089	7,742	8,496
Phone	213	287	385	229	373	1,776
PC	106	227	298	334	811	3,125
ATM	65	65	80	72	166	430
AFT	1,664	2,647	2,104	2,287	3,286	8,449
Total	52,432	54,434	54,155	52,932	59,014	112,944
Sub-total						
Technological	2,048	3,226	2,867	2,922	4,636	13,780

Share of Household Bills Paid by Each Method (unweighted sample shares)

	1995	1996	1997	1998	1999	2000
Mail	85.53%	81.68%	84.55%	84.87%	79.03%	80.28%
In Person	10.56%	12.39%	10.16%	9.61%	13.12%	7.52%
Phone	0.41%	0.53%	0.71%	0.43%	0.63%	1.57%
PC	0.20%	0.42%	0.55%	0.63%	1.37%	2.77%
ATM	0.12%	0.12%	0.15%	0.14%	0.28%	0.38%
AFT	3.17%	4.86%	3.89%	4.32%	5.57%	7.48%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Sub-total						
Technological	3.91%	5.93%	5.29%	5.52%	7.86%	12.20%

Number of Household Bills Paid by Each Method (weighted population figures)

	1995	19 9 6	1997	1998	1999	2000
Mail	819,586,990	854,709,900	875,931,300	850,306,960	914,343,410	891,316,691
In Person	104,240,270	129,161,600	107,340,600	98,750,690	140,038,490	106,649,887
Phone	3,840,830	5,751,100	7,428,200	4,719,650	7,796,460	14,418,816
PC	2,492,730	4,619,900	5,067,500	10,820,610	12,355,120	24,760,883
ATM	1,315,890	1,371,200	1,346,000	1,953,810	2,993,400	3,797,813
AFT	29,063,850	56,097,800	37,776,200	49,355,170	60,448,180	82,039,200
TOTAL	960,540,560	1,051,711,500	1,034,889,800	1,015,906,890	1,137,975,060	1,122,983,289
Sub-total						
Technological	36,713,300	67,840,000	51,617,900	66,849,240	83,593,160	125,016,711

Share of Household Bills Paid by Each Method (weighted population shares)

.

1995	1996	1997	1998	1999	2000	
85.33%	81.27%	84.64%	83.70%	80.35%	79.37%	
10.85%	12.28%	10.37%	9.72%	12.31%	9.50%	
0.40%	0.55%	0.72%	0.46%	0.69%	1.28%	
0.26%	0.44%	0.49%	1.07%	1.09%	2.20%	
0.14%	0.13%	0.13%	0.19%	0.26%	0.34%	
3.03%	5.33%	3.65%	4.86%	5.31%	7.31%	
100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
3.82%	6.45%	4.99%	6.58%	7.35%	11.13%	
	1995 85.33% 10.85% 0.40% 0.26% 0.14% 3.03% 100.00% 3.82%	1995 1996 85.33% 81.27% 10.85% 12.28% 0.40% 0.55% 0.26% 0.44% 0.14% 0.13% 3.03% 5.33% 100.00% 100.00% 3.82% 6.45%	1995 1996 1997 85.33% 81.27% 84.64% 10.85% 12.28% 10.37% 0.40% 0.55% 0.72% 0.26% 0.44% 0.49% 0.14% 0.13% 0.13% 3.03% 5.33% 3.65% 100.00% 100.00% 100.00%	1995 1996 1997 1998 85.33% 81.27% 84.64% 83.70% 10.85% 12.28% 10.37% 9.72% 0.40% 0.55% 0.72% 0.46% 0.26% 0.44% 0.49% 1.07% 0.14% 0.13% 0.13% 0.19% 3.03% 5.33% 3.65% 4.86% 100.00% 100.00% 100.00% 100.00% 3.82% 6.45% 4.99% 6.58%	1995 1996 1997 1998 1999 85.33% 81.27% 84.64% 83.70% 80.35% 10.85% 12.28% 10.37% 9.72% 12.31% 0.40% 0.55% 0.72% 0.46% 0.69% 0.26% 0.44% 0.49% 1.07% 1.09% 0.14% 0.13% 0.13% 0.19% 0.26% 3.03% 5.33% 3.65% 4.86% 5.31% 100.00% 100.00% 100.00% 100.00% 100.00% 3.82% 6.45% 4.99% 6.58% 7.35%	

United States Postal Service

A. Thomas Bozzo (USPS-T-14)

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Response of United States Postal Service Witness Bozzo To Interrogatories of KeySpan Energy

KE/ USPS-T14-1 Please refer to Library Reference USPS-LR-J-56 where you develop accept rates and productivities for the outgoing BCS primary operation.

- A. Please refer to page 52 of Library Reference USPS-LR-J-60. Please confirm that, according to USPS witness Miller, 5.35% of all letters sent to the outgoing BCS primary are barcoded by the Postal Service in the RBCS, and that the remaining letters sent to that operation, 94.65%, have been prebarcoded by mailers. If you cannot confirm, please explain.
- B. Please confirm that the accept rate for the outgoing BCS primary operation is 95.1%. If you cannot confirm, please explain.
- C. Please provide all of the reasons that can cause the BCS primary operation to reject 4.9% of the pieces.
- D. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than CEM letters that are not pre-approved? Please explain your answer.
- E. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters, be more or less likely to be rejected than letters that were barcoded by the Postal Service in the RBCS? Please explain your answer

KE/USPS-T14-1 Response.

- a. Redirected to witness Miller (USPS-T-22).
- b. Confirmed that the TPH/TPF ratio for outgoing primary BCS is 0.951,

which implies that for those operations, rejected pieces constitute 4.9

percent of pieces fed.

c.-e. Redirected to witness Kingsley (USPS-T-39).

KE/ USPS-T-14-2 Please refer to Library Reference USPS-LR-J-56 where you develop accept rates and productivities for the outgoing BCS secondary operation.

- A. Please confirm that the accept rate for an outgoing BCS secondary operation is 96.0%. If you cannot confirm, please explain.
- B. Please provide all of the reasons that cause the outgoing BCS secondary operation to reject 4.0% of the pieces.
- C. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be less likely to be rejected than CEM letters that are not pre-approved? Please explain your answer.
- D. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than letters that were barcoded by the Postal Service in the RBCS? Please explain your answer.

KE/USPS-T14-2 Response.

a. Confirmed that the TPH/TPF ratio for outgoing secondary BCS is 0.96,

which implies that for those operations, rejected pieces constitute 4

percent of pieces fed.

b.-d. Redirected to witness Kingsley (USPS-T-39).

KE/ USPS-T-14-3 Please refer to Library Reference USPS-LR-J-56 where you develop accept rates and productivities for the incoming BCS MMP operation.

- A. Please confirm that the accept rate for an incoming BCS MMP operation is 96.0%. If you cannot confirm, please explain.
- B. Please provide all of the reasons that cause the incoming BCS MMP operation to reject 4.0% of the pieces.
- C. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than CEM letters that are not pre-approved? Please explain your answer.
- D. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than letters that were barcoded by the Postal Service in the RBCS operation? Please explain your answer.

KE/USPS-T14-3 Response.

a. Confirmed that the TPH/TPF ratio for incoming MMP BCS operations is

0.96, which implies that for those operations, rejected pieces constitute 4

percent of pieces fed.

b.-d. Redirected to witness Kingsley (USPS-T-39).

KE/ USPS-T-14-4 Please refer to Library Reference USPS-LR-J-56 where you develop accept rates and productivities for the incoming BCS SCF/primary operation.

- A. Please confirm that the accept rate for an incoming BCS SCF/primary operation is 96.0%. If you cannot confirm, please explain.
- B. Please provide all of the reasons that cause the incoming BCS SCF/primary operation to reject 4.0% of the pieces.
- C. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than CEM for which there has been no pre-approval? Please explain your answer.
- D. Will pre-approved prebarcoded QBRM and CRM letters that were included in outgoing First-Class Automation letters be more or less likely to be rejected than letters that were barcoded by the Postal Service in the RBCS operation? Please explain your answer.

KE/USPS-T14-4 Response.

a. Confirmed that the TPH/TPF ratio for incoming SCF/primary BCS

operations is 0.96, which implies that for those operations, rejected pieces

constitute 4 percent of pieces fed.

b.-d. Redirected to witness Kingsley (USPS-T-39).
Response of United States Postal Service Witness Bozzo To Interrogatory of KeySpan Energy

KE/USPS-T-14-9 Please refer to page 12 of Library Reference USPS-LR-J-60 where Mr. Miller presents his mail flow models for handwritten letters, worksheet "table" of Library Reference USPS-LR-J-56, and to page 4 of USPS-T-39, the Direct Testimony of USPS witness Linda A. Kingsley.

- A. Please confirm that it is a national policy of the Postal Service to have the AFCS lift images only of script mail, which can then be later sent to the REC if the addresses cannot be resolved by the RCR. If you cannot confirm, please explain.
- B. Please confirm that letters whose address images have been lifted in the AFCS that cannot be resolved by the RCR will be sent to the OSS for barcoding and sorting. If you cannot confirm, please explain.
- C. Please confirm that USPS witness Miller shows that for every 10,000 handwritten single piece letters that enter the RBCS ISS operation, 1,714 letters are sent through the OSS. If you cannot confirm, please explain.
- D. Please confirm that in Library Reference USPS-LR-J-56, you show that 26.042 billion pieces were fed into the ISS while 27.495 billion pieces were fed into the OSS. If you cannot confirm, please explain.
- E. Are the number of letters fed into the ISS and OSS roughly even, as you show in USPS-LR-J-56, or is Mr. Miller correct in assuming that the number of pieces fed into the ISS is roughly 5+ times that of the pieces fed into the OSS? Please explain your answer.

Response:

- a. Redirected to Witness Kingsley.
- b. Redirected to Witness Kingsley.
- c. Redirected to Witness Miller.
- d. Confirmed that total pieces fed (TPF) for the outgoing ISS and outgoing

OSS operations are, respectively, 26.042 billion and 27.495 billion.

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e. Redirected to Witness Miller.

OCA/USPS-T14-1.

Please refer to USPS-LR-J-56, and the Excel file: YRscrub.xls, and the spreadsheet entitled "table." Also, please refer to the testimony of witness Kingsley (USPS-T-39) at page 4, footnote 7. Please confirm that the MODS Productivity in the "TPF/Hour" column is calculated in the same manner as described in the testimony of witness Kingsley at page 4, footnote 7. If you do not confirm, please identify all differences and describe the reason for each difference. Please give a numeric example of how MODS Productivity is calculated.

Response.

Confirmed subject to the following qualification. In the citation given, witness Kingsley defines productivity as "the total pieces finalized (pieces fed minus rejects) divided by the total workhours used (including setup, sweep, jam clearance time, etc.)." In other words, witness Kingsley describes calculation of total pieces handled (TPH) per workhour. The referenced calculations in LR-J-56 are total pieces fed (TPF, i.e., TPH plus rejected pieces) per workhour. (In manual operations, the calculation is simply TPH per workhour, since manual TPF and TPH are identical in principle, and most sites do not report manual TPF. See also Docket No. R2000-1, USPS-T-15 at 50-51.) The TPF, TPH, and workhours employed in the referenced Excel file are summed from AP-level observations, where the observations in the top and bottom percentiles of TPF/hour (calculated by site and AP) have been removed from the calculation. The productivity is simply the ratio of Total TPH to Total Hours.

OCA/USPS-T14-2.

For each of the 321 mail processing facilities listed in LR-J-56, file reg9300.xls, please identify which ones are

- a. P&DCs,
- b. P&DFs,
- c. CSUs,
- d. other (please identify each other type)?

Response.

Please see the attached table. I am not sure exactly what types of facilities you mean

to include in "CSUs." Of the "other" facilities, most are post offices that perform some

processing and distribution work, but are not formally designated as a P&DC or P&DF.

Note also that the AMC/AMF sites are excluded from the analysis.

Site ID		Description (if Other)
ן ר	PRDC	
2		
	PRDC	
4	Pade	
5	P&DC	
6	P&DC	
/	PADC	
8	PADC	
9	PODC	
10	Pade	
11	Paulo	
12	Pade	
13	PADC	
14	P&DC	
15	PADC	
10	PADC	
1/	Other	
18	Other	AMC/AMF
19	PADC	
20	P&DC	
21	PADC	
22	PADC	
23	PODC	
24	PADC	
25	PADC	
20	Pabe	
2/		ANNEA
20		
20		
31		
37	DRDF	
32	Other	PO
34	Other	PO
35		10
36	Other	PO
37	Other	PO
38	P&DC	, .
39	P&DC	
40	Other	PO
40	Other	PO
47	Other	PO
42 43	DRIDE	18
<u> </u>	Other	See Docket No. 82000-1 Tr. 15/6300
44	DRDC	Jee Ducket No. (2000-1, 11, 13/0390
46		
40 17	D&DC	
4/ /0	D&DC	
40	rauc	

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49	P&DF
50	P&DF
51	Other
52	P&DC
53	P&DC
54	Other
55	P&DC
56	Other
57	Other
58	P&DC
59	P&DC
60	P&DC
61	P&DC
62	PADC
63	P&DC
64	P&DC
65	P&DC
66	P&DC
67	PADC
58	PADC
20	PADC
70	PADC
71	PRDC
72	P&DC
74	
75	P&DC
76	P&DC
77	P&DC
78	P&DC
79	P&DC
80	P&DC
81	P&DC
82	P&DC
83	P&DC
84	P&DF
85	P&DF
86	P & DF
87	Other
88	P&DF
89	Other
90	P&DC
91	P&DF
92	P&DF
93	P&DC
94	Other
95	P&DF
96	P&DF
97	P&DF

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98	P&DC
99	P&DF
100	P&DC
101	Other
102	P&DC
103	P&DF
104	P&DF
105	P&DF
106	P&DC
107	P&DC
108	P&DC
109	Other
110	P&DF
111	P&DC
112	Pade
113	Other
114	P&DF
115	
117	Other
110	
110	Paur
120	Other
120	Other
127	
123	P&DF
124	Other
125	P&DC
126	Other
127	P&DC
128	P&DC
129	P&DC
130	P&DC
131	P&DC
132	P&DC
133	P&DC
134	P&DC
135	P&DC
136	P&DC
137	P&DC
138	P&DC
139	P&DC
140	P&DC
141	P&DC
142	P&DC
143	P&DC
144	P&DC
145	P&DC
146	P&DC

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147	P&DC		
148	P&DC		
149	P&DC		
150	P&DC		
151	P&DC		
152	P&DC		
153	P&DC		
154	P&DC		
155	P&DC		
156	P&DC		
157	P&DC		
158	P&DC		
159	P&DC		
160	Other	PO	
161	P&DF		
162	P&DC		
163	P&DC		
164	Other	PO	
165	P&DC		
166	P&DF		
167	P&DC		
168	Other	PO	
169	P&DC		
170	P&DC		
171	P&DF		
172	P&DC		
173	Other	PO	
174	P&DC		
175	P&DF		
176	P&DC		
177	Other	See Docket No. R2000-1, Tr. 15/6390	· .
178	P&DF		
179	P&DC		
180	P&DF		
181	P&DC		
182	P&DC		
183	P&DF		
184	P&DC		
185	P&DC		
186	P&DC		
187	P&DC		
188	Other	PO	
189	P&DC		
190	P&DF		
191	Other	PO	
192	P&DF	-	
193	P&DC		
194	P&DC		
195	P&DC		

N/A	
Other	
P&DC	
P&DF	
P&DF	
Other	
P&DC	
Other	
PADE	
POLDF	
Other	
Paul	
DRDE	
PRDC	
PADC	
Other	
P&DF	
Other	
P&DC	
Other	
Other	
P&DC	
P&DC	
P&DF	
Other	
P&DC	
P&DC	
P&DF	
P&DF	
	N/A Other P&DC P&DC P&DC P&DC P&DC P&DC P&DC P&DC

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PO PO

Not used AMC/AMF

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PO

PO PO

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246 Other 247 P&DF 248 Other 249 P&DF 250 Other 251 P&DF 252 P&DF 253 P&DF 254 P&DC 255 P&DF 256 P&DF 257 P&DF 258 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 281 P&DC 282 P&DC 283 P&DC	245	P&DF
247 P&DF 248 Other 249 P&DF 250 Other 251 P&DF 252 P&DF 253 P&DF 254 P&DC 255 P&DC 256 P&DF 257 P&DC 258 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 283 P&DC 284 P&DC 285 P&DC	246	Other
248 Other 249 P&DF 250 Other 251 P&DF 252 P&DF 253 P&DF 254 P&DC 255 P&DF 256 P&DF 257 P&DF 258 P&DC 260 P&DF 261 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC	247	P&DF
249 P&DF 250 Other 251 P&DF 252 P&DF 253 P&DF 254 P&DC 255 P&DF 256 P&DF 257 P&DF 258 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC	248	Other
250 Other 251 P&DF 252 P&DF 253 P&DF 254 P&DC 255 P&DF 256 P&DF 257 P&DF 258 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC	249	P&DF
251 P&DF 252 P&DF 253 P&DF 254 P&DC 255 P&DF 255 P&DF 256 P&DF 257 P&DF 258 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC	250	Other
252 P&DF 253 P&DF 254 P&DC 255 P&DF 256 P&DF 257 P&DF 258 P&DC 260 P&DF 261 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 265 P&DF 266 P&DF 265 P&DC 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 284 P&DC 285 P&DC 286 P&DC	251	P&DF
253 P&DF 254 P&DC 255 P&DF 256 P&DF 257 P&DF 258 P&DC 259 P&DC 260 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC	252	P&DF
254 P&DC 255 P&DF 256 P&DF 257 P&DF 258 P&DC 259 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC	253	P&DF
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256 P&DF 257 P&DF 258 P&DC 259 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC	255	P&DC
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258 P&DC 259 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC	257	P&DF
259 P&DC 260 P&DF 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 269 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC <td>258</td> <td>P&DC</td>	258	P&DC
260 P&DC 261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 269 P&DC 270 P&DC 271 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC	259	P&DC
261 P&DF 262 P&DF 263 P&DF 264 P&DF 265 P&DF 266 P&DF 267 Other 268 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC	260	P&DC
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265 P&DF 266 P&DF 267 Other 268 P&DC 269 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC	264	P&DF
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269 P&DC 270 P&DC 271 P&DC 272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC	268	P&DC
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272 P&DC 273 P&DC 274 P&DC 275 P&DC 276 P&DC 277 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	271	PADC
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275 P&DC 276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	274	Pade
276 P&DC 277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	275	PRDC
277 P&DC 278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	2/0 ללרר	PADC
278 P&DC 279 P&DC 280 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	277	PADC
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281 P&DC 281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	2/3	
281 P&DC 282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	281	
282 P&DC 283 P&DC 284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	287	
284 P&DC 285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	283	P&DC
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285 P&DC 286 P&DC 287 P&DC 288 P&DC 289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	285	P&DC
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288 P&DF 289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	287	P&DC
289 P&DC 290 P&DC 291 P&DC 292 P&DC 293 P&DC	288	P&DF
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294	P&DC	
295	P&DC	
296	P&DC	
297	P&DC	
298	P&DC	
299	P&DC	
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301	P&DF	
302	P&DF	
303	P&DF	
304	P&DC	
305	P&DF	
306	P&DF	
307	P&DC	
308	P&DC	
309	P&DC	
310	Other	
311	Other	
312	Other	
313	P&DF	
314	Other	
315	Other	
316	Other	
317	Other	
318	Other	
319	Other	
320	Other	
321	Other	

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OCA/USPS-T14-3.

Please confirm that in your analysis, labor demands are estiamted [sic] separately for each MODS cost pool and do not control for the workload in other cost pools, the amount of capital used specifically in that cost pool, the amount of capital used specifically in related cost pools, and whether the same plant performs some of the other cost pool activities. If you do not confirm, please explain and provide citations to your testimony or library reference.

Response.

Confirmed that the labor demands are estimated separately for each MODS cost pool

included in my analysis.

Not confirmed that the analysis does not control for workload in other cost pools. The "manual ratio" variables included in the specifications for the manual flat and manual letter cost pools control for the manual versus automated/mechanized workload mix in the plants. While my recommended specifications for automated and mechanized letter and flat sorting operations exclude the manual ratio variables, I demonstrated that the results for those cost pools are not sensitive to the presence or absence of the manual ratio. See USPS-T-14 at 46-50.

Confirmed that the analysis does not control for the amount of capital used specifically in that cost pool.

Partly confirmed that the analysis does not control for the amount of capital used in related cost pools. To test the sensitivity of my results to the use of the facility-level capital measure, as opposed to more narrowly-defined capital measures, I estimated the labor demands for the automated letter sorting cost pools using the QIAHE index.

demonstrate that using the QIAHE index instead of facility capital does not materially affect the volume-variability factors. See USPS-T-14 at pages 69 (lines 5-16) and 75 and LR-J-56, program varmp-tpf-by2000-ahe.tsp.

Partly confirmed that there is no control for the presence of other cost pool activities. There is no explicit control, but the use of the fixed-effects model will control for the effects of the presence or absence of other operations that are present or absent for the full sample period. See also the discussion of the manual ratio variables, above.

OCA/USPS-T14-4.

Please confirm that in your analysis, the separation of mechanized flat sorting and manual flat sorting into two cost pools, 11 and 15 [sic] respectively, imposes the restriction that an increase in the plant's mechanized flat-sorting machine capital stock will have the same effect on the demand for labor in the manual counterpart as an increase of equal value in any other type of capital used in the plant. If you do not confirm, please explain and provide citations to your testimony or library reference.

Response.

Not confirmed. Please note that manual and mechanized flat sorting are separated into three cost pools: FSM 881 (numeric code 19), FSM 1000 (numeric code 20), and manual flats (numeric code 05); group 11 (total FSM) combines groups 19 and 20. (Please note also that operations for the AFSM 100 are presently excluded from the analysis due to insufficient data.) The separation of mechanized flat sorting and manual flat sorting into multiple cost pools does not impose the restriction asserted in the question. However, the restriction you describe results from the use of the facility capital index as a control variable. Combining the cost pools would result in additional restrictions – e.g., an increase in FSM capital would have the same effect on the demand for labor in both the manual and mechanized cost pools. Please see also the response to OCA/USPS-T14-3.

OCA/USPS-T14-5.

Please confirm that your analysis does not recognize that the operations in different cost pools may be substitutes or complements for each other. If you do not confirm, please explain and provide citations to your testimony or library reference.

Response.

Not confirmed. My use of TPF (or TPH) as the output measure for sorting operations

(as opposed to other measures, such as FHP) recognizes that the output of an

operation consists of pieces that will require additional handlings in other operations as

well as pieces that received the first sort in other sorting operations. See Docket No.

R2000-1, USPS-T-15 at page 50 (line 8) to 52 (line 4). I discuss the need to correctly

account for the substitutability of operations in correctly interpreting the results of my

analysis in USPS-T-14 at page 36 (line 24) to 39 (line 8). Please see also my response

to OCA/USPS-T14-3.

OCA/USPS-T14-6.

Please confirm that the output of actual automated processing operations is a set of sorted pieces and a set of rejected pieces where the latter will need additional processing (either in automated or manual operations). If you do not confirm, please explain and provide citations to the testimony or library references of operations witnesses.

Response.

Confirmed. Please note that total pieces handled (TPH) counts the "set of sorted

pieces" and that total pieces fed (TPF) counts the sorted and rejected pieces. Note also

that since first handled pieces (FHP) are a subset of TPH, FHP does not measure the

complete output of an operation.

OCA/USPS-T14-7.

Please provide a detailed description, including relevant formulas and price deflators, used to construct the capital variables QIAHE, QIMHE, QIPSE, QIBLD, QIPDBLD, and QICAP used in the labor demand study. Please identify which categories of capital equipment from the list in file PPAM.xls supplied in LR-J-161 are used in the construction of each capital variable.

Response.

Please see Docket No. R2000-1, Tr. 15/6267-72. An Excel file, capital index.xls,

providing an update to the material referenced at Docket No. R2000-1, Tr. 15/6267 will

be filed as LR-J-209.

OCA/USPS-T14-8.

Using the list of plant capital equipment in the file PPAM.xls supplied in LR-J-161, please identify which items are utilized (physically) in each of your MODS cost pools.

Response.

Please see the Postal Service's response to UPS/USPS-T39-60-65.

OCA/USPS-91. Please refer to page 7, lines 13 and 21, of the testimony of witness A. Thomas Bozzo, USPS-T-14.

- a. Please define the word "plant" [sic] as used at line 13.
- b. Please provide a list of plants that meet this definition.
- c. For FYs 1993 through 2001, please provide an inventory of mail processing equipment at each plant listed in response to part b, above.
- d. Please define the word "plant" [sic] as used at line 21.
- e. Please provide a list of plants that meet this definition.
- f. For FYs 1993 through 2001, please provide an inventory of mail processing equipment at each plant listed in response to part e, above.
- g. Do witnesses Bozzo and Kingsley use the word "plant" consistently both within and between their testimonies? If not, please identify and define all other uses of the word "plant" and provide responses to parts b-c, above, for each definition.

OCA/USPS-91 Response.

a. As used at page 7, line 13, of USPS-T-14, the word "plants" refers to four

Processing and Distribution Centers (P&DCs) I visited.

b. The plants in question have site ID numbers 78, 149, 195, and 205 in the data

sets supplied in LR-J-161.

- c. The requested data will be provided in LR-J-161, file equipment.xls.
- d. As used at page 7, line 21, of USPS-T-14, the word "plants" refers to the two P&DCs that supplied the data presented at pages 31-32 of witness Kingsley's testimony, USPS-T-39.
- e. The plants in question have site ID numbers 82 and 83 in the LR-J-161 data sets.
- f. Please see the response to part (c), above.
- g. Yes, though note that in other instances in USPS-T-14, I use the term "plant" generically to refer to P&DCs and Processing and Distribution Facilities (P&DFs). Also, it is my understanding that while witness Kingsley's predominant use of the term is in reference to P&DCs and P&DFs, there may

be a case in which the term could refer (in appropriate context) to Bulk Mail

Centers.

OCA/USPS-93. Please refer to page 47, lines 6-8, of the testimony of witness A. Thomas Bozzo, USPS-T-14. Witness Bozzo states:

Manual operations serve as "backstops" to automation to deal with machine rejects and machine capacity shortfalls

- a. Please define the term "backstops."
- b. Please define the term "capacity shortfalls."

OCA/USPS-93 Response.

- a. The term "backstops," as used in the quoted statement, is a colloquialism referring to the role of manual operations in providing productive capacity for processing automation compatible (or machinable) mail that cannot be successfully processed in automated (or mechanized) operations—i.e., for machine rejects and/or machine capacity shortfalls. See also Docket No. R97-1, USPS-T-14 at page 58, lines 5-17.
- b. The term "[machine] capacity shortfalls," as used in the quoted statement,

refers to the situation in which the volume of mail available to be processed in

a given automated (or mechanized) operation in a given interval of time

exceeds the maximum volume of mail that the operation is capable of

processing in that interval of time.

OCA/USPS-94. For FYs 1999, 2000, 2001, and 2002, please provide a. volumes by PQ and AP by plant by mail processing cost pool b. workhours by PQ and AP by plant by mail processing cost pool.

OCA/USPS-94 Response.

a.-b. The requested data will be provided in LR-J-161, file MODS.xls. Please note that plant workhours by AP, plant, and mail processing cost pool are available only for MODS facilities. The provided "volumes" by AP, plant, and mail processing cost pool are MODS TPH for the cost pools associated with LDCs 11-15 and for the Cancellation and Metered Mail Prep cost pool (1CANCMPP) in LDC 17. Cost pool-level volumes are not available for other cost pools. MODS operation numbers have been mapped to cost pools using Table I-2B, LR-J-55.

The most recent available data are from AP 1 of FY 2002.

Response of United States Postal Service Witness Bozzo To Interrogatories of the Office of the Consumer Advocate (Redirected from the United States Postal Service)

OCA/USPS-172. For FYs 1993 through 2002, please provide

- an inventory of mail processing equipment at each Processing and Distribution Center (P&DC), Processing and Distribution Facility (P&DF), and Bulk Mail Center (BMC); please include date of purchase, date of installation, and date of entry into full routine service;
- b. volumes by postal quarter (PQ) and accounting period (AP) by plant (*i.e.*, each individual P&DC, P&DF, and BMC) by mail processing cost pool; and
- c. workhours by PQ and AP by plant (*i.e.*, each individual P&DC, P&DF, and BMC) by mail processing cost pool.

OCA/USPS-172 Response.

- a. The available data will be provided in USPS-LR-J-179. Please note that the Postal Service's data systems record the year of acquisition of pieces of equipment, but not the "date of installation" or "date of entry into full routine service."
- b.-c. The requested data for non-BMC plants will be provided in USPS-LR-J-

179. In order to ensure that the operation groups are consistently defined over the period covered by the request, the MODS data have been mapped in the same manner as the MODS data provided in LR-J-56. Volumes and workhours are not available by cost pool for BMCs, though note that the workhour and workload data for the BMC operation groups analyzed by Prof. Bradley in Docket No. R97-1 are available in Docket No. R97-1, USPS-LR-H-148. POSTCOM/USPS-T14-1. On page 7 of your testimony, you mention that you visited mail processing facilities to "reality check" your econometric estimates of volume variability.

(a) On these visits, did you have an opportunity to observe FSM and manual flat sorting operations?

(b) If your answer to subpart (a) is yes, did you notice whether clerks were more likely to sort barcoded flats on machines than they were to sort nonbarcoded flats on machines? If so, please explain fully.

(c) Are you aware of any data (whether from MODS, IOCS, or any other source) that quantifies the extent to which barcoded flats are more likely to be processed on machines than nonbarcoded flats? If so, please state the data source and quantify the extent to which barcoded flats are more likely to be processed on machines?

POSTCOM/USPS-T14-1 Response.

(a) Yes.

(b) I did not observe any systematic efforts to direct machinable flats (whether

barcoded or not) to manual flat sorting operations at the sites I visited. The sites

I visited had all three types of FSM equipment (i.e., the FSM 881, FSM 1000 and

AFSM 100) in operation, and few cases for manual flat sorting. The manual flat

sorting I observed appeared primarily to process FSM rejects.

(c) No. Some combination of IOCS and MODS data could, in principle, be used

to quantify the proportions and/or absolute number of piece handlings (TPF) in

manual and FSM operations that are of barcoded and non-barcoded flats.

However, those data would not solely indicate the effect of the presence of the

barcode on the type(s) of processing used. The data would also depend on

(among other things) the presort profile and machinability characteristics of the

populations of barcoded and non-barcoded flats receiving processing, which are

not directly observed in any data system of which I am aware.

UPS/USPS-T14-1. Refer to your testimony, USPS-T-14, page 28, lines 6-8, where you indicate that you re-estimated a subset of variabilities using the generalized Leontief functional form.

(a) Identify the Management Operating Data System ("MODS") operations for which you estimated a generalized Leontief function.

(b) Refer to footnote 31 on page 28 where you show a formula for the generalized Leontief function. Confirm that this formula does not show a constant term.

(c) Indicate whether in your implementation of the generalized Leontief function you included a constant among the "x" variables as shown in footnote 31.
(d) Indicate whether in your implementation of the generalized Leontief function you included a constant term.

(e) Indicate whether the particular samples used to estimate each of the generalized Leontief functions you tested differed in any way from the samples used to estimate the corresponding translog functions. If your answer is anything but an unqualified yes, please describe in detail how the samples differed.

RESPONSE:

- a. Please see USPS-T-14 at 74.
- b. Confirmed, noting that the absence of a constant in the cited formula

should not be construed as a statement that a regression need be forced

through the origin.

c. Assuming the interrogatory refers to a function of the form

$$y = \gamma_{11} + \sum_{i} \gamma_{1i} x_i^{1/2} + \sum_{i} \sum_{j} \gamma_{ij} (x_i x_j)^{1/2}, \ \gamma_{ij} = \gamma_{ji}$$
 (where the summations are

over the non-constant variables), no.

- Yes. My implementation included site-specific constants—i.e., the results in USPS-T-14 at 74 were estimated using the fixed-effects model.
- e. Yes. The regression samples used for my recommended translog models and for the implementation of the generalized Leontief functional form are identical.

UPS/USPS-T14-2. For each quarter in FY1994 through FY2000, or if not available on a quarterly basis, for each year, provide in machine readable form the following data:

- (a) An inventory of the mail processing equipment installed in each Management Operating Data System ("MODS") facility at the end of the quarter. Include information as to the particular models (e.g., FSM (Flats Sorting Machine) 100, FSM881 and FSM1000) installed.
- (b) For each piece of equipment identified in response to part (a), indicate the year of acquisition and original cost of acquisition.
- (c) Refer to library reference USPS-LR-J-56. Include identification numbers for all MODS facilities that match the facility identification numbers used in the file 'reg9300.xls.

RESPONSE:

a.-c. The requested data will be provided in library reference USPS-LR-J-190.

UPS/USPS-T14-3. Refer to your testimony, USPS-T-14, page 7, lines 13-14, where you state that you visited several mail processing plants. (a) How many different mail processing plants did you visit?

(b) How much time did you spend at each plant observing Management Operating Data System ("MODS") mail processing operations?

(c) For each of the plants you visited, indicate which of the MODS operations for which you report econometric variability results in your testimony were present in the plant at the time of your visit.

(d) For each plant/MODS operation combination identified in part (c) indicate whether the operation was actively running at the time of your visit.

(e) For each plant/MODS operation combination identified in part (c) indicate whether you personally observed the operation during your visit.

(f) For each plant/MODS operation combination identified in part (c) that you personally observed, indicate what activities were taking place at the time of your observation (e.g., set up, sorting of mail, changing of sort scheme, sweeping of bins, etc.).

(g) For each plant/MODS operation combination identified in part (c) that you personally observed, indicate when within the shift your observation took place.

RESPONSE:

- a. Please see the response to OCA/USPS-91, parts (a) and (b).
- b. I spent approximately five hours at site 78, eight hours each at sites 195

and 205, and approximately 24 hours at site 149.

c. The LSM operation was not present at any of the sites I visited. The

manual parcel and manual Priority Mail operations were not present at site

195. It is my understanding that all other operations were present at all of

the sites.

d.-e. The table below provides the requested information.

	Site 78	Site 149	Site 195	Site 205
BCS/DBCS	Y	Y	Y	Υ
BCS/	Y	Y	Y	Y
FSM/	Y	Y	Y	Y
FSM/1000	Y	Y	Y	Y
OCR	Y	Y	Y	Υ
SPBS	Y	Y	Y	N
Manual Flats	N	Υ	Υ	Y
Manual	Y	N	N	Y
Letters				
Manual	N	N	NP	N
Parcels				
Manual	N	Y	NP	N
Priority		<u> </u>		

Y = Operation observed running. N = Operation not observed running. NP = Not present.

	Site 78	Site 149	Site 195	Site 205
BCS/DBCS	Set	Set, L, Swp	L, Swp	L, Swp
BCS/	Set, L, Swp	Set, L, Swp	L, Swp	Set, L, Swp
FSM/	S, Swp	Set, L, S, Swp, D	Set, L, S, Swp, D	L, S, Swp
FSM/1000	S, Swp	Set, L, S, Swp, D	S, Swp	L, S, Swp
OCR	L, Swp	L, Swp	L, Swp	L, Swp
SPBS	L, S, Swp, D	Set, L, S, Swp, D	L, S, Swp	N/A
Manual Flats	N/A	S, Swp	L, S, Swp	S
Manual Letters	S	N/A	N/A	S .
Manual	N/A	N/A	N/A	N/A
Parcels				
Manual Priority	N/A	Set, S, D	N/A	N/A

f. The table below provides the requested information.

Set = Set up equipment. L = Load. S = Sort. Swp = Sweep. D = Dispatch. N/A = not observed or not present.

g. I observed the operations at various times during the visits, and do not

recall the precise times of observations of individual observations.

UPS/USPS-T14-5. Refer to your testimony, USPS-T-14, page 9, line 21 through page 10, line 3, where you state that you anticipate that the Postal Service will in a future proceeding present a more comprehensive analysis encompassing allied operations and operations at post offices, stations and branches. (a) Describe in detail the basis for this expectation.

(b) Has work on this more comprehensive analysis actually begun? If so, who is conducting this work? In particular, is Christensen Associates carrying out all or part of this work? Identify the data sources that have been used in the work that has so far been carried out.

RESPONSE:

- a. The report of the Postal Service Data Quality Study concluded that "Efforts to measure [mail processing cost] elasticities should be carried out since it is highly unlikely in the current automated mail processing operation regime that 100% of these costs are variable with volume over a rate making cycle (three years)." See A. T. Kearney, Inc., Data Quality Study Summary Report (April 16, 1999), p. 76. Likewise, the Commission has stated that it believes that "econometric methods properly applied to correctly formulated economic models with a reasonably complete and error-free data set is the only way to obtain accurate and unbiased estimates of structural parameters such as volume variabilities." See PRC Op., Docket No. R2000-1, Vol. 2, App. F, p. 52.
- Preliminary FY 2001 volume-variability factors for cancellation and metered mail preparation operation groups have been estimated by Christensen Associates. The cancellation and metered mail preparation analyses have used the same data sources as the LR-J-56 data set. Also, some investigation into possible methods for a more comprehensive mail processing volume-variability analysis (i.e., encompassing operations

outside the scope of the results provided in USPS-T-14) has begun,

though that work has not proceeded to the point of identifying specific data

sources or econometric methods.

UPS/USPS-T14-6. Refer to your testimony, USPS-T-14, page 13, lines 3-4, where you state that, "Furthermore, longer-term capital input decisions necessarily precede the staffing decisions they eventually affect."
(a) Indicate the length of time that typically separates a decision to install a piece of equipment such as Small Parcel and Bundle Sorter ("SPBS") or FSM (Flat Sorting Machine)/1000 at a specific Management Operating Data System ("MODS") facility, and the actual installation of the piece of equipment. If the length of the interval varies, provide an upper and lower bound estimate of the length of the interval.

(b) Indicate when within the interval identified in part (a) a plant manager would typically be informed of the decision to install a new piece of equipment. If the point in time when the plant manager is informed of the decision varies, indicate the earliest point in time when he might be informed, and the latest point in time when he might be informed.

(c) Assume that because of change in volume, installation of labor saving equipment or other causes a plant manager concludes that the number of full time workers employed at the plant is 5 percent greater than what is needed. How long would it take for that plant manager to reduce the size of the full time workforce to eliminate the unneeded workers? If the length of the interval varies, provide an upper and lower bound estimate of the length of the interval.

(d) Assume that because of change in volume, installation of labor saving equipment or other causes a plant manager concludes that the number of full time workers employed at the plant is 5 percent lower than what is needed. How long would it take for that plant manager to increase the size of the full time workforce to eliminate the shortfall? If the length of the interval varies, provide an upper and lower bound estimate of the length of the interval.

(e) Do you believe that plant managers take knowledge of upcoming equipment installation into account when they make decisions about adjusting the size of the plant workforce?

RESPONSE:

- a.-b. Redirected to the United States Postal Service.
- c.-d. Please see Docket No. R2000-1, USPS-T-15 at 18, lines 6-13, for a

discussion of the time scales of the Postal Service's staffing processes. In

particular, please note that the Postal Service can generally adjust

workhours (via overtime, part-time flexible, and casual labor) faster than

its full-time complement. Also, it is my understanding that, for changes in

the full-time workforce of the magnitude indicated in this interrogatory, the

Postal Service may be able to add to its full-time workforce more quickly than it may be able to reduce its full-time workforce. Finally, "installation of labor saving equipment," by definition, will not bring about the understaffing scenario described in part (d) of the interrogatory—i.e., if installing the equipment creates a labor shortfall, then the equipment is not labor saving.

e. It depends on how the "size of the plant workforce" is defined. I would expect that plant management may adjust the composition of its workforce (e.g., by reducing full-time positions through attrition while making appropriate use of overtime, part-time, and/or casual labor) in anticipation of an equipment installation, while not reducing workhours until the equipment is actually installed.

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UPS/USPS-T14-7. Refer to library reference USPS-LR-J-56.

(a) Provide quarterly First Handling Pieces ("FHP") data for each of the Management Operating Data System ("MODS") operations to correspond to the Total Piece Handlings ("TPH") data in library reference USPS-LR-J-56. In particular, provide quarterly FHP data for MODS operations 17, 18, 01, 19, 20, 02, 03, 04, 05, 06, 07, 08, 10, 11, 12, and 13, for Fiscal Years 1993 to 2000.
(b) Confirm that the issue of the new MODS conversion factors raised in pages 43 through 46 of your testimony, USPS-T-14, would apply to these FHP data as well?

(c) If you do not confirm, explain why the same issue does not apply to these FHP data.

UPS/USPS-T14-7 Response.

a. The requested data have been provided by accounting period (AP) in LR-

J-179. The quarterly data may be derived from the data in LR-J-179 by

summing the AP data to postal quarters.

b. Confirmed. The conversion factor change issue applies to FHP in

general, but does not apply to TPH and TPF data derived from machine counts.

c. Not applicable.

UPS/USPS-T14-8. Refer to library reference USPS-LR-J-161, which provides data on YAQ, defined as "Year of Acquisition." Provide a more detailed explanation of the variable YAQ. In particular, does "Year of Acquisition" refer to the year in which the facility acquired the piece of equipment? If not, does it refer to the year the Postal Service (as a whole) acquired the piece of equipment?

UPS/USPS-T14-8 Response.

It is my understanding that YAQ represents the year in which the Postal Service

paid for the equipment.

UPS/USPS-T14-9. Provide AP # (Accounting Period)-level data for Total Piece Handlings ("TPH"), Total Pieces Fed ("TPF"), hours ("HRS"), and First Handling Pieces ("FHP"), for each of the years from 1993 to 2000, by site i.d. such that the AP-level data aggregate to the quarterly data provided in library reference USPS-LR-J-161, file "reg9300-labels.xls." Use site i.d. codes that correspond to the site i.d. codes presented in library reference USPS-LR-J-161.

UPS/USPS-T14-9 Response.

The requested data have been provided in LR-J-179.

UPS/USPS-T14-10. Refer to your testimony, USPS-T-14, page 58, lines 6-8, where you state, "The standard errors reported in Tables 7, 8, and 9 are computed using a heteroskedasticity-consistent covariance matrix for the regression coefficients."

(a) Explain the procedure used to calculate the standard errors presented in your testimony.

(b) Why do you present heteroskedasticity-consistent standard errors?(c) Does your procedure for calculating standard errors differ from the procedure you adopted in R2000-1?

(d) If your answer to part (c) is yes, why did you change procedures?

UPS/USPS-T14-10 Response.

a. The elasticities are, generically, of the form $\varepsilon = \beta' z$, where β is a vector of

estimated coefficients, z is a vector of data, and the multiplication is the

vector (inner) product. Using TSP's "ANALYZ" command, I compute

 $var(\varepsilon)$ as $z'VC(\beta)z$, using a heteroskedacity-consistent estimate of $VC(\beta)$.

The heteroskedasticity-consistent estimate of $VC(\beta)$ is computed as:

$$VC(\beta) = (\mathbf{X}'\mathbf{X})^{-1} \left(\sum e_i^2 x_i x_i' / (1-h_i)\right) (\mathbf{X}'\mathbf{X})$$

where **X** is the matrix of observations on the explanatory variables on the right-hand side of the regression equation, e_i^2 is the square of the *i*th regression residual, x_i is the corresponding *i*th row of **X**, and h_i is the *i*th diagonal element of the least-squares projection ("hat") matrix,

 $\mathbf{H} = \mathbf{X} \left(\mathbf{X}' \mathbf{X} \right)^{-1} \mathbf{X}' \, .$

b. The presence (or absence) of heteroskedasticity in regression
 disturbances does not affect the consistency or unbiasedness of my
 regression coefficient estimates. However, if present, heteroskedascticity

could affect the estimated covariance matrix of the regression coefficients. Therefore, I used a heteroskedasticity-consistent estimate of $VC(\beta)$ to present more robust estimates of the standard errors of the elasticities relative to those I presented in Docket No. R2000-1.

- c. Yes.
- d. Please see the response to part (b).

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UPS/USPS-T14-11.

The following questions are about negative values for Total Piece Handlings ("TPH").

- (a) Explain whether it is possible for TPH to take on negative values.
- (b) Describe in detail the circumstances under which TPH may take on negative values.
- (c) Explain whether the circumstances described in part (b) are likely to be common or uncommon.
- (d) Provide a specific explanation for each of the following examples of negative values for TPH. In particular, for each example, explain:
 - (i) Of the weeks that are aggregated to construct the quarter, how many show negative TPH?
 - (ii) What is the total TPH for the weeks in the quarter for which TPH is negative?
 - (iii) What were the specific circumstance in the MODS system that resulted in the recording of the negative TPH for these examples?

TABLE 1 - EXAMPLES OF NEGATIVE TPH

Site ID	MODS Operation	Time Period	TPH
77	08	1996, qtr 4	-2,190
210	12	2000, qtr 4	-4,762
121	17	1999, qtr 1	-2,955

Response.

- a. While it is not possible for actual TPH to take on negative values in a given period, measured TPH can take on negative values. Note that in operations where TPH is used as the output measure for the operation, observations with negative TPH are excluded from the regression sample.
- b. It is my understanding that negative values of MODS variables would result primarily from mis-entered manual adjustments to the MODS data.

- c. Negative values of TPH are rare. Please see the table provided in Attachment A to this response.
- d. (i)-(ii) I aggregated AP data to construct my quarterly dataset. The APs with negative TPH, and the TPH for those APs, are reported below.

Site ID	MODS	Time Period	AP(s) with	Total TPH
	Operation		Negative TPH	(000) in
				Negative TPH
				AP(s)
77	08	PQ4, FY 1996	AP 13	-2,259
121	17	PQ1, FY 1999	AP 2	-7,278
210	12	PQ4, FY 2000	AP 12	-9,866

(iii) I am not aware of the specific circumstances of these examples.

Quarterly Observations							
		_		_		fho> tof (toh for	hrs > 0 while upf < 0
Operation group	<u>hars < 0</u>	<u>fhp < 0</u>	<u>ton < 0</u>	<u>‡p[<0</u>	<u>toh > tof</u>	<u>manual)</u>	(wh for manual)
DBCS	0.01%	0.30%	0.07%	0.03%	0.98%	0.88%	0.03%
MPBCS	0.05%	0.81%	0.23%	0.16%	0.91%	11.20%	0.13%
OCR	0.00%	0.17%	0.09%	0.05%	0.29%	27.63%	0.02%
FSM 881	0.02%	0.17%	0.01%	0.01%	5.90%	35.69%	0.00%
FMS 1000	0.03%	0.09%	0.03 %	0.03%	1.80%	16.38%	0.03%
LSM	0.14%	2.50%	0.56%	0.18%	0.86%	1.66 %	0.09%
SPBS Other	0.00%	20.83%	0.06%	0.08%	3.03%	0.00%	0.08%
SPBS Priority	0.08%	0.04%	0.45%	0.38%	2.29%	22.61%	0.30%
Manual Flats	0.01%	0.04%	0.03%	n/a	n/a	0.33%	0.02%
Manual Letters	0.02%	0.03%	0.03 %	(1×14	n 2	0.29%	0.03%
Manual Parcels	0.11%	0.01%	0.01%	n/a	n/a	.09%	0.01%
Priority	0.08%	0.38%	0.39%	n/a	n/a	1.49%	0.32%
Total BCS	0.02%	0.00%	0.02 %	0.03%	1.16%	1.21%	0.03%
Total FSM	0.01%	0.03%	0.00%	0.00%	5.87%	28.62%	0.00%
Total SPBS	0.00%	0.22%	0.10%	0.08%	3.26%	0.92%	0.08%
AP Observations							
						the > tot (toh for	
Operation group	<u>brs < 0</u>	<u>0 mp < 0</u>	<u>toh < 0</u>	<u>to1<0</u>	<u>toh > toi</u>	manual)	hars > 0 while tof < 0
DBCS	0.01%	0.26%	0.04%	0.02%	0.77%	0.80%	0.02%
MPBCS	0.03%	0.74%	0.11%	0.07%	0.59%	11.43%	0.06%
OCK	0.01%	0.14%	0.06%	0.05%	0.16%	27.82%	0.03%
FSM 881	0.01%	0.18%	0.02%	0.01%	4.95%	35.60%	0.01%
FMS 1000	0.01%	0.08%	0.02%	0.01%	1.27%	17.01%	0.01%
LSM	0.06%	2.10%	0.26%	0.07%	0.37%	1.56%	0.03%
SPBS Other	0.01%	31.03%	0.07%	0.07%	1.79%	0.00%	0.07%
SPBS Priority	0.12%	0.06%	0.28%	0.22%	1.32%	20.18%	0.16%
Manual Flats	0.00%	0.05%	0.04%	n/a	n/1	0.33%	0.03%
Manual Letters	0.0 %	0.02%	0.01%	⊓∕ 2	n/a	0.29%	0.01%
Manual Parceis	0.13%	0.04 %	0.04%	n/a	D/ 8	1.09%	0.04%
Priority	0.06%	0.26%	0.26%	si∕a	n/a	1.49%	0.20%
Total BCS	0.01%	0.01%	0.03%	0.02%	0.77%	1.05%	0.02%
Total FSM	0.00%	0.02%	0.01%	0.01%	4.90%	28.91%	0.01%
Total SPBS	0.02%	0.18%	0.08%	0.07%	1.95%	1.08%	0.07%

Percentages are of positive observations. Source: USPS-LR-J-179.

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UPS/USPS-T14-12.

The following questions are about negative values for Total Pieces Fed ("TPF").

- (a) Explain whether it is possible for TPF to take on negative values.
- (b) Describe in detail the circumstances under which TPF may take on negative values.
- (c) Explain whether the circumstances described in part (b) are likely to be common or uncommon.
- (d) Provide a specific explanation for each of the following examples of negative values for TPF. In particular, for each example, explain:
 - (i) Of the weeks that are aggregated to construct the quarter, how many show negative TPF?
 - (ii) What is the total TPF for the weeks in the quarter for which TPF is negative?
 - (iii) What were the specific circumstance in the MODS system that resulted in the recording of the negative TPF for these examples?

TABLE 2 - EXAMPLES OF NEGATIVE TPF

SiteID	MODS Operation	Quarter	TPF
52	08	1995, qtr 3	-535
210	12	1998, qtr 4	-41,323
156	18	1995, qtr 2	-884,184

Response.

- a. It is not possible for actual TPF to take on negative values in a given period, but measured TPF can take on negative values. Note that in operations where TPF is used as the output measure for the operation, observations with negative TPF are excluded from the regression sample.
- b. Please see the response to UPS/USPS-T14-11(b).
- c. Negative values of TPF are rare. Please see the table provided in Attachment A to the response to UPS/USPS-T14-11.

d. (i)-(ii) I aggregated AP data to construct my quarterly dataset. The APs with

Time Period AP(s) with Total TPF MODS Site ID **Negative TPF** Operation (000) in Negative TPF AP(s) PQ3, FY 1995 AP 8 -542 52 08 PQ2, FY 1995 -961,939 AP 6 156 18 PQ4, FY 1998 AP 12 -44,478 210 12

negative TPH, and the TPH for those APs, are reported below.

(iii) I am not aware of the specific circumstances of these examples. Note that I do not use (or recommend use of) TPF data for manual operations such as group 08; see the response to UPS/USPS-T14-16.

UPS/USPS-T14-13.

The following questions are about negative values for First Handling Pieces ("FHP").

- (a) Explain whether it is possible for FHP to take on negative values.
- (b) Describe in detail the circumstances under which FHP may take on negative values.
- (c) Explain whether the circumstances described in part (b) are likely to be common or uncommon.
- (d) Provide a specific explanation for each of the following examples of negative values for FHP. In particular, for each example, explain:
 - (i) Of the weeks that are aggregated to construct the quarter, how many show negative FHP?
 - (ii) What is the total FHP for the weeks in the quarter for which FHP is negative?
 - (iii) What were the specific circumstance in the MODS system that resulted in the recording of the negative FHP for these examples?

TABLE 3 - EXAMPLES OF NEGATIVE FHP

Site ID	MODS Operation	Quarter	FHP
240	01	1998, qtr 1	-356
69	06	1998, qtr 1	-36,114
206	11	1997, gtr 1	-16,749

Response.

- a. It is not possible for actual FHP to take on negative values in a given period, but measured FHP can take on negative values. Note that I do not directly use FHP data in my analysis, but screens of the type I employ in my analysis would eliminate such observations from the regression samples.
- b. Please see the response to UPS/USPS-T14-11(b).
- Negative values of FHP are rare. Please see the table provided in Attachment A to the response to UPS/USPS-T14-11.

d. (i)-(ii) I aggregated AP data to construct my quarterly dataset. The APs with

negative FHP, and the FHP for those APs, are reported below.

Site ID	MODS	Time Period	AP(s) with	Total FHP
	Operation		Negative FHP	(000) in
				Negative FHP
				AP(s)
69	06	PQ1, FY 1998	AP 1	-48,568
206	11	PQ1, FY 1997	AP 3	-32,184
240	01	PQ1, FY 1998	APs 1-3	-356

(iii) I am not aware of the specific circumstances of these examples. Note that for the FSM operations (group 11) at site 206, both TPH and TPF are positive in PQ1, FY 1998.

UPS/USPS-T14-14.

The following questions are about negative values for HRS (hours).

- (a) Explain whether it is possible for HRS to take on negative values.
- (b) Describe in detail the circumstances under which HRS may take on negative values.
- (c) Explain whether the circumstances described in part (b) are likely to be common or uncommon.
- (d) Provide a specific explanation for each of the following examples of negative values for HRS. In particular, for each example, explain:
 - (i) Of the weeks that are aggregated to construct the quarter, how many show negative HRS?
 - (ii) What is the total HRS for the weeks in the quarter for which HRS is negative?
 - (iii) What were the specific circumstance in the MODS system that resulted in the recording of the negative HRS for these examples?

TABLE 4 - EXAMPLES OF NEGATIVE HRS

Site ID	MODS Operation	Quarter	HRS
89	05	1997, qtr 3	-24,610
178	17	1995, qtr 3	-990
7	08	1998, gtr 2	-363

Response.

a. It is not possible for actual workhours to take on negative values in a given

period, but measured workhours can take on negative values. Note that the

screens I employ eliminate such observations from the regression samples.

- b. Please see the response to UPS/USPS-T14-11(b).
- c. Negative values of workhours are rare. Please see the table provided in

Attachment A to the response to UPS/USPS-T14-11.

d. (i)-(ii) I aggregated AP data to construct my quarterly dataset. The APs with

negative workhours, and the workhours for those APs, are reported below.

Site ID	MODS Operation	Time Period	AP(s) with Negative HRS	Total HRS (000) in Negative HRS AP(s)
7	08	PQ2, FY 1998	AP 6	-578
89	05	PQ3, FY 1997	AP 9	-26,605
178	17	PQ2, FY 1995	APs 7-8	-1,022

(iii) I am not aware of the specific circumstances of these examples.

UPS/USPS-T14-15.

The following questions are about intermittent gaps in the MODS data series for particular sorting activities, where an intermittent gap is defined as a non-positive value or values in between positive values.

- (a) Explain whether it is possible for the Total Piece Handlings ("TPH"), Total Pieces Fed ("TPF"), hours ("HRS"), or First Handling Pieces ("FHP") series for a particular site to have intermittent gaps, as defined above.
- (b) Describe in detail the circumstances under which such gaps can occur.
- (c) Explain whether the circumstances described in part (b) are likely to be common or uncommon.
- (d) Provide a specific explanation for each of the following examples of intermittent gaps in the MODS data series:

TABLE 5.1 - INTERMITTENT GAPS FOR TPH

Site ID	MODS Operation	Start Date	Gap Length (in gtrs)
189	08	1997, qtr 1	3
8 6	11	1995, gtr 2	6
94	17	1999, qtr 2	6

TABLE 5.2 - INTERMITTENT GAPS FOR HRS

Site ID	MODS Operation	Start Date	Gap Length (in gtrs)
197	01	1998, qtr 1	9
226	03	1998, qtr 2	8
179	07	1997, qtr 2	3

Response.

- a. Yes.
- b. It is my understanding that gaps in the data series may result from non-reporting (missing observations) for various reasons (see, e.g., Docket No. R2000-1, Tr. 15/6391), seasonality of some operations, or relocation of equipment.

- c. Gaps in the data series are relatively uncommon.
- d. I am not aware of the specific circumstances of these examples. However, I do not agree that all of the examples listed represent "intermittent gaps" in the data. Sites 86, 179, and 197 do not appear to have the listed operations in regular operation; you appear to have identified some "noise" in the data rather than gaps as such. Site 226 appears not to regularly use the SPBS operations in group 03, but regularly reports hours and volumes in group 04 (and hence group 12).

UPS/USPS-T14-16.

The following questions are about Total Piece Handlings ("TPH") and Total Pieces Fed ("TPF") in manual operations.

- (a) Should TPH equal TPF in manual operations?
- (b) Describe in detail the circumstances that would cause TPH to differ from TPF in manual operations.
- (c) Provide a specific example for each of the following examples where TPH does not equal TPF in a manual operation:

TABLE 6 - TPH NOT EQUAL TO TPF IN MANUAL OPERATIONS

Site ID	MODS Operation	Year and Quarter	TPF	TPH
29	05	1995, qtr 3	28	3,158
243	05	1996, qtr 2	-1	6,307
248	07	1997, qtr 1	103	1,015

Response.

a.-c. No. Since, in principle, manual operations do not yield rejects, manual TPH and TPF are conceptually identical, and most sites do not report manual TPF. I am not aware of the use to which other sites put the TPF field for manual operations, and thus do not use manual TPF data.

UPS/USPS-T14-17.

The following questions are about the relationship between Total Pieces Fed ("TPF") and Total Piece Handlings ("TPH") in automated/ mechanized operations.

- (a) Explain whether it is possible for TPF to be less than TPH
- (b) Describe in detail the circumstances under which TPF can be less than TPH.
- (c) Explain whether the circumstances described in part (b) are likely to be common or uncommon.
- (d) Provide a specific explanation for each of the following examples of TPF being less than TPH:

TABLE 7 - TPF LESS THAN TPH

Site ID	MODS Operation	Year and Quarter	TPF	TPH
212	01	1996, qtr 4	31,149	61,014
11	12	2000, qtr 2	11,791	17,637
1	17	1996, atr 2	78,521	119,574

Response.

- a. It is not possible for actual TPF to be less than actual TPH, but measured TPF can be less than measured TPH.
- b. Please see the response to UPS/USPS-T14-11(b).
- c. The circumstances are uncommon, but not as rare as negative values of MODS data. Accordingly, in Docket No. R2000-1, I determined that my results were not sensitive to my treatment of those observations. See Docket No. R2000-1, USPS-T-15 at 108, lines 7-13.
- d. I am not aware of the specific circumstances of these examples.

UPS/USPS-T14-18.

The following questions are about the relationship between Total Pieces Fed ("TPF") and First Handling Pieces ("FHP").

- (a) Explain whether it is possible for TPF to be less than FHP.
- (b) Describe in detail the circumstances under which TPF can be less than FHP.
- (c) Explain whether the circumstances described in part (b) are likely to be common or uncommon.
- (d) Provide a specific explanation for each of the following examples of TPF being less than FHP:

TABLE 8 - TPF LESS THAN FHP

Site ID	MODS Operation	Year and Quarter	TPF	<u> </u>
3	01	1997, qtr 2	86,168	100,463
156	12	1995, qtr 1	912	9,021
10	19	1998, qtr 3	18,587	21,249

Response.

- It is not possible for actual TPF to be less than actual FHP, but measured FHP can be less than measured TPF.
- b. In automated and mechanized operations, TPF are obtained from machine counts, whereas FHP generally are converted from weight or containers using nationally standardized conversion factors. The difference between the converted and actual FHP is the primary reason for FHP to exceed TPF. This is a significant reason why I do not recommend the use of FHP data to measure the output of automated and mechanized operations. In manual operations, TPH should be used for an appropriate comparison.

- c. The circumstances described in part (b) appear not to be especially uncommon for some operations (e.g., OCR) where a relatively large fraction of total pieces fed are first handlings and where subsequent handlings in the same operation are uncommon. For manual operations and other operations (e.g., DBCS) with relatively more subsequent handlings in the same operation (i.e., higher TPF/FHP ratios), it is uncommon for FHP to exceed TPF or TPH.
- I am not aware of the specific circumstances of these examples, but would not generally expect measured FHP to be less than measured TPF, as explained above. Please note also that in the SPBS operation (12), TPF (and TPH) will measure bundles of flat-shaped pieces, whereas it is my understanding that FHP conversions for those source/type codes will count the pieces (or copies) in the bundles.

UPS/USPS-T14-19.

The following questions are about the relationship between Total Pieces Fed ("TPF") and hours ("HRS").

- (a) Explain whether it is possible that while TPF is non-positive, HRS is positive.
- (b) Describe in detail the circumstances under which TPF is non-positive, but HRS is positive.
- (c) Explain whether the circumstances described in part (b) are likely to be common or uncommon.
- (d) Provide a specific explanation for each of the following examples of TPF being nonpositive and HRS being positive:

TABLE 9 - TPF NON-POSITIVE AND HRS POSITIVE

Site ID	MODS Operation	Year and Quarter	TPF	HRS
157	12	1998, qtr 1	0	1,071
2	07	1996, qtr 4	0	14,707
11	07	2000, qtr 1	0	26,063

Response.

- a. I would expect that workhours are used productively in normal mail processing operations, so that if actual workhours are positive for a sorting operation, then actual TPF would also be positive. However, it is possible for measured TPF to be non-positive while measured workhours are positive. Additionally, in manual operations, zero TPF is normally reported; see the response to UPS/USPS-T14-16. Thus, an appropriate comparison of this type for manual operations should use TPH.
- b. It is my understanding that TPF (or TPH) and workhours are measured
 independently—the former via machine counts and the latter via time clock data.
 Failure to report TPF (or TPH) for an operation with positive workhours could

lead to the situation described, as could certain types of misreporting of hours or TPF (or TPH). See also the response to UPS/USPS-T14-11(b).

- c. The circumstances described in part (b) are rare. Please see the attachment to the response to UPS/USPS-T14-11.
- I am not aware of a specific explanation for the examples in Table 9. However, I would note that the two examples for operation 07 (manual parcels) should use TPH rather than TPF for an appropriate comparison; see the response to part (a), above. According to USPS-LR-J-56 and USPS-LR-J-179, TPH in both operation 07 examples is positive.

UPS/USPS-T14-20.

The mpe.txt (for 93, 94, 95, 96, 97 and 98) files, provided in R2000, provide data on year-end equipment (identified by PCNs) by plant.

(a) Explain whether it is possible for a facility to have idle equipment.

- (i) What types of equipment are likely to remain idle?
- (ii) Explain in detail why a piece of mail sorting equipment may remain idle (i.e. not being used to process mail). For example, can mail sorting equipment remain idle because it is temporarily out of use, it is no longer in use, or because it is a new machine that needs to get up and running? List all plausible reasons why mail sorting equipment may remain idle.
- (iii) Describe the likelihood of each of the reasons for mail sorting equipment to be idle listed above.
- (iv) If an idle piece of mail sorting equipment is temporarily out of use, what is the average period of time over which it is likely to remain out of use. Explain whether the idle time is likely to be measured in days, weeks, months, or years.
- (v) If an idle piece of mail sorting equipment is no longer in use, how long would it be stored at the mail sorting facility before it is removed?
- (vi) How much time does it take for a new machine to be installed and integrated into the plant and begin to process mail?
- (b) Describe in detail the circumstances when at least one DBCS machine is present at a facility, but TPH18 and HRS18 (MODS data for the BCS/DBCS MODS pool) are non-positive?
 - (i) Explain whether the circumstances described above are likely to be common or uncommon.
 - (ii) Provide a specific explanation for each of the following examples of instances in which a DBCS machine is present at a facility, but the MODS variables from MODS group 18 are non-positive:

TABLE 10.1 – DBCS EQUIPMENT PRESENT BUT ASSOCIATED MODS DATA NON-POSITIVE

Site ID	Year and Quarter	Number of DBCS machines	<u>TPH</u>	HRS
17	1998, qtr 4	4	0	0
46	1996, qtr 1	34	0	0

(c) Describe in detail the circumstances when at least one OCR machine is present at a facility, but TPH01 and HRS01 (MODS data for the OCR MODS pool) are nonpositive?

- (i) Explain whether the circumstances described above are likely to be common or uncommon.
- (ii) Provide a specific explanation for each of the following examples of instances in which an Optical Character Reader ("OCR") machine (PCN 960000 or PCN 960010) is present at a facility, but the MODS variables from MODS group 01 are nonpositive:

TABLE 10.2 – OCR EQUIPMENT PRESENT AND BUT ASSOCIATED MODS DATA NON-POSITIVE

Site ID	Year and Quarter	Number of OCR machines	TPH	HRS
44	1996, qtr 4	2	0	0
310	1998, qtr 1	3	0	0

- (d) Describe in detail the circumstances under which when at least one Flat Sorting Machine ("FSM") machine is present at a facility, but TPH11 and HRS11 (MODS data for the FSM MODS pool) are non-positive?
 - (i) Explain whether the circumstances described above are likely to be common or uncommon.
 - Provide a specific explanation for each of the following examples of instances in which an FSM machine (PCN 920000) is present at a facility, but the MODS variables from MODS group 11 are non-positive:

TABLE 10.3 – FSM EQUIPMENT PRESENT AND BUT ASSOCIATED MODS DATA NON-POSITIVE

Site ID	Year and Quarter	Number of FSM machines	TPH	HRS
40	1996, qtr 4	3	0	0
164	1996, qtr 2	1	0	0

(e) Describe in detail the circumstances when at least one Small Parcel Bundle Sorter ("SPBS") machine is present at a facility, but TPH12, HRS12, TPH03, HRS03, TPH04, or HRS04 (MODS data for the SPBS MODS pool) are non-positive?

- (i) Explain whether the circumstances described above are likely to be common or uncommon.
- (ii) Should a facility with positive TPH03 necessarily have positive TPH04? Explain.
- (iii) Should a facility with a positive TPH03 or TPH04 necessarily have a positive TPH12? Explain.
- (iv) Provide a specific explanation for each of the following examples of instances in which an SPBS machine (PCN 930040) is present at a facility, but the MODS variables from MODS group 12, 03, or 04 are non-positive:

TABLE 10.4 - SPBS EQUIPMENT PRESENT AND BUT ASSOCIATED MODS DATA NON-POSITIVE

Site ID	Year and Quarter	Number of SPBS machines	MODS Gro	oup TPH	HRS
197	1997, qtr 2	3	03	0	ō
107	1998, qtr 2	6	04	0	0

- (f) Describe in detail the circumstances under which when at least one Letter Sorting Machine ("LSM") is present at a facility, but TPH02 and HRS02 (MODS data for the LSM MODS pool) are non-positive?
 - (i) Explain whether the circumstances described above are likely to be common or uncommon.
 - Provide a specific explanation for each of the following examples of instances in which an LSM machine (LSM-Multi Pos, PCN 910000 and LSM-Single Pos, PCN 910010) is present at a facility, but the MODS variables from MODS group 02 are non-positive:

TABLE 10.5 - LSM EQUIPMENT PRESENT AND BUT ASSOCIATED MODS DATA NON-POSITIVE

Site ID	Year and Quarter	Number of OCR machines	TPH	HRS
3	1998, qtr 4	5	0	0
64	1997, qtr 4	16	0	0

Response.

- a. Yes.
 - (i) It is not clear what precisely you mean by "remain idle." In principle, any type of equipment may be idle at least for some period of time.
 - (ii) The reasons listed in this part of the interrogatory are plausible. I would note that a machine may be temporarily out of use for maintenance reasons or because it is not employed for processing on a particular tour or at a particular time within a tour.

(iii) All of the reasons listed above are likely reasons why equipment may be idle.(iv) It is my understanding that temporarily idled equipment will tend to be out of service for relatively short periods of time.

(v) Due to space constraints, unused mail processing equipment is normally removed relatively quickly. However, depreciated equipment (such as LSMs and obsolete models of OCRs and FSMs) may not be promptly removed from the PPAM (equipment) records.

(vi) It is my understanding that assembly, testing, and acceptance of new equipment may take a month.

 I expect that the circumstances you describe would result primarily from differences in the periodicities of the MODS and PPAM data you compared (see also the response to part a(v), above) or from missing or non-reported MODS data—note that the PPAM data coverage is not limited to facilities reporting MODS (see c(ii), below).

(i) I would expect material disagreements between the MODS and PPAM data to

be relatively uncommon. As described below, most of the examples provided do not appear especially anomalous.

(ii) It is not clear precisely how you tabulated the machine counts. In general, though, it would appear that you did so by counting the PPAM records for given PCNs, which is generally inappropriate since there is not a one-to-one correspondence between PPAM records and equipment. I would note that site 17 is excluded from my analysis and that site 46 appears to have started regular DBCS operations later in FY 1996.

c. Please see the response to part (b).

(i) Please see the response to part b(i)

(ii) It appears that you tabulated the machine counts by counting the PPAM records for the given PCNs, which is generally inappropriate since there is not a one-to-one correspondence between PPAM records and pieces of equipment. Site 44 ceased reporting MODS data (see Docket No. R2000-1, Tr. 15/6390). According to the data presented in LR-J-179, site 310's OCR equipment appears to have been removed from the PPAM records between the end of FY 1998 (i.e., beginning of FY 1999) and the end of FY 1999; regular OCR operations; regular OCR operations appear to have ceased there at the end of FY 1997.

d. Please see the response to part (b).

(i) Please see the response to part b(i)

(ii) It appears that you tabulated the machine counts by counting the PPAM records for the given PCNs, which is generally inappropriate since there is not a one-to-one correspondence between PPAM records and pieces of equipment.

According to the data presented in LR-J-179, site 40's FSM equipment appears to have been removed from the PPAM records as of the end of FY 1996, which is consistent with the end of reported FSM operations as of PQ3, FY 1996. Site 164's FSM equipment had been removed from the PPAM records as of the end of FY 1997.

e. Please see the response to part (b).

(i) Please see the response to part b(i).

(ii) Not necessarily. A site that does not employ dedicated SPBS Priority Mail operations, or which only employs dedicated SPBS Priority Mail operations, should only use group 03 or 04 but not the other.

(iii) The MODS data for group 12 are defined as the sum of the corresponding data for groups 03 and 04.

(iv) It appears that you tabulated the machine counts by counting the PPAM records for the given PCNs, which is generally inappropriate since there is not a one-to-one correspondence between PPAM records and pieces of equipment. Additionally, both of the sites listed in Table 10.4 report SPBS activity (i.e., in the other SPBS group to the one listed in the table). Thus, there is no anomaly in either case.

f. Please see the response to part (b).

(i) Please see the response to part b(i). Note that it appears not to be especially uncommon that sites are slow to remove PPAM records for equipment, such as LSMs, that are likely to be fully depreciated.

(ii) It appears that you tabulated the machine counts by counting the PPAM

records for the given PCNs, which is generally inappropriate since there is not a one-to-one correspondence between PPAM records and pieces of equipment. Site 3 appears to have terminated LSM operations during FY 1998. According to LR-J-179, site 3 does not appear to have PPAM records for LSM equipment as of the end of FY 1998, thus there is no anomaly. Site 64 appears to be an *example of the situation described in response to f(i), above; its LSM appears to have been removed from the PPAM records in FY 2001.*

7. Please provide a cross walk between: (1) the site identification numbers used in the Excel spreadsheet reg9300-labels.xls in LR-J-56 to identify facilities for witness Bozzo's econometric analysis (variable "idnum") and (2) the site identification numbers used in the In-Office Cost System (IOCS) data set "Prc00.sd2" in LR-J-10 to identify the facility in which a tally was taken (variable F2 "FINANCE NUMBER" in the SAS file prc00). As an alternative, the IOCS data base tally records could be augmented by adding a field that contains the applicable IDNUM.

Response:

Please see LR-J-186, which lists the coded finance numbers used in IOCS and

the corresponding site ID (if any) from LR-J-56.

11 .The worksheets attached to USPS-LR-J-179 already provide data for 321 mail processing sites disaggregated by postal accounting period (AP) from AP01 1993 through AP13 2001 for selected TPH (Total Pieces Handled), TPF (Total Pieces Fed), FHP (First-Handled Pieces) and HRS (mail processing labor hours) variables. The Postal Service is requested to provide the following additional information for the 321 mail processing sites for which data were supplied in the worksheets accompanying USPS-LR-J-56, USPS- LR-J-161 and USPS-LR-J-179. The additional data should be correctly matched to the data already provided. Therefore, the MODS operations, time periods, and sites reflected in the additional data provided should be defined in a manner that is consistent with the data in worksheet reg9300.xls from USPS-LR-J-56.

(a) Please supply data disaggregated by AP for the remaining variables shown by guarter in the worksheet reg9300.xls attached to USPS-LR-J-56.

(b) Please provide any additional accounting period data that may have been used by Postal Service witnesses to fit econometric models of mail processing activities.

(c) Please provide complete descriptions of any procedures used to screen for errors and/or to correct errors in the data supplied with USPS-LR-J-179 and in response to requests (a) and (b) above.

(d) Please provide complete descriptions of any procedures used to interpolate or transform the data supplied with USPS-LR-J-179, and in response to requests (a) and (b) above.

(e) Please describe any econometric models developed by Postal Service witnesses using the data supplied with USPS-LR-J-179, and in response to requests (a) and (b) above, and summarize the results of any fits made of such models.

(f) For each site that started regular mail processing operations after the beginning of AP01 1993, please provide the site ID and the date when regular mail processing operations began.

(g) For each site that ceased regular mail processing operations before the end of AP13 2001, please provide the site ID and the date when regular mail processing operations ceased.

(h) For each site that suspended regular mail processing operations between the beginning of AP01 1993 and the end of AP13 2001, please provide the site ID and the starting and ending dates for each such suspension.

(i) Please provide documentation, other than the internal evidence of zero TPH, TPF, FHP, and HRS found in the data, that confirms the dates supplied in response to requests (f), (g) and (h) above.

(j) Please describe the time period (e.g. day, week, accounting period) for the observations of TPH, TPF, FHP and HRS originally reported by the 321 sites.(k) Please describe any steps taken to verify or to correct errors in the data as originally reported by the 321 sites.

(I) Please describe any steps taken to identify and/or to restore any missing observations in the data as originally reported from by the sites.

(m) Please describe the time period (e.g. day, week, accounting period) for the TPH, TPF, FHP, and HRS observations originally provided by the Postal Service to witness Bozzo.

(n) Please describe any steps taken to verify or to correct errors in the data originally provided to witness Bozzo, other than the screens and scrubs described in USPS-T-14 and in response to request © [sic] above.

(0) Please describe any steps taken to identify and/or to restore any missing observations of TPH, TPF, FHP, or HRS in the data as originally provided to witness Bozzo.

(p) Please provide a tabulation by Site ID, by AP, and by MODS operation, as reflected in reg9300.xls, of the number of observations that were reported and the number of observations that were missing when the observations reported by the sites were aggregated to obtain the values provided for TPH, TPF, FHP, and HRS in the worksheets attached to USPS-LR-J-179.

(q) Did the Postal Service treat missing observations as zero values when aggregating the data originally reported by the sites into the dataset provided to witness Bozzo? If not, fully describe how the data were aggregated, and how missing observations were treated.

(r) Did witness Bozzo treat missing observations as zero values when he aggregated the data provided to him by the Postal Service to obtain TPH, TPF, FHP, and HRS by AP, as shown in the worksheets attached to USPS- LR-J-179. If not, fully describe how he aggregated the data and how he treated missing observations.

Response.

a. The requested data will be provided in LR-J-206. Please note that the

requested "other variables" in the LR-J-56 dataset that are not reported by

accounting period (AP) in USPS-LR-J-179 are variables obtained from

data sources other than MODS. Certain of those variables are not

available by AP. The highest available frequency for each group of

variables is shown below. I have not studied, and therefore cannot

recommend, interpolation procedures that would be required to construct

an AP-level data set comparable to the reg9300.xls file in USPS-LR-J-56.

Please see also Docket No. R2000-1, Tr. 15/6267-6274.

Variables	Data System	Highest Available	Missing Time
valiables	Data System	Froguopov	Poriodo
	AIC	AD through	Fellous
	AIS		Aug-Sep 1995
other, nct, popox		AP06, FY 1994;	
	[monthly	
		thererafter	
24 2		(through October	
		2001)	
Rb	RRMAS	<u>AP</u>	<u>None</u>
Igpo, smpo, sb,	ALMS	Monthly	Jan-Feb 1993,
n5dzip			Oct 1993, Sept
			1995, Mar-Apr
			1996, June 1996,
			Aug 1997, Oct
]		1997, Aug 1999,
			Nov 1999, Feb-
			Mar 2000, Jul
]			2000. Oct 2000.
			Dec 2000, Feb
			2001, May 2001
dletters dflats	ODIS	Quarterly	None
dparcels			
hours11, hours12	NWRS	AP	APs 01-02
hours13 hours14			FY 1994
hours17 dollars11			
dollars12 dollars13			
dollars14 dollars17			
diaha dimha dinco	Varioue: doponde	Ouartorly (limited	Nono
aible aineble ainen		by price index	TAOUG
dibiu, dipobiu, dicap			
	analysis	oata)	

Data sources and available frequencies for variables (other than MODS data) in USPS-LR-J-56, file reg9300.xls

 b. No accounting period mail processing data have been used in econometric modeling by myself or, to my knowledge, any other Postal Service witness in Docket No. R2001-1. Note, however, that additional accounting period data were employed in econometric modeling by Prof. Bradley in Docket No. R97-1. Prof. Bradley's econometric input data were provided in Docket No. R97-1, USPS-LR-H-148.

- I did not employ any data screening or correction procedures other than those described in USPS-T-14 (or referenced in Docket No. R2000-1, USPS-T-15).
- d. The data provided in USPS-LR-J-179 are not interpolated. I did not transform the data other than to aggregate (sum) it to site and MODS operation group.
- e. Please see the response to part (b). Prof. Bradley's models and results using AP-frequency MODS data are presented in Docket No. R97-1, USPS-T-14.
- f. Please see Docket No. R2000-1, Tr. 15/6389.
- g. To my knowledge, no sites have ceased operations altogether, but some sites have ceased reporting to MODS for various reasons; please see Docket No. R2000-1, Tr. 15/6390.
- h. To my knowledge, no sites have temporarily suspended operations altogether, but at least one site suspended reporting MODS during the period; see Docket No. R2000-1, Tr. 15/6391.
- The materials cited in the responses to parts (f)-(h) were derived from discussions with Postal Service headquarters and area personnel, and not based on the MODS data set.
- j. Please see Handbook M-32, section 1-7. Handbook M-32 has been filed as USPS-LR-J-165.
- k. It is my understanding that MODS reports are regularly reviewed by local managers and/or supervisors, and that based on those reports,

corrections may be (and, in practice, are) made to the data by the MODS offices themselves. See Handbook M-32, section I-7.3 (USPS-LR-J-165).

I. Please see the response to part (k).

- m. The original periodicity of the observations of MODS data I obtained from the Postal Service was AP.
- I did not employ any data screening or correction procedures other than those described in USPS-T-14 (or referenced in Docket No. R2000-1, USPS-T-15). Please note that the econometric procedures I employ do not require that erroneous observations be corrected (as opposed to being dropped). In my opinion, the correction methods themselves would potentially be an area of controversy. Therefore, I generally chose to drop rather than correct the observations identified by the screens as erroneous.
- o. In general, I do not treat missing data differently from other erroneous data. However, in the informal technical conference on November 6, 2001, it was brought to my attention that data dropouts occurred at an unusually high frequency in AP 13, FY 2000. Upon reviewing the data, I determined that the MODS data for AP 13, FY 2000 had been downloaded from the Postal Service's Corporate Database (in early FY 2001) before all sites had reported their data. I commissioned a fresh download of the AP 13, FY 2000 MODS data, which are reflected in USPS-LR-J-179. I also expect to file related revisions to LR-J-56 and LR-J-161.

- p. It is not possible to specifically distinguish missing values from other zero values in the LR-J-179 data set. Please see also the responses to parts
 (p) and (q), below.
- q. It is my understanding that missing MODS data (i.e., data that have not been reported to the Postal Service's Corporate Database for some reason) appear as zero values in the results of Corporate Database queries.
- r. I did not re-code any missing MODS data as zeros in the course of processing the MODS data reported in USPS-LR-J-179. Please note that a screening procedure similar to that employed in my econometric analysis would delete the missing observations from the analysis.

United States Postal Service

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Michael D. Bradley (USPS-T-16)

- 6. Witness Meehan, T-11, page 7, lines 4-8, states: "In response to the PRC's request to separate the cost of special services from their ancillary services, elemental load calculations in cost segment 7 were updated to remove return receipt costs out of the special service volume variable cost. The changes to elemental load are discussed in the testimony of witness Bradley, USPS-T-16."
- (a) Please describe the cost segment 7 updates that remove return receipt costs from the special service volume variable costs and identify the B-7 Workpaper spreadsheets and cells involved.
- (b) Please provide a specific cites to witness Bradley's discussion and to a modification in the calculation of BY00 volume variable elemental load costs.

Response:

- (a) Answered by Witness Meehan
- (b) There is no such discussion in my testimony, but below I provide a discussion of the change and an explanation of the modification in the calculation of BY00 volume variable elemental load costs.

The change was made to extend the effort initiated in Docket No. R2000-1 to exclude ancilliary revenues and costs from the primary special service. I understand that the Postal Service made this effort in response to a request made by the Postal Rate Commission in Docket No MC96-3. <u>See</u> USPS-T-11, Docket No. R2000-1 at pages 3-4. The change cited by witness Meehan

Response of Postal Service Witness Bradley To Presiding Officer's Information Request Number 5

extends the previous analysis by separately identifying return receipt costs in elemental load time.

The change works as follows. There are separate elemental load time costs pools for letters, flats, parcels, and accountables. The Carrier Cost System data is used to form the distribution key for each of these cost pools. In the past, the Carrier Cost system data on return receipts was ignored when the distribution key for the accountables cost pool was formed. The modification described by witness Meehan uses the data on return receipts to separately identify their costs in the accountables cost pool. These costs are then included in Special Service Other.

United States Postal Service

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James Cochrane (USPS-T-40)

. .
PSA/USPS-T40-1. Please refer to page 12 of your testimony where you discuss Test Year cost savings opportunities for the in-house PMPC network. In particular, refer to where you state, "in summary, now that the contracted PMPC concept has been taken over by the Postal Service there is a renewed effort to pursue multiple paths that can reduce costs of processing and transporting Priority Mail."

- (a) Is it your opinion that bringing the PMPC network in-house will reduce costs for Priority Mail by the Test Year? Please explain your answer fully.
- (b) Have you included any savings from the Postal Service's "renewed effort to pursue multiple paths that can reduce costs of processing and transporting Priority Mail" in Docket No. R2001-1 ? If so, please provide a citation to where these savings were included in the rollforward.
- (c) If the Postal Service does identify savings from these "renewed efforts" to find cost savings in the PMPC network before the closing of the Docket No. R2001-1 record, please provide copies of all analyses that the Postal Service has performed to quantify these savings.

RESPONSE:

a.) No. It is my understanding that based on the data in the rollforward, as confirmed

in PSA/USPS-T40-3h, the net cost for Priority Mail will be an additional \$60M.

However, if USPS can implement lessons learned in the PMPCs, the costs for

Priority Mail may ultimately be reduced.

- b.) Redirected to witness Patelunas (USPS-T-12).
- c.) When the Postal Service is able to identify and adequately document processes and savings from any renewed efforts, they will be provided.

PSA/USPS-T40-2. Please refer to page 5 of your testimony where you state, "Approximately 30 percent of all Priority volume was processed through these [PMPC] facilities." Please refer further to page 10 of your testimony where you state, "In 2001, the Postal Service opened three new PMPC test sites in Phoenix AZ, Charlotte NC, and Atlanta GA."

- (a) Will the Test Year in-house PMPC network process more Priority Mail volume than was processed in the base year under the PMPC contract? If so, please compare the amount of Priority Mail that will be processed in the Test Year by the in-house PMPC network and the amount of mail that was processed in the base year under the PMPC contract?
- (b) Will the Test Year in-house PMPC network process more total mail volume than was processed in the base year under the PMPC contract? If so, please compare the amount of total mail volume that will be processed in the Test Year by the in-house PMPC network and the amount of mail that was processed in the base year under the PMPC contract?
- (c) If your answer to part (a) or part (b) is "yes", when the Postal Service calculated the increase in mail processing and transportation costs that will result from bringing the PMPC network in-house, did it take into account the savings at mail processing plants that will result from shifting mail volume from plants to PMPCs? Please explain your answer fully.
- (d) If your answer to part (c) is no, please provide an estimate of the cost savings that will result at plants from reducing mail volumes at plants and a distribution of these cost savings to mail classes and subclasses. Also, please provide your underlying calculations.

RESPONSE:

a.-b.) Given that the volume of Priority Mail is forecasted to be greater in the Test Year

than in the Base Year and assuming the origin-destination (O-D pairs) profile

remains roughly the same, I would expect so. The exact amount cannot be

quantified because USPS does not forecast at the O_D pair level.

c.) No. Your question assumes that there will be a shift from plants to PMPCs but that has not been established. Mail could stay in the P&DCs, but be processed more efficiently under PMPC distribution methodologies. However, I know of no

cost studies that would allow either a shift in volume from plants to PMPCs or processing in plants under PMPC distribution methodologies to be taken into account in the rollforward.

d.) N/A - See response to subpart c.).

PSA/USPS-T40-3. Please refer to the following excerpt from USPS-LR-J-49:

PMPC IN HOUSE - This program involves returning operations that had been previously contracted-out to the Postal Service. Additional operational expenses that will be incurred by the Postal Service include: clerk and mailhandler personnel, rent, equipment repair and maintenance, and air and highway transportation.

PMPC CONTRACT - This program is the savings to the Postal Service of not continuing its contract for the PMPC network. By bringing the PMPC operations in house, the Postal Service avoids the remaining costs contained in the original contract.

Please also refer to the rows in USPS-LR-J-49, Exhibits A and B that refer to PMPCs and page 10 of your testimony where you state, "One difference has been the introduction of other mail classifications to the PMPC network to prevent facility idle time."

- (a) In FY 2000, were all costs for the PMPC contract attributed to Priority Mail? If "no", please explain fully.
- (b) Did the Postal Service incur any costs in FY 2000 related to bringing the PMPC network in-house or canceling the PMPC contract? If so, how large were these costs and for what activities were these costs incurred?
- (c) In its roll forward, did the Postal Service attribute all FY 2003 costs for the In-House PMPC network to Priority mail? Please explain your answer fully.
- (d) Please confirm that in the Test Year the PMPC network will process mail other than Priority Mail. If not confirmed, please explain fully.
- (e) Why did the Postal Service decide to bring the PMPC network in-house?
- (f) Please confirm that the total cost of the PMPC in-house network will be more than \$650 million (the cumulative FY 2001 and FY 2002 PMPC In-House Other Program cost) in the Test Year. If not confirmed, please provide the correct figure and explain how you calculated it.
- (g) Please confirm that the cost savings from canceling the PMPC contract will be approximately \$590 million. If not confirmed, please provide the correct figure and explain how you calculated it.
- (h) Please confirm that, according to the Postal Service rollforward in this case, bringing the PMPC network in-house results in a net cost to the Postal Service of more than \$60 million. If not confirmed, please provide the correct figure and all

underlying calculations. If confirmed, please explain why bringing the PMPC network in-house costs more than the PMPC contract.

RESPONSE:

- a. Redirected to witness Meehan (USPS-T-11).
- b. Redirected to witness Meehan (USPS-T-11).
- c. Redirected to witness Patelunas (USPS-T-12).
- d. Confirmed.
- e. Redirected to the Postal Service.
- f. Redirected to witness Patelunas (USPS-T-12).
- g. Redirected to witness Patelunas (USPS-T-12).
- h. Redirected to witness Patelunas (USPS-T-12).

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS COCHRANE TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T40-2. Refer to your response to interrogatory UPS/USPS-20 (redirected from the Postal Service) regarding Priority Mail performance in FY2001, in which you mention "lessons learned from the original PMPC sites."

- (a) What were the "lessons learned from the original PMPC sites"?
- (b) What measures were taken in response to those lessons?
- (c) How and to what extent did the measures taken in response to those lessons translate into improved Priority Mail performance?
- (d) How and to what extent will the measures taken in response to those lessons improve Priority Mail performance in the Test Year?

RESPONSE:

(a) As stated in my testimony (USPS-T-40), page 10, lines 20 through 22,

"Specifically, the Postal Service is examining shape-based processing and

automated flat processing equipment (FSM 1000 and SPBS) for potential

productivity improvements."

In addition, as stated in my testimony, page 5, lines 22 through 24,

"Instead of a primary sort to the first three digits of the ZIP Code, the

primary sort was to the first digit (0-9)".

- (b) Additional flat processing equipment is being tested and explored for Priority Mail processing, and all Postal operated PMPCs are processing the primary sort to the first digit of the ZIP Code.
- (c) Currently, there have been no improvements to Priority Mail performance. The Postal Service is anticipating that the actions taken today translate into improved Priority Mail service in the future.
- (d) As equipment is added to more facilities and more facilities incorporate standardized processing, the Postal Service is expecting Priority Mail productivity to increase thus permitting more timely and consistent service.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS COCHRANE TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

UPS/USPS-T40-3. Refer to your response to interrogatory UPS/USPS-20 (redirected from the Postal Service) regarding Priority Mail performance in FY2001, in which you discuss "[s]tandardization of mail processing."

- (a) What measures were taken to introduce "[s]tandardization in mail processing" in FY2001?
- (b) How and to what extent did standardization in mail processing improve Priority Mail performance in FY2001?
- (c) How and to what extent will standardization in mail processing improve Priority Mail performance in the Test Year?

RESPONSE:

(a) The Postal Service continued to utilize the PMPCs sorting methodology -

instead of a primary sort to the first three digits of the ZIP Code, the

primary sort is to the first digit of the ZIP Code.

(b) We have no quantifiable performance results at this time that are directly

linked to the standardization of the primary sort by the facilities utilizing it.

(c) As more facilities incorporate the new primary sort methodology and as

more processing equipment is added to more facilities, the Postal Service expects more timely and consistent service.

RESPONSE OF WITNESS COCHRANE TO INTERROGATORY OF THE UNITED PARCEL SERVICE REDIRECTED FROM THE UNITED STATES POSTAL SERVICE

UPS/USPS-12. Refer to the Postal Service's response to UPS interrogatories redirected from Witness Tayman UPS/USPS-T6-7 (erroneously identified by the Postal Service as UPS/USPS-T6-6).

(a) Provide the proportion of volume that is not Priority Mail and that is processed at those Priority Mail Processing Centers that are now operated by the Postal Service.

RESPONSE:

(a) It is my understanding that only two (2) of the original ten (10) PMPCs -

Philadelphia PMPC and Pittsburgh PMPC – will be processing mail other

than Priority Mail, starting in January 2002. The proportion of volume that

is not Priority Mail and that will be processed in those facilities is

approximately 10% - 15% of those facilities total volume.

RESPONSE OF WITNESS COCHRANE TO INTERROGATORIES OF THE UNITED PARCEL SERVICE REDIRECTED FROM THE UNITED STATES POSTAL SERVICE

UPS/USPS-20. What steps did the Postal Service take in FY 2001 to improve Priority Mail performance?

RESPONSE:

Several new PMPC test sites were opened utilizing lessons learned from the

original PMPC sites. Standardization in mail processing was introduced. In

addition, on August 27, 2001 air transportation became a combination of ASYS

and FedEx.

United States Postal Service

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Jennifer L. Eggleston (USPS-T-25)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTEROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF AMAZON.COM

AMZ/USPS-T25-5.

Please refer to Table VII-I, "Bound Printed Matter Unit Transportation Costs," at page 28 of your testimony, and your response to preceding interrogatory, AMZ/USPS-T25-4. On the assumption that the density of BPM is 14.2 cubic feet per pound, please confirm the following:

- a. The Non-Dropship cost to Zone 1/2, \$0.109 per pound, which you have computed, is equivalent to \$1.5478 per cubic foot. If you do not confirm, please provide the correct figure.
- b. The Non-Dropship cost to Zone 3, \$0.128 per pound, which you have computed, is equivalent to \$1.8176 per cubic foot. If you do not confirm, please provide the correct figure.
- c. The Non-Dropship cost to Zone 4, \$0.150 per pound, which you have computed, is equivalent to \$2.1300 per cubic foot. If you do not confirm, please provide the correct figure.
- d. The Non-Dropship cost to Zone 5, \$0.187 per pound, which you have computed, is equivalent to \$2.6554 per cubic foot. If you do not confirm, please provide the correct figure.
- e. The Non-Dropship cost to Zone 6, \$0.225 per pound, which you have computed, is equivalent to \$3.1950 per cubic foot. If you do not confirm, please provide the correct figure.
- f. The Non-Dropship cost to Zone 7, \$0.268 per pound, which you have computed, is equivalent to \$3.8056 per cubic foot. If you do not confirm, please provide the correct figure.
- g. The Non-Dropship cost to Zone 8, \$0.352 per pound, which you have computed, is equivalent to \$4.9984 per cubic foot. If you do not confirm, please provide the correct figure.
- h. The Destination Bulk Mail Center ("DBMC") cost to Zone I/2, \$0.042 per pound, which you have computed, is equivalent to \$0.5964 per cubic foot. If you do not confirm, please provide the correct figure.
- i. The DBMC cost to Zone 3, \$0.080 per pound, which you have computed, is equivalent to \$1.1360 per cubic foot. If you do not confirm, please provide the correct figure.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTEROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF AMAZON.COM

- j. The DBMC cost to Zone 4, \$0.109 per pound, which you have computed, is equivalent to \$1.5478 per cubic foot. If you do not confirm, please provide the correct figure.
- k. The DBMC cost to Zone 5, \$0.218 per pound, which you have computed, is equivalent to \$3.0956 per cubic foot. If you do not confirm, please provide the correct figure.
- I. The Destination Sectional Center Facility ("DSCF") cost of \$0.029 per pound, which you have computed, is equivalent to \$0.4118 per cubic foot. If you do not confirm, please provide the correct figure.
- m. The Destination Delivery Unit ("DDU") cost of \$0.005 per pound, which you have computed, is equivalent to \$0.0710 per cubic foot. If you do not confirm, please provide the correct figure.

RESPONSE:

(a-m). Not confirmed. I will confirm that the multiplication of the numbers is correct. However, I cannot confirm that the products of these equations are equivalent to the cost per cubic foot for each of the Bound Printed Matter rate categories. It is my understanding that the density factors reported in USPS LR-J-2 take into consideration the amount of space taken up in a container, and therefore include air. Therefore, they are not necessarily the same as the average density as measured by the actual dimensions of BPM mail.

Even if I assume that the average density of all Bound Printed Matter is 14.2 pounds per cubic foot, I do not know if this average density varies among BPM rate categories and zones. Furthermore, since I do not know the appropriate density factors to use, I cannot provide the corrected BPM cost per cubic foot estimates.

AMZ/USPS-T25-6.

Please refer to your responses to AMZ/USPS-T25-3 and 5(a), and Table IV-3, at page 20 of your testimony.

- Please confirm that your computed transportation cost for Inter-BMC Parcel Post to Zone 1/2, \$3.891 per cubic foot, is approximately 2.5 times your computed transportation cost for BPM to Zone 1/2, \$0.109 per pound or \$1.5478 per cubic foot (at 14.2 pounds/cubic foot). If you do not confirm, please provide the correct result.
- b. Please explain why the Postal Service's cost of transporting a cubic foot of Parcel Post to Zone I/2 is 2.5 times the cost of transporting a cubic foot of BPM to the same zone.

RESPONSE:

(a). Not confirmed. While I can confirm that the number 3.891 is approximately 2.5 times higher than the number 1.5478, I cannot confirm that the cost per cubic foot for inter-BMC Parcel Post zone 1/2 is approximately 2.5 times the cost per cubic foot of non-dropship BPM zone 1/2. I cannot confirm this result, because I do not know the cost per cubic foot of non-dropship BPM zone 1/2. Furthermore, I cannot estimate the cost per cubic foot of non-dropship BPM zone 1/2, because I do not know the density of non-dropship BPM zone 1/2.

It is not accurate to compare the Parcel Post cost per cubic foot estimates provided in my testimony with the BPM costs per cubic foot estimates provided in this interrogatory. The reason this comparison is not accurate is that the estimates rely on two different types of "cubic feet". The cubic feet used in the Parcel Post transportation model are the actual cubic feet, as calculated by the dimensions of the parcels. The cubic feet used in your BPM calculation are the cubic feet reported in USPS LR-J-2. It is my

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTEROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF AMAZON.COM

understanding that these estimates take into consideration the amount of space taken up in a container, and therefore include air. Also, the Parcel Post cube is estimated using a separate regression analysis for Inter-BMC, Intra-BMC and Parcel Select. The BPM cube used in your equation is an average cube for all BPM. For these reasons, you are not making an accurate comparison.

(b). N/A. Since I did not confirm subpart (a), I cannot answer this question.

AMZ/USPS-T25-7.

Please refer to your responses to AMZ/USPS-T25-3 and 5(g), and Table IV-3, at page 20 of your testimony.

- a. Please confirm that your computed transportation cost for Parcel Post to Zone
 8, \$11.74 per cubic foot, is about 2.3 times your computed transportation cost
 for BPM, \$0.352 per pound or \$4.9984 per cubic foot (at 14.2 pounds/cubic
 foot). If you do not confirm, please provide the correct result.
- b. Please explain why the Postal Service's cost of transporting a cubic foot of Parcel Post to Zone 8 is approximately 2.3 times the cost of transporting a cubic foot of BPM to the same zone.

RESPONSE:

(a). Not confirmed. While I can confirm that the number 11.74 is approximately 2.3

times higher than the number 4.9984, I cannot confirm that the cost per cubic foot for

inter-BMC Parcel Post zone 8 is approximately 2.3 times the cost per cubic foot of non-

dropship BPM zone 8. | cannot confirm this result because | do not know cost per cubic

foot of non-dropship BPM zone 8. Furthermore, I cannot estimate the cost per cubic

foot of non-dropship BPM zone 8, because I do not know the density of non-dropship

BPM zone 8.

Please see response to AMZ/USPS-T-25-6(a) for a discussion of why your cost per cubic foot comparison is not accurate.

(b). N/A. Since I did not confirm subpart (a), I cannot answer this question.

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AMZ/USPS-T25-8.

Please refer to your responses to AMZ/USPS-T25-3 and 5(i), and Table IV-3, at page 20 of your testimony.

- a. Please confirm that your computed transportation cost for DSCF-entered Parcel Post, \$0.807 per cubic foot, is approximately 2.0 times your computed transportation cost for DDU-entered BPM, \$0.029 per pound or \$0.4118 per cubic foot (at 14.2 pounds/cubic foot). If you do not confirm, please provide the correct result.
- b. Please explain why the Postal Service's cost of transporting a cubic foot of DSCF-entered Parcel Post is 2.0 times the cost of transporting a cubic foot of DSCF-entered BPM.

RESPONSE:

(a). Not confirmed. While I can confirm that the number 0.807 is approximately 2.0

times higher than the number 0.4118, I cannot confirm that the cost per cubic foot for

DSCF-entered Parcel Post is approximately 2.0 times the cost per cubic foot of DSCF-

entered BPM. I cannot confirm this result because I do not know the cost per cubic foot

of DSCF-entered BPM. Furthermore, I cannot estimate the cost per cubic foot of

DSCF-entered BPM, because I do not know the density of DSCF-entered BPM.

Please see response to AMZ/USPS-T25-6(a) for a discussion of why your cost per cubic foot comparison is not accurate.

(b). N/A. Since | did not confirm subpart (a), | cannot answer this question.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTEROGATORIES AND REQUEST FOR PRODUCTION OF DOCUMENTS OF AMAZON.COM

AMZ/USPS-T25-9.

Please refer to your responses to AMZ/USPS-T25-3 and 5(m), and Table IV-3, at page 20 of your testimony.

- a. Please confirm that your computed transportation cost for DDU-entered Parcel Post, \$0.139 per cubic foot, is approximately 2.0 times your computed transportation cost for [DDU-entered] BPM, \$0.005 per pound or \$0.0710 per cubic foot (at 14.2 pounds/cubic foot). If you do not confirm, please provide the correct result.
- b. Please explain why the Postal Service's cost of transporting a cubic foot of DDU-entered Parcel Post is 2.0 times the cost of transporting a cubic foot of DDU-entered BPM.

RESPONSE:

(a). Not confirmed. While I can confirm that the number 0.139 is approximately 2.0

times higher than the number 0.0710, I cannot confirm that the cost per cubic foot for

DDU-entered Parcel Post is approximately 2.0 times the cost per cubic foot of DDU-

entered BPM. I cannot confirm this result because I do not know the cost per cubic foot

of DDU-entered BPM. Furthermore, I cannot estimate the cost per cubic foot of DDU-

entered BPM, because I do not know the density of DDU-entered BPM.

Please see response to AMZ/USPS-T25-6(a) for a discussion of why your cost per

cubic foot comparison is not accurate.

(b). N/A. Since | did not confirm subpart (a), | cannot answer this question.

CSA/USPS-T25-3.

Please refer to the Bulk Parcel Return Service cost models contained in USPS-LR-J-64 and USPS-LR-I-171.

(a) Please confirm that the value of the Media Mail proportional adjustment factor in cell E9 in the worksheet 'mp Summary' of USPS-LR-J-64, 6bprs.xls, is 1.108. If you do not confirm, please explain.

(b) Please confirm that the value of the proportional cost pools in cell E7 in the worksheet 'Cost Summary' of USPS-LR-I-171, eBPRS_mp.xls, is 1.042. If you do not confirm, please explain.

(c) Please explain why the proportional adjustment factor in the BPRS cost models has increased from 1.042 to 1.108. As part of your explanation, please discuss the variability of these point estimates as well as the variability of all data that support the development of the proportional adjustment factors.

(d) Please confirm that the primary parcel sorting machine productivity in cell D18 of worksheet 'Inputs 1' in 6bprs.xls in USPS-LR-J-64 is 813 parcels per hour. If you do not confirm, please explain.

(e) Please confirm that the primary parcel sorting machine productivity in cell D27 of worksheet 'Inputs 1' in eBPRS_mp.xls in USPS-LR-I-171 is 874 parcels per hour. If you do not confirm, please explain.

(f) Please explain why the primary parcel sorting machine productivity has decreased from 874 to 813 parcels per hour. As part of your explanation, please discuss the variability of these point estimates, any significant changes to the fundamental activities of a primary parcel sorting machine operation, any significant changes to the characteristics of mail worked on a primary parcel sorting machine operation, any significant changes to the parcel sorting machines, and any significant changes in the operating process or personnel.

(g) Please confirm that the parcel sorting machine piggyback factor in cell D11 of worksheet 'Inputs 2' in 6bprs.xls in USPS-LR-J-64 is 2.140. If you do not confirm, please explain.

(h) Please confirm that the parcel sorting machine piggyback factor in cell G8 of worksheet 'Inputs 2' in eBPRS_mp.xls in USPS-LR-I-171 is 1.782. If you do not confirm, please explain.

(i) Please explain why the parcel sorting machine piggyback factor has increased from 1.782 to 2.140. As part of your explanation, please discuss the variability of these point estimates.

(j) Please confirm that the probability of an inter-BMC parcel being handled by a keyer on the secondary PSM at the destination BMC in cell D41 of worksheet 'Inputs 2' in 6bprs.xls in USPS-LR-J-64 is 94.5 percent. If you do not confirm, please explain.

(k) Please confirm that the probability of an inter-BMC parcel being handled by a keyer on the secondary PSM at the destination BMC in cell G39 of worksheet 'Inputs 2' in eBPRS_mp.xls in USPS-LR-I-171 is 89.3 percent. If you do not confirm, please explain.

(I) Please explain why the probability of an inter-BMC parcel being handled by a keyer on the secondary PSM at the destination BMC has increased from 89.3 percent to 94.5 percent. As part of your explanation, please discuss the variability of these point estimates and the factors that cause the mailflow to change.

(m) Please confirm that the cost of a primary parcel sorting machine sort in cell G28 of worksheet 'Inter Mach' in 6bprs.xls in USPS-LR-J-64 is \$0.0801. If you do not confirm, please explain.

(n) Please confirm that the cost of a primary parcel sorting machine sort in cell G28 of worksheet 'Inter Mach' in eBPRS_mp.xls in USPS-LR-I-171 is \$0.0553. If you do not confirm, please explain.

(o) Please explain why the cost of a primary parcel sorting machine sort increased from \$0.0553 to \$0.0801, a 45 percent increase. As part of your explanation, please discuss the variability of these point estimates, any significant changes to the fundamental activities of a primary parcel sorting machine operation, and any significant changes to the characteristics of mail worked on a primary parcel sorting machine.

RESPONSE:

- (a). Confirmed.
- (b). Confirmed.

(c). The proportional CRA adjustment factor is calculated by comparing modeled

costs to actual CRA unit costs. Due to variances in inputs (productivities, conversion

factors etc) the relationships between modeled costs and CRA costs are not expected

to remain constant. I do not know what you are referring to when you say "variability of

the estimates." If you are referring to volume variability, the mail processing volume

variabilities are shown on page 3 of LR-J-64, Attachment H.

(d). Confirmed.

(e). Confirmed.

(f). There are two changes that may impact the productivity of the parcel sorting machine. The first is that prior to FY 2000, BMC labor hours and volumes were collected using the Productivity Information Report System (PIRS). It is my understanding that starting in FY 2000, the majority of this information was collected using the Productivity Information Management System (PIMS). It is my understanding that the change from one reporting system to another impacted some productivity estimates. The second thing that impacted the parcel sorting machine productivity was estimated using one year worth of data and in Docket No. R2001-1, LR-J-64 the parcel sorting machine productivity was estimated using a six-year average was to mitigate the impact of switching reporting systems. I do not understand what you mean by "the variability of the estimates." I am not aware of any significant operational or personnel changes on the primary parcel sorting machine.

(g). Confirmed.

(h). Confirmed.

(i). Redirected to witness Smith.

(j). Not Confirmed. The row label is incorrect. The 94.5 figure is the probability that the parcel will be "handled" on the secondary parcel sorting machine. However, this does not mean handled by a keyer, it means handled by the parcel singulator.

(k). Confirmed.

(I). Please see response to subpart (j). The probabilities cannot be directly compared. The probability displayed in Docket No. R2000-1, LR-I-171 is the probability of a parcel being handled by a *keyer* on the secondary parcel sorting machine. This probability includes an adjustment to account for the assumption that 6 percent of the parcels will be handled by a parcel singulator (instead of a keyer). The probability displayed in the BPRS model in Docket No. R2001-1, LR-J-64 is the probability of the parcel being handled by a *parcel singulator* on the secondary parcel sorting machine. In addition to the probabilities not being directly comparable, the assumption about the number of parcel singulators also differs between the two cases. In Docket R2000-1, it was assumed that 6 percent of parcels going through the secondary parcel sorting machine would be handled by a parcel singulator. In Docket R2001-1, it is assumed that 100 percent of parcels going through the secondary parcel sorting machine would be handled by a parcel singulator.

(m). Confirmed.

(n). Confirmed.

(o). As can be seen in the referenced cells, the equation for calculating the cost per facility is the following:

(Wage Rate × Piggyback Factor) × (# of handlings) (Conversion Factor × Productivity)

Any increase in the wage rate (including premium pay), piggyback factors, or number of handlings will increase the estimated cost. Any decrease in the conversion factors or productivities will also increase the estimated cost. As mentioned above, the parcel sorting machine piggyback factor increased and the primary parcel sorting machine productivity decreased in comparison to the previous case. In addition, the wage rate

has also increased. These three factors led to the increase in the cost per facility for the primary parcel sorting machine. I do not know what you mean by the "variability of point estimates". I am not aware of any significant changes to the fundamental activities of the primary parcel sorting machine or the characteristics of the mail worked on the primary parcel sorting machine.

CSA/USPS-T25-4.

Please refer to the Bulk Parcel Return Service cost models contained in USPS-LR-J-64 and USPS-LR-I-171.

(a) Please confirm that Table 1 accurately presents BPRS costs and percent increases. If you do not confirm, please provide the correct figures.

(1)	(2)	(3)	(4) = (2)/(3) - 1
Cost Component	USPS-LR-J-64, 6bprs.xls, 'Sum'	USPS-LR-I-171, fBPRS_Model.xls, 'Sum'	Percent Increase
Collection	\$0.035	\$0.032	9.4%
Mail Processing	\$0.628	\$0.571	10.0%
Transportation	\$0.469	\$0.423	10.9%
Bulk Delivery	\$0.049	\$0.033	48.5%
Postage Due	\$0.051	\$0.046	10.9%
Total	\$1.232	\$1.105	11.5%

Table 1. BPRS Costs

(b) Please describe the primary cost causing factors that explain the increase in BPRS costs. As part of your description, please discuss the variability of the cost causing factors.

(a). Not Confirmed. Confirmed that the numbers in the table are the BPRS unit cost estimates as shown in Docket No. R2001-1, USPS LR-J-64 and Docket No. R2000-1, USPS LR-I-171. However the percent increases are not correct if the non-rounded values of the spreadsheet are used (versus using rounded numbers). The following table provides the accurate percent increases.

Cost Component	USPS-LR-J-64, 6bprs.xls, 'Sum'	USPS-LR-I-171, fBPRS_Model.xls, 'Sum'	Percent Increase
Collection	\$0.035	\$0.032	9.7%
Mail Processing	\$0.628	\$0.571	10.0%
Transportation	\$0.469	\$0.423	10.8%
Bulk Delivery	\$0.049	\$0.033	50.5%
Postage Due	\$0.051	\$0.046	9.9%
Total	\$1.232	\$1.105	11.4%

In addition, the table ignores the fact that an updated BPRS cost estimate was provided in Docket No. R2000-1 in response to the Postal Rate Commissions Order 1294. This library reference, LR-I-469, provided BPRS costs with an updated base year (BY 1999). The following table displays the data using the updated base year.

Cost Component	USPS-LR-J-64, 6bprs.xls, 'Sum'	USPS-LR-I-469 BP2_99.xls, 'Sum'	Percent Increase
Collection	\$0.035	\$0.033	8.51%
Mail Processing	\$0.628	\$0.786	-20.16%
Transportation	\$0.469	\$0.406	15.38%
Bulk Delivery	\$0.049	\$0.043	14.66%
Postage Due	\$0.051	\$0.047	7.43%
Total	\$1.232	\$1.315	-6.34%

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF CONTINUITY SHIPPERS ASSOCIATION It should be noted that the base year 99 estimate (LR-J-469) had extremely high Media Mail CRA unit mail processing costs (and therefore high CRA adjustment factors). Ignoring the impact of mail processing, the increase in the BPRS cost from LR-I-469 to LR-J-64 is 6.49 percent.

(b). Please refer to response to subpart (a). The only change to the BPRS cost methodology is an adjustment made to the mail processing cost model. In that cost component, the CRA fixed adjustment factor was reduced by the proportion of BPRS modeled costs to Media Mail modeled costs. The remainder of the cost changes is due to changes in the inputs including cost segment and component TYBR costs, wage rates, premium pay factors, and piggyback factors. For example, the TYBR "other mail processing" wage rate increased 12.15 percent between Docket No. R2000-1 (BY98) and Docket No. R2001-1, and increased 10.15 percent between Docket No. R2000-1 (BY99) and Docket No. R2001-1. Given these increases in the wage rate alone, the percent increases in the estimated BPRS unit cost are not unreasonable.

CSA/USPS-T25-5

Please refer to pages 32 and 33 of your testimony where you discuss the window service portion of collection costs.

(a) Please list and describe all entry points where BPRS can enter the mailstream.

(b) Please provide the percentage of BPRS that enters the mailstream via the window. If you do not know the percentage, please provide an estimate.

(c) Please provide the percentage of BPRS that does not enter the mailstream via the window. If you do not know the percentage, please provide an estimate.

(d) Please list and discuss all activities that occur at the window as BPRS enters the mailstream.

(e) Please describe the mean transaction time for acceptance. As part of your description, please include discussions on the variability of the mean transaction time for acceptance, all activities that occur at the window during acceptance, and factors and characteristics that cause the transaction time for acceptance to vary.

(f) Please provide data on the variability of the mean transaction time for acceptance.

(g) Please list and describe the factors relating to and characteristics of a typical BPRS piece that cause the transaction time for acceptance to vary.

(h) Please list and describe the collection activities performed by city and rural carriers for BPRS. As part of your description, please discuss how a BPRS piece enters the mailstream after being collected by city and rural carriers.

(i) Please provide the cost associated with a BPRS piece entering the mailstream via a means other than over the window. Please list and describe all activities associated with a BPRS piece entering the mailstream via a means other than over the window.

RESPONSE:

(a). It is my understanding that BPRS can enter via the window, be dropped in a blue

collection box, or be picked up by city and rural carriers. Since a proxy was used to

estimate collection costs, it was not necessary to study these processes in detail.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF CONTINUITY SHIPPERS ASSOCIATION (b) & (c). As explained in Docket No. R2000-1, USPS-T-26 and Docket No. R2001-1, the entry profile for BPRS is unknown. That is the reason a proxy must be used.

(d). It is my general understanding that a window clerk will wait for the customer to approach the window, meet and greet the customer, examine the parcel to ensure it has the proper BPRS endorsement, answer any questions the customer has, and place the parcel into an appropriate container (or conveyor belt).

(e). As mentioned in footnote 23, on page 32 of USPS-T-25, "acceptance" is defined as:

"The clerk takes the stamped/metered mail from the customer and enters it in the mailstream. It does not include weighing or rating or even lifting the mailpiece to determine the weight. It includes all mail types except Express Mail."

According to Docket No. R97-1, LR-H-167, page 160, table 3.1, the mean transaction time for acceptance is 22.65 seconds. The standard error is 4.69, and the 95 percent confidence error has a lower bound of 13.45 and an upper bound of 31.84. I did not conduct the study and cannot answer what factors and characteristics cause transaction time to vary. For additional information on the study, please refer to Docket R97-1, LR-H-167.

(f). I do not know what you mean by "the variability of the mean transaction time".Please see the response to subpart (e) for the statistical variance.

(g). There is no study specific to BPRS transaction times.

(h)-(i). BPRS-specific collection information is not available. It is for this reason that I used a proxy to estimate collection costs.

CSA/USPS-T25-6.

Please refer to the Bulk Parcel Return Service cost models contained in USPS-LR-J-64 and USPS-LR-I-171.

(a) Please confirm that Table 1 accurately presents BPRS transportation costs per cubic foot per leg and percent changes. If you do not confirm, please provide the correct figures.

(1)	(2)	(3)	(4) = (2)/(3) - 1
Cost per Cubic Foot per Leg	USPS-LR-J-64, 6bprs.xls,	USPS-LR-I-171, fBPRS_Model.xis,	Percent Change
	'Tran_1'	'Tran_1'	
Local Leg	\$0.81	\$0.54	50.0%
Intermediate Leg	\$0.94	\$0.60	56.7%
Long Distance Leg	\$2.77	\$3.26	(15.0%)

Table 1. BPRS Transportation Costs per Cubic Foot per Leg

(b) Please discuss the variability of these transportation costs per cubic foot per leg as well as the variability of all data that support the development of the transportation costs per cubic foot per leg.

(c) Please list and describe the cost causing factors that explain the changes in BPRS transportation costs per cubic foot per leg. As part of your description, please discuss the variability of the cost causing factors, any significant changes to the fundamental activities of transportation, and any significant changes to the transportation network.

(a). Not Confirmed. The table shows the correct BPRS cost component estimates from Docket No. R2001-1, USPS LR-J-64 and Docket No. R2000-1, USPS LR-I-171. However, the percent change is not accurate when the non-rounded value of the estimates are used (versus using the rounded numbers). The following table shows the accurate estimates

(1)	(2)	(3)	(4) = (2)/(3) - 1
Cost per Cubic Foot per Leg	USPS-LR-J-64, 6bprs.xls, 'Tran 1'	USPS-LR-I-171, fBPRS_Model.xls, 'Tran 1'	Percent Change
Local Leg	\$0.81	\$0.54	50.5%
Intermediate Leg	\$0.94	\$0.60	55.9%
Long Distance Leg	\$2.77	\$3.26	(15.3%)

Table 1. BPRS Transportation Costs per Cubic Foot per Leg

In addition, the table ignores the fact that an updated BPRS cost estimate was provided

in Docket No. R2000-1, LR-I-469 in response to the Postal Rate Commissions Order

1294. This library reference provided BPRS costs with an updated base year (BY 1999).

The following table shows the data using the updated numbers.

Table 1. BPRS Transportation Costs per Cubic Foot per Leg

(1)	(2)	(3)	(4) = (2)/(3) - 1
Cost per Cubic Foot per Leg	USPS-LR-J-64, 6bprs.xls, 'Tran_1'	USPS-LR-I-469, BP2_99.xis, 'Tran_1'	Percent Change
Local Leg	\$0.81	\$0.70	14.7%
Intermediate Leg	\$0.94	\$0.64	48.2%
Long Distance Leg	\$2.77	\$2.69	2.8%

(b). I am not sure what you mean by variability. If you are referring to the statistical significance of the transportation costs estimated from the Transportation Cost System (TRACS), please see USPS-T-2.

(c). Since the BPRS transportation costs are estimated using inputs from the Parcel Post transportation model, any changes in the Parcel Post transportation cost methodology could impact BPRS transportation costs. One specific methodological change most likely had a significant impact on BPRS transportation costs. In the Parcel Post transportation model, the transportation costs reported in the FY2000 Cost Segment and Components Report USPS-T-11, WP.B., c/s 14 are distributed to four categories: local, intermediate, long distance zone-related (ZR), and long-distance non-zone related (NZR). In Docket No. R2000-1, the costs in the inter-BMC highway transportation cost pool were all allocated to the long-distance ZR category. In Docket R2001-1, a portion of inter-BMC highway costs was allocated to the intermediate category. The impact of this change was to decrease long-distance ZR costs and decrease intermediate costs. These impacts would have carried over to BPRS.

Other impacts on the estimated BPRS transportation costs would be anything that impacted TYBR transportation costs. The agreement between the Postal Service and Fed-Ex for transportation services had a small impact on Parcel Post, and therefore, BPRS transportation costs. Please see USPS-T-18 for a discussion of how this agreement impacted test-year costs.

CSA/USPS-T25-7.

Please refer to worksheet 'Char_table' in USPS-LR-J-64, 6bprs.xls, which contains Bulk Parcel Return Service cost model data.

(a) Please confirm that witness Koroma indicates on page 15 of USPS-T-37 that BPRS volumes decreased by 15 percent in 1999 and decreased by another 3 percent in 2000. If you do not confirm, please explain.

(b) Please provide and discuss the source of the data contained in 'Char_table.' As part of your discussion, please provide the date when the data were collected, where the data were collected, how the data were collected, and the variability of these data.

(c) Please discuss whether or not you believe the data contained in 'Char_table' are representative of BPRS mailers today. As part of your discussion, please describe any changes or trends in the weight per piece, average cubic foot per parcel, or average weekly volume for BPRS since the time these data were collected.

(d) Please confirm that the weight per piece, average cubic foot per parcel, or average weekly volume of BPRS pieces may change over time. If you confirm, please list and discuss the reasons why these data may change over time. If you do not confirm, please explain.

RESPONSE:

(a). Those are the numbers shown in USPS-T-37, page 15.

(b). As explained in Docket No. R2001-1, USPS-T-25, page 31, the data used in the

BPRS cost model are the data collected for the 1998 BPRS cost study. These data

were collected during site visits that occurred between April 20, 1998 and August 30,

1998.

(c). I have no reason to believe that the data have significantly changed. Due to resource constraints, no new data on BPRS were collected before the filing of this case.

(d). It is possible that the average weight per piece and cubic foot per parcel of BPRS could change over time. However, since the requirements constrain the parcel to be

between 6 oz and 1 pound and machinable, it is unlikely that the average weight per

piece or average cubic foot per parcel changed significantly. There is a greater

CSA/USPS-T25-8.

Please refer to worksheet 'Tran_pg2' in USPS-LR-J-64, 6bprs.xls, which contains Bulk Parcel Return Service cost model data.

(a) Please provide and discuss the source of these data. As part of your discussion, please provide the date when the data were collected, where the data were collected, how the data were collected, and the variability of these data.

(b) Please discuss whether or not you believe these data are representative of BPRS mailers today. As part of your discussion, please describe any changes or trends in the average number of legs traveled by BPRS parcels since the time these data were collected.

(c) Please confirm that the average number of legs traveled by BPRS parcels may change over time. If you confirm, please list and discuss the reasons why these data may change over time. If you do not confirm, please explain.

RESPONSE:

(a). As explained in Docket No. R2001-1, USPS-T-26, page 31, the data used in the

BPRS cost model are the data collected for the 1998 BPRS cost study. These data

were collected during site visits that occurred between April 20, 1998 and August 30,

1998. I do not know what you mean by "variability of the data".

(b). I have no reason to believe that the data have significantly changed. Due to

resource constraints, no new data on BPRS were collected before the filing of this case.

(c). I have no reason to believe that the average number of legs traveled would

change significantly over time, unless several large volume mailers began using BPRS or stopped using BPRS.

CSA/USPS-T25-9.

Please refer to worksheet 'Inputs 2' in USPS-LR-J-64, 6bprs.xls, which contains Bulk Parcel Return Service cost model data.

(a) Please provide the percentages of intra-BMC and inter-BMC BPRS parcels that arrive at an origin SCF.

(b) Please provide the percentage of inter-BMC BPRS parcels that arrives at an origin BMC.

(c) Please provide the percentages of intra-BMC and inter-BMC BPRS parcels that arrive at a destination BMC.

(d) Please provide the percentages of intra-BMC and inter-BMC BPRS parcels that arrive at a destination SCF.

(e) Please provide the percentages of intra-BMC and inter-BMC BPRS parcels that arrive at a destination delivery unit.

(f) Please discuss whether or not you believe the percentages provided in response to subparts (a) through (e) of this interrogatory are representative of the mailflow of BPRS parcels. As part of your discussion, please describe any changes or trends in the mailflow of BPRS parcels since the time the percentages were initially developed.

(g) Please confirm that the mailflow of BPRS parcels may change over time. If you confirm, please list and discuss the reasons why the mailflow may change over time. If you do not confirm, please explain.

(h) Please confirm that the BPRS cost model has 16.3 percent of parcels going directly from the BMC to the DDU, 66.8 percent of parcels going from the DBMC to the DSCF, and 16.8 percent of parcels going from the BMC to the mailer. If you do not confirm, please explain.

(i) Please confirm that the mail processing costs would decrease if the BPRS cost model had, for example, 16.3 percent of parcels going directly from the BMC to the DDU, 63.8 percent of parcels going from the DBMC to the DSCF, and 19.8 percent of parcels going from the BMC to the mailer. If you do not confirm, please explain.

(a)-(e). I do not understand the use of the word "arrive". All the BPRS-specific data that were collected in the 1998 BPRS data collection effort are used in the model. There are no additional BPRS-specific entry data.

(f). Please see response to (a-e). No new data for BPRS were collected in preparation of this case.

(g). Mailflows change on a daily basis. However, this does not necessarily mean that they would change significantly enough to warrant a change in the BPRS mail processing model. The model is a simplification of reality and is meant to show the average mail processing cost. Since BPRS is only used by a certain subset of mailers, those receiving large volumes of returns, it is unlikely that there will be a significant change in characteristics or mailflow, unless a large volume user stopped or started using the service.

(h). Confirmed, as shown on USPS LR-J-64, Attachment H, page 4.

(i). Confirmed. However the numbers you gave as an example do not add to 100 percent, and therefore would be not be appropriate to use in the model. In addition, the change in mail processing costs would not be significant.

CSA/USPS-T25-10.

Please refer to the 'Intra Mach' and 'Inter Mach' worksheets in USPS-LR-J-64, 6bprs.xls, which contain Bulk Parcel Return Service cost summaries.

(a) Please list and describe the title and level of the employee performing each mail processing activity.

(b) Please describe the 'Sack and Tie' mail processing activity. As part of your description, please discuss the productivity, factors and characteristics that cause the productivity to vary, and factors and characteristics that cause Sack and Tie costs to vary.

RESPONSE:

(a). To the best of my knowledge, this detailed information is not available. The closest things available are the wage rates shown on LR-J-55, part VIII, page 2. Wage rates are not available by operation or "cost pool" detail. In addition, the job title is typically clerk or mailhandler.

(b). The sack and tie operation refers to the operation in which parcels coming off the parcel sorting machine are separated and put into sacks. This occurs for 5-digit ZIP Codes that have low volumes of mail. The parcel sorting machine combines several of these ZIP Codes in one output bin. Then, an individual standing at the end of the bin picks up the parcels one by one, and sorts them into smaller containers, usually sacks.
PSA/USPS-T25-1. Please refer to Table 1 below.

	TYAR DBMC Intermediate Transportation Cost Per Cubic Foot			
Zone	R2000-1	R2001 -1	% Difference	
		[2]	[3]=[2]/[1]-1	
Zone 1-2	\$0.3255	\$0.590	81.3%	
Zone 3	\$1.0891	\$2.100	92.9%	
Zone 4	\$1.5737	\$3.433	118.2%	
Zone 5	\$4.3843	\$7.116	62.3%	
[1] Docket No. I	R2000-1, USPS-T-26, /	Attachment N, Page	1	
[2] USPS-I-R-J-	64, 2ptran.xls, workshe	eet Cost-Sum		

Table 1. DBMC Intermediate Transportation Costs

- (a) Please confirm that all of the figures in Table 1 are correct. If not confirmed, please provide the correct figures.
- (b) Please confirm that the Docket No. R2000-1 figures in Table 1 were developed using an FY 1998 Base Year and an FY 2001 Test Year. If not confirmed, please explain fully.
- (c) Please confirm that the Docket No. R2001-1 figures in Table 1 were developed using an FY 2000 Base Year and an FY 2003 Test Year. If not confirmed, please explain fully.
- (d) Please explain in detail why TYAR DBMC Intermediate Transportation Costs Per Cubic Foot increased so significantly from the figures you presented in your Docket No. R2000-1 testimony to those in USPS-LR-J-64. In responding to this interrogatory, please discuss methodological changes, changes in input data, changes in the composition of Parcel Post transportation, and any other relevant changes.

RESPONSE:

(a). Not confirmed. There are no TYAR DBMC intermediate cost-per-cubic-foot estimates provided in either Docket No. R2000-1, USPS-T-26, or Docket No. R2001-1, LR-J-64. I will assume for the purpose of these interrogatories that you meant to refer to TYBR cost estimates. The cost estimates in column 1 are the correct TYBR cost-per-cubic-foot estimates from Docket No. R2000-1, USPS-T-26, Attachment N, page 1. The cost estimates in column 2 are slightly different, probably due to rounding, than the cost-

per-cubic-foot estimates provided in Docket No. R2001-1, LR-J-64. A corrected table is provided below:

	TYBR DBMC Intermediate Transportation Cost Per Cubic Foot				
Zone	R2000-1	R2001 -1	% Difference		
	[1]	[2]	[3]=[2]/[1]-1		
Zone 1-2	\$0.3255	\$0.590	81.3%		
Zone 3	\$1.0891	\$2.101	92.9%		
Zone 4	\$1.5737	\$3.434	118.2%		
Zone 5	\$4.3843	\$7.117	62.3%		
[1] Docket	No. R2000-1, USPS-T-26, Atta	chment N, Page 1			
[2] USPS-I	-R-J-64, 2ptran.xls, worksheet	Cost-Sum			

Table 1. DBMC Intermediate Transportation Costs -- Corrected Version

(b). Confirmed.

(c). Confirmed.

(d). I am aware of one methodological change in the Parcel Post transportation model that resulted in an increase in the DBMC intermediate transportation cost-per-cubic-foot estimates. I believe this change is the main driver of the cost differences calculated in column 3 of Table 1 of part (a) of this interrogatory.

The 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. The 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. Therefore, the Parcel Post transportation model was adjusted by distributing 45 percent of inter-BMC highway costs (the same percent as the number of stop-days) to the long distance zone-related cost category. The additional inter-BMC highway transportation costs were distributed to the intermediate cost category. One of the impacts of this change was to increase the amount of intermediate costs allocated to the DBMC rate category.

PSA/USPS-T25-2. Please refer to Table 2 below.

	TYAR Inter-BMC Long Distance Zone-Related Cost Per Cubic				
	Foot				
Zone	R2000-1	R2001-1	% Difference		
		[2]	[3]=[2]/[1]-1		
1-2	\$0.4898	\$0.3823	-22.0%		
3	\$1.0725	\$0.8153	-24.0%		
4	\$1.9476	\$1.5262	-21.6%		
5	\$3.5758	\$2.5710	-28.1%		
6	\$5.2686	\$3.7549	-28.7%		
7	\$6.8505	\$5.0835	-25.8%		
8	\$10.1262	\$8.2320	-18.7%		
[1] Docket No	. R2000-1, USPS-T-26,	, Attachment N, Page	e 1		
[2] USPS-LR-	J-64, 2ptran.xls, worksl	neet Cost-Sum			

Table 2. Inter-BMC Long Distance Zone-Related Costs

- (a) Please confirm that all of the figures in Table 2 are correct. If not confirmed, please provide the correct figures.
- (b) Please confirm that the Docket No. R2000-1 figures in Table 2 were developed using an FY 1998 Base Year and an FY 2001 Test Year. If not confirmed, please explain fully.
- (c) Please confirm that the Docket No. R2001-1 figures in Table 2 were developed using an FY 2000 Base Year and an FY 2003 Test Year. If not confirmed, please explain fully.
- (d) Please explain in detail why TYAR Inter-BMC Long Distance Zone-Related Transportation Costs Per Cubic Foot decreased so significantly from the figures you presented in your Docket No. R2000-1 testimony to those in USPS-LR-J-64. In responding to this interrogatory, please discuss methodological changes, changes in input data, changes in the composition of Parcel Post transportation, and any other relevant changes.

RESPONSE:

(a). Not confirmed. There are no TYAR DBMC intermediate cost-per-cubic-foot

estimates provided in either Docket No. R2000-1, USPS-T-26, or Docket No. R2001-1,

LR-J-64. I will assume for the purpose of these interrogatories that you meant to refer to TYBR cost estimates.

- (b). Confirmed.
- (c). Confirmed.
- (d). Please see my response to PSA/USPS-T25-1, part (d). The same methodological

change will have the impact of decreasing the estimated inter-BMC long distance zone-

related transportation costs per cubic foot.

PSA/USPS-T25-3. Please refer to USPS-LR-J-64, 2ptran.xls, worksheet Costdist.1

- (a) Please confirm that you distributed \$34 million or 55 [percent] of total inter-BMC highway transportation costs to intermediate transportation. If not confirmed, please explain fully.
- (b) Please confirm that intermediate transportation costs are distributed to DBMC, intra-BMC, and inter-BMC parcels. If not confirmed, please explain fully.
- (c) Please explain why it is appropriate to distribute inter-BMC highway transportation costs to DBMC parcels.
- (d) Please describe in detail the method that you used to divide inter-BMC highway transportation costs into intermediate transportation costs and long-distance transportation costs and provide all input data and underlying calculations in an electronic spreadsheet format.

RESPONSE:

- (a). Confirmed.
- (b). Confirmed.
- (c). Please see response to PSA/USPS-T25-1, part (d).
- (d). Please see response to PSA/USPS-T25-1, part (d). The percent of inter-BMC

highway transportation costs that were allocated to long-distance costs is equivalent to the percent of stop-days at BMCs in the inter-BMC highway cost account. The table shown below shows how this percent was calculated. As requested, I am also providing this table electronically. It is my understanding that the numbers in the data are found in the electronic SAS log files contained in USPS LR-J-32. Errata will be filed to correct the footnote number 4 on LR-J-64, Attachment B, page 7, to better reflect the source of this percent.

	PQ1	PQ2	PQ3	PQ4	BY2000	Percent
BMC	67,572	68,208	68,436	91,488	295,704	45%
Non-BMC	83,364	83,520	82,248	109,136	358,268	55%
Total	150,936	151,728	150,684	200,624	653,972	100%

BY 2000 Inter-BMC Stop-Days

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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.

. . . .

(f). Please define Inter-BMC highway transportation as used in USPSLR-J-64.xls.

RESPONSE:

- (a)-(e). Redirected to witness Xie.
- (f). The term inter-BMC highway transportation used in LR-J-64 refers to the

transportation cost category as it is reported in USPS-T-11, WP.B. c/s 14.

(g)-(h). Redirected to witness Xie.

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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.

- (a) Please confirm that, in Docket No. R2001-1, you assume that intra-Bulk Mail Center (BMC) highway transportation is exclusively for transportation within the service territory of a [BMC] and therefore distribute all of the intra-BMC highway transportation costs to the intermediate cost category. If not confirmed, please explain your response fully.
- (b) Please confirm that, in Docket No. R2001-1, you assume that inter-Sectional Center Facility (SCF) highway transportation are for transportation within the service territory of a BMC and therefore distribute all of the inter-SCF highway transportation costs to the intermediate cost category. If not confirmed, please explain your response fully.

. . . .

- (g) Please define Intra-[BMC] highway transportation as used in USPS-LR-J-64, 2ptran.xis.
- (h) Please define Inter-[SCF] highway transportation as used in USPS-LR-J-64, 2ptran.xls.

RESPONSE:

(a)&(b). Not confirmed. There are no assumptions made about service areas in my

testimony. The Parcel Post transportation model assumes that intra-BMC highway

transportation costs and inter-Sectional Center Facility highway transportation costs are

used for intermediate transportation. This is assumed to be similar to the transportation

a parcel would receive as it is transported from a BMC to a SCF or from a SCF to a

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BMC. However, this assumption does not restrict the transportation between facilities in the same BMC service area.

(c)-(f). Redirected to Witness Xie.

(g). The term intra-BMC highway transportation used in LR-J-64 refers to the

transportation cost category as it appears in USPS-T-11, WP.B., c/s 14.

(h) The term inter-SCF highway transportation used in LR-J-64 refers to the

transportation cost category as it appears in USPS-T-11, WP.B. c/s 14.

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PSA/USPS-T25-6.

Please refer to your response to PSA/USPS-T25-1 (a) &(b) where you discuss why you distributed intra-bulk mail-center (BMC) and inter-sectional center facility (SCF) transportation costs entirely to the intermediate transportation category.

- (a) Please confirm that intermediate transportation (as used in USPS-LR-J-64) refers primarily to transportation between BMCs and SCFs within their service territories. If not confirmed, please explain fully.
- (b) Please confirm that long-distance transportation (as used in USPS-LR-J-64) refers primarily to transportation between two BMCs. If not confirmed, please explain fully.

RESPONSE:

(a). Not Confirmed. Intermediate transportation refers to transportation similar to what

occurs between the BMC and an SCF in its service area. However, the Parcel Post

transportation model is a simplification of the true Parcel Post transportation network. It

is my understanding that sometimes transportation can occur between facilities in

different service areas. Therefore, some transportation that is labeled "intermediate"

could occur between facilities in different service areas.

(b) Confirmed, that the costs labeled "long distance" are assumed to incur primarily

between two BMCs.

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PSA/USPS-T33-9.

Please refer to your response to PSA/USPS-T33-6 and USPS-LR-J-106. Also, please assume for the purpose of this interrogatory that before the implementation of the nonmachinable outside (NMO) parcel surcharge for destination bulk mail center (DBMC) parcels in January 2001, twelve percent of DBMC parcels were NMOs and that, in response to the implementation of the NMO surcharge, the NMO percentage decreased to 7.3 percent.

. . . .

(d) Please confirm that the Postal Service did not include a final adjustment to Parcel Post costs to reflect differences in the percentage of Parcel Post DBMC parcels that were NMOs before and after the introduction of the DBMC NMO surcharge. If not confirmed, please explain fully.

. . . .

(f) Please confirm that, if the change in the DBMC NMO percentage described in the introduction to this interrogatory did indeed occur, the Postal Service's Test Year After Rates Parcel Post attributable costs would be overstated. If not confirmed, please explain fully. If so, by how much would the Postal Service's Test Year After Rate Parcel Post attributable costs be overstated?

RESPONSE:

(d) Confirmed.

(f) Not Confirmed. If the roll-forward, and therefore, TYAR costs assumed that 12 percent of DBMC were nonmachinable and the final adjustments model were changed to account for a decrease in DBMC nonmachinables for each fiscal year, then this interrogatory could be confirmed. However, there is only one source for the estimate of DBMC that is nonmachinable in the base year. This is USPS LR-J-67. This library reference shows that 5.5 percent of DBMC were nonmachinable (6.03 if oversize is included). It is my understanding that this percent is calculated using weight and dimension criteria. While this percent may not include some nonmachinable parcels, it is the only base year estimate available. Therefore, I can only assume that the current rollforward process assumes that 5.5 percent of DBMC is nonmachinable in the base

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year. Therefore, changing this percent to 7.3 is actually increasing the percent of DBMC assumed to be nonmachinable. This change, an increase in the DBMC nonmachinable percentage, is not consistent with the change described in the introduction to this interrogatory. However, it is the only change possible with the current data. In addition, it is my understanding that there is no data available to estimate the true impact of the DBMC NMO surcharge on DBMC nonmachinable volume. Therefore, this interrogatory cannot be confirmed.

UPS/USPS-T25-1.

Refer to library reference USPS-LR-J-64, Attachment A, page 1 (file "1ppmp.xls", sheet "Sum"), where Table 1, the "Weighted Avg Model Cost," lists a value of \$1.057 as the total of "Wtd Modeled Cost" figures in Attachment A, pages 8 to 22.

- (a) Confirm that, when added individually, the total of the "Wtd Model Cost" figures in Attachment A, pages 8 to 22 is \$1.105.
- (b) Confirm that the incorrect total appears to result from an incorrect cell reference for the range name "intramach." If confirmed, review and provide a corrected hard-copy and electronic version of [USPS-LR-J-64], as well as the corresponding PRC Version contained in USPS-LR-J-86. If not confirmed, explain in detail.

RESPONSE:

- (a). Confirmed.
- (b). Confirmed. Errata will be filed November 27, 2001.

UPS/USPS-T25-2.

Refer to library reference USPS-LR-J-64, Attachment A, page 8.

- (a) Confirm that all Inter-BMC (Bulk Mail Center) machinable pieces at the Origin Associate Offices ("AO") are assumed to be in other wheeled containers ("OWC"). If not confirmed, explain in detail.
- (b) Confirm that 63.29% of inter-BMC machinable pieces are assumed to be entered by the mailer at the Origin SCF (Sectional Center Facility), and 36.71% at the Origin AO. If not confirmed, explain in detail.
- (c) Confirm that all inter-BMC pieces arriving at the Origin SCF are assumed to incur a "Crossdock Containers" charge of 25.33 cents per piece. If not confirmed, explain in detail.
- (d) Confirm that a "Crossdock Containers" charge for Inter-BMC and Intra-BMC parcels is a new entry into the Parcel Post mail processing cost model and was not included in Docket No. R2000-1 or prior dockets. If not confirmed, explain in detail.
- (e) Confirm that 51.08% of Inter-BMC machinable pieces at the Origin SCF are assumed to be "Loose in OTRs" (Over the Roads). If not confirmed, explain in detail.
- (f) Confirm that the "Crossdock" charge at the Destination SCF for inter-BMC machinable pieces "Loose in OTRs" is 10.76 cents per piece.
- (g) Explain why a "Crossdock" charge of 25.33 cents per piece rather than 10.76 cents per piece was applied at the Origin SCF for pieces "Loose in OTRs."
- (h) Explain why a crossdock charge of 25.33 cents per piece was applied for pieces at the Origin SCF contained in "Sacks in OTRs," Pallets," "Pallet Boxes," "Bedload Sacks," and "Bedload Loose."
- Describe in general the mail processing operations taking place at the Origin SCF for inter-BMC parcels.
- (j) Describe in general the mail processing operations taking place at the Origin AO for inter-BMC parcels.

RESPONSE:

(a). Confirmed that the origin AO section of the inter-BMC mail processing mailflow model uses both conversion factors and productivities that implicitly assume that parcels are in wheeled containers.

(b). Confirmed that the inter-BMC mail processing models in Attachment A assume that only 36.71 percent of inter-BMC Parcel Post incurs costs at the origin AO.

(c). Confirmed that cost per operation of the "crossdock containers" row in the origin SCF section of Inter-BMC machinable mail processing model is 25.33 cents.

(d). Confirmed.

(e). Not confirmed. Only the load operation in the origin SCF section of the inter-BMC machinable mailflow model assumes that 51.08% of inter-BMC parcels are loose in OTRs.

(f). Confirmed that the cost per operation of the "crossdock loose in OTRs" row in the destination SCF section of the inter-BMC machinable mail processing model is 10.76 cents.

(g&h). The cost per crossdock was not explicitly applied in either case. Instead, the estimated cost per operation is derived from the following equation:

Cost per operation = <u>(Wage rate × piggyback × premium pay factor)</u> (productivity × conversion factor)

The cost per operation for crossdocking at the destination SCF resulted in a higher cost than at the destination SCF because it was assumed that, during the crossdock operation, there are more parcels per container at the destination SCF than at the origin SCF. The mail processing model implicitly assumes that inter-BMC and intra-BMC parcels are comingled at some point at the origin SCF, and that this comingling occurs after the crossdock.

Due to time and resource constraints, it was not possible to study the operations associated with comingling and it was therefore not included in the model. Therefore, any overstating of cost due to the assumption that parcels will be comingled after the crossdock, should be at least partially offset by the exclusion of a "comingle" operation. For this reason this assumption was deemed reasonable.

In addition, it should be kept in mind that mail processing cost models are simplifications of reality. While we make the best faith effort to make the models are accurate as possible, they will always rely on some simplifying assumptions. It is for this reason that the mailprocessing models are tied back to the CRA unit costs shown on LR-J-64, Attachment A, page 2.

(i). It is my understanding that the general operations at the origin SCF for inter-BMC parcels include unloading containers, crossdocking containers, combining parcels into more full containers when necessary, and loading containers. Culling out local parcels may also occur.

(j). It is my understanding that the general operations at an origin AO include putting the parcels into some sort of container (after it is received over the window or from the carriers), moving those containers to the dock, and loading the containers on the truck. Culling out local parcels may also occur.

UPS/USPS-T25-3.

Refer to library reference USPS-LR-J-106, WP-PP-1, 8, 9, and 10.

- (a) Do you continue to agree, as you testified in Docket No. R2000-1 (Tr. 13/5108), that "The smaller the parcel, the more parcels that fit in a container, and hence, the smaller the cost per parcel"?
- (b) Confirm that the average cubic foot per piece in the Test Year for Parcel Post pieces is:
 - i. 0.51 for intra-BMC (Bulk Mail Center) parcels (12,881,937 / 25,332,087),
 - ii. 0.64 for inter-BMC parcels (26,132,684 / 40,677,615),
 - iii. 0.74 for Destination Bulk Mail Center ("DBMC") parcels (164,144,783 / 220,681,929),
 - iv. 0.81 for Destination Sectional Center Facility ("DSCF") parcels (7,718,459 / 9,524,655), and
 - v. 0.79 for Destination Delivery Unit ("DDU") parcels (83,894,504 / 105,929,135). If not confirmed, explain in detail.
 - vi. If any of these are not confirmed, explain in detail.
- (c) Confirm that, on average, a container will hold 45 percent more intra-BMC parcels than DBMC parcels. If not confirmed, explain in detail.
- (d) Confirm that in library reference USPS-LR-J-64, Attachment A, you made no adjustment for the differing average sizes of intra-BMC, inter-BMC, DBMC, DSCF, and DDU parcels in deriving the worksharing savings for DBMC, DSCF, and DDU parcels. If confirmed, explain why you did not make such an adjustment. If not confirmed, explain in detail.
- (e) Confirm that in library reference USPS-LR-J-64, Attachment B, size differentials between intra-BMC, inter-BMC, and DBMC, DDU, and DSCF parcels are taken into account in determining the specific transportation costs for intra-BMC, inter-BMC, DBMC, DDU, and DSCF parcels. If not confirmed, explain in detail.

RESPONSE:

(a). Yes. I continue to agree with my previous statement.

(bi-bvi). Confirmed that these are the values derived by dividing TYBR volumes by

TYBR cubic feet as estimated in LR-J-106.

(c). Confirmed that the value calculated for DBMC in part b is 45 percent larger than the value calculated for inter-BMC.

(d). Confirmed. Historically, the Parcel Post mail processing cost models only have taken into account cube differences between machinable, nonmachinable and oversize nonmachinable parcels. The reason for this decision is that the cube differentials are related to the rate category differentials. Cube is one of the reasons that parcels are either nonmachinable or oversize.

The problem with using rate-specific cube is that it is difficult to do so in a manner that would give the appropriate cost savings estimates. The purpose of the mail processing cost models is to measure the costs that the parcels avoid. In other words, the costs the parcel would avoid if that parcel were not workshared. Therefore, to use rate-specific cube estimates, the cost savings of a DBMC machinable parcel would be estimated by comparing the modeled costs of a parcel with the average *DBMC* cube in the intra-BMC machinable mailstream to the modeled costs of a parcel with this methodology is that it would overstate the DBMC cost savings for those parcels whose cube is lower than the average DBMC cube.

The other theoretical way to use rate-specific cube is to use a different cube for each rate category. In other words, estimate the DBMC machinable cost savings by

comparing the average cost of a parcel with the average *intra-BMC* cube in the intra-BMC machinable mailflow model with the cost of a parcel with the average *DBMC* cube in the DBMC machinable mailflow model. The problem with this methodology is that it would understate the true cost savings of a parcel with an average DBMC cube.

In order to avoid these complications, the Parcel Post mail processing model uses the average cube of machinable, nonmachinable, and oversize Parcel Post in the mail processing model.

(e). Not confirmed. Since the costs are estimated on a per cubic foot basis, holding all else equal, the Parcel Post transportation model would estimate the same cost per cubic foot for all rate categories. Cubic feet is used, in combination with number of legs traveled, to allocate total Parcel Post transportation costs to inter-BMC, intra-BMC, DBMC, DSCF and DDU. However, the estimated cost per zone is eventually divided by cubic feet. Therefore, while a rate category may have more costs allocated to it due to having more cubic feet, it will also have that cost divided by a larger number.

UPS/USPS-T25-4.

Refer to library reference USPS-LR-J-64, Attachment A, page 27 of 27.

- (a) Confirm that the words "and Platform Costs" have been deleted from the title of this sheet in comparison to the similar sheet filed with your testimony in Docket No. R2000-1 as USPS-T-26, Attachment F, page 1. If confirmed, explain the reason for this deletion. If not confirmed, explain in detail.
- (b) Confirm that non-window entered Parcel Post pieces are verified by a U.S. Postal Service employee to check that the Form 8125 is correct at both the mailer's plant and again at the platform of the Postal Service location at which the parcels are entered. If not confirmed, explain in detail.
- (c) Confirm that window-entered Parcel Post pieces do not incur these verification activities. If not confirmed, explain in detail.
- (d) Explain how the costs associated with these verification activities are included in the calculation of Parcel Post worksharing cost avoidances in Attachment A. If the costs have not been incorporated in the analysis, explain why not.
- (e) Confirm that the costs of these verification activities are included in Management Operating Data System ("MODS") LD 79 pool, the Bulk Mail Center ("BMC") platform cost pool, and the non-MODS allied labor pool. If confirmed, explain in detail how the cost of these verification activities is divided among these cost pools. If not confirmed, explain in detail.
- (f) Describe all operations for Parcel Post included in the following cost pools:
 - (i) MODS pool LD79;
 - (ii) the BMC platform cost pool; and
 - (iii) the non-MODS allied labor pool.
- (g) Confirm that the non-MODS allied labor pool operations for Parcel Post take place only at Origin Associate Offices ("AOs") and destination delivery units ("DDU"s). If not confirmed, explain in detail.
- (h) Refer to USPS-LR-J-64, Attachment A, page 2. Explain why the BMC platform cost pool and the non-MODS allied labor pool are treated as proportional if the costs of these verification activities have not been modeled.

RESPONSE:

(a). Confirmed. I do not remember changing the title. However, my guess is that in preparation of this case I realized that the title was not an accurate description of the cost savings estimate. It should be noted that, between R2000-1 and R2001-1, only the title of this analysis changed, and not the methodology.

(b). Confirmed.

(c). Confirmed.

(d). The cost models do not calculate a difference between drop-ship verification costs and non-dropship verification costs. The methodology used to estimate DBMC mail processing cost savings was updated in this case, and the estimation of verification costs was not considered.

(e). Not Confirmed. It is my understanding that MODS LD43 pool could also contain verification costs. It is my understanding that verification at the mailer's plant and at Postal Service plants would generally be done by clerks working in the MODS LD 79 pool. Likewise, verifications at BMCs, MODS stations and branches, and non-MODS facilities would be done by clerks or mailhandlers working in the cost pools of Bulk Mail Center ("BMC") platform, MODS "LD43" and non-MODS allied labor, respectively.

(f). All of the cost pools mentioned in (i) through (iii) have platform acceptance costs which are described in part (e).

(i) USPS LR-J-55, page 2 defines the functions of this cost pool as all nonsupervisory hours of employees involved in mailer acceptance, presort verification, and other revenue protection activities.

(ii) It is my understanding that the BMC platform cost pool includes all the loading and unloading of Parcel Post into and out of the vehicles at the BMC docks. This could include the operation of forklifts to move Postal Pak or other containers or alternatively it could include manually moving containers, sacks or parcels to or from staging areas or conveyors.

(iii) It is my understanding that Non-MODS allied labor cost pool includes platform work (usually manual) and also could include allied operations involving some distributions.

(g). Not confirmed, it is my understanding that costs at some smaller mail processing plants are also included in the nonMODs cost pools.

(h). The BMC Platform and non-MODS allied labor cost pool are treated as proportional since the Parcel Post mail processing models contain costs that are included in these cost pools. Specifically, the models include both loading and unloading at BMCs, SCFs and AOs.

UPS/USPS-T25-5.

Refer to library reference USPS-LR-J-64, Attachment A, pages 1 and 2, and your testimony in Docket No. R2000-1, USPS-T-26, Attachment A, pages 1 and 2.

- (a) Confirm that a Cost and Revenue Analysis ("CRA") proportional adjustment was not applied in deriving the mail processing cost avoidances for Bulk Mail Center ("BMC") Presort, Origin Bulk Mail Center ("OBMC") entry, Destination Bulk Mail Center ("DBMC") entry, Destination Sectional Center Facility ("DSCF") entry, and Destination Delivery Unit ("DDU") entry in any prior docket. If confirmed, explain why the CRA proportional adjustment is used in this docket to derive these avoidances. If not confirmed, explain in detail.
- (b) Confirm that the CRA proportional adjustment for Parcel Post was 1.154 in Docket No. R2000-1, and is 1.286 in Docket No. R2001-1. If not confirmed, explain in detail.
- (c) Explain in detail why Management Operating Data System ("MODS") pools for "1POUCHNG," "1SACKS_H," "LD43," and the non-MODS "ALLIED" pool are treated as proportional in this docket and were not in Docket No. R2000-1. Include in your explanation a description of all Parcel Post operations that are included in each of these cost pools.
- (d) Confirm that the cost of the manual sortation of parcels to individual carrier routes at the destination delivery unit is captured only in the non-MODS "MANP" pool and the MODS "MANP" pool, and not in any other pool. If not confirmed, explain in detail.
- (e) Describe in detail the operations on outgoing Parcel Post mail performed in the:
 - (i) MODS "MANP" pool;
 - (ii) MODS "MECPARC" pool;
 - (iii) MODS "1PLATFRM" pool;
 - (iv) MODS "1POUCHNG" pool;
 - (v) MODS "1SACKS H" pool;
 - (vi) MODS "LD43" pool;
 - (vii) Non-MODS "ALLIED" pool; and
 - (viii) Non-MODS "MANP" pool
- (f) Describe in detail the operations on incoming Parcel Post mail performed in the:
 - (i) MODS "MANP" pool;
 - (ii) MODS "MECPARC" pool;
 - (iii) MODS "1PLATFRM" pool;
 - (iv) MODS "1POUCHNG" pool;
 - (v) MODS "1SACKS_H" pool;

- (vi) MODS"LD43" pool;
- (vii) Non-MODS "ALLIED" pool; and
- (viii) Non-MODS "MANP" pool.
- (g) Provide Parcel Post Base Year and Test Year costs by each MODS, BMC, and non-MODS pool broken out by basic function in a manner similar to that provided in library reference USPS-LR-I-103 in Docket No. R2000-1 for Parcel Post and in library reference USPS-LR-J-65 in this docket for Bound Printed Matter.

RESPONSE:

(a). The entire statement cannot be confirmed. I can confirm that the CRA adjustment factor was not used in Docket R2000-1, USPS-T-26 in the calculation of BMC Presort, DSCF, and DDU cost savings. The reason for not using it for these rate categories in that Docket, was that these rate categories were relatively new at the time that rate case as filed. In fact, they were not even implemented in the base year. Since there was such a short time span between the implementation of the rate categories and the filing of the case, there was little time to study the new rate categories. For these reasons, it was deemed appropriate to not use the CRA adjustment factor, so that if anything we would understate the true cost differences. The current case, Docket R2001-1 was filed over two years after the implementation of these rate categories. In preparation of this case, I did not find anything to make me believe that the cost models resulted in inaccurate estimations of these cost savings. Therefore, it was deemed reasonable to apply the CRA adjustment factors to the cost savings.

I cannot confirm that the CRA adjustment factor was not used in the development of DBMC Docket R2001-1. Although it was not explicitly used, it was implicitly used in the calculation of DBMC cost savings. The purposes of both the fixed and proportional

CRA adjustment factor are to tie modeled costs to costs as they are reported in the CRA. Since the DBMC cost savings were estimated using costs taken directly from the development of the CRA, they included all CRA costs.

In addition, since OBMC is the sum of the BMC presort and DBMC cost savings, part of the cost estimate used true CRA costs (like DBMC) and part did not contain the CRA adjustment factors.

(b). Confirmed that the Parcel Post proportional CRA adjustment factor was 1.154 in Docket No. R2000-1, USPS-T-26. Due to errata being filed in response to UPS/USPS-. T25-1, the Parcel Post proportional CRA adjustment factor in this case is 1.231.

(c). For a description of all Parcel Post operations included in these 4 cost pools see the responses to parts (e) and (f). In preparation of this case, I examined the models to see where changes or improvements should be made.

One of the changes to the model was to update the Parcel Post mailprocessing model in order for it to be used to estimate DBMC cost savings. Updating the model resulted in new operations being modeled, which led to more cost pools being made proportional. In addition, during work on another project, I had the opportunity to learn more detail about what operations are included in each cost pool. This also led me to change a few cost pools to proportional.

The justification for making the cost pools listed in this interrogatory is the following:

Non-MODS ALLIED: This cost includes platform costs at non-MODS facilities and may also include the sortation of parcels to the carrier and these costs are now included in the Parcel Post mailprocessing cost model.

1POUCHING: This cost pool includes the sort of irregular parcels. This sort is included in the nonmachinable Parcel Post mail processing cost models.

1SACKS H: This cost pool includes costs associated with sorting sacks and nonmachinable outsides and both the nonmachinable and oversize Parcel Post mailprocessing cost models include this manual sort.

LD43: This cost pool also includes the manual distribution of parcels. Again, the sortation of parcels at both MODS and nonMODS facilities have been included in the Parcel Post mail processing cost models.

(d). Not confirmed. MODS LD43 and non-MODS Allied are other cost pools that may capture this work. Please see responses to (e) and (f) for further detail.

(e). For a listing of MODS operations and operation names by cost pool see USPS LR-J-55, pages 15 to 31. For i, ii, iv, and v the outgoing operations should be minimal,

unless the plant is also an ASF. ASFs would perform distribution of parcels and NMOs to the other BMCs or ASFs or to the facilities in their service areas. MODS "1PLATFORM" could involve unloading mail from stations and branches and customers, culling Parcel Post from collection mail and separating it for dispatch to the BMC or other facilities, and obtaining containers of Parcel Post from operations or by cross docking for loading onto transportation to BMCs. For vi-viii, outgoing work involves unloading Parcel Post from postal or customer vehicles, in some cases culling and consolidating Parcel Post (helping out the plants), and loading this mail onto trucks to plants or in some cases BMCs.

(f). See response to "e" for general information on these cost pools. Incoming work on Parcel Post involves the following as listed by cost pool:

(i) MODS "MANP" pool -- manual distribution of parcels or sacks to 5-digit or in some cases to carrier route;

(ii) MODS "MECPARC" pool -- mechanized distribution of parcels to 5-digit;

(iii) MODS "1PLATFRM" pool -- unloading trucks from BMCs, doing cross dock or moving Parcel Post to necessary incoming operations, getting mail back to dock and dispatching onto transportation to stations and branches, AOs;

(iv) MODS "1POUCHNG" pool – manual distribution of sacks, parcels, NMOs to rolling stock by 5-digit or zone, possibly using conveyor belts;

(v) MODS "1SACKS_H" pool -- manual sort of sacks (of parcels) and NMOs to 5digit or zone, possibly using conveyor belts;

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE (vi) MODS "LD43" pool -- manual distribution of parcels or NMOs to carrier route or

in some cases to 5-digit zone, platform work involving unloading truck from BMC or plant and getting mail to incoming secondary operations;

(vii) Non-MODS "ALLIED" pool -- possibly some manual distribution of parcels or

NMOs to carrier route or in some cases to 5-digit zone, platform work involving

unloading truck from BMC or plant and getting mail to incoming secondary

operations;;

(viii) Non-MODS "MANP" pool -- manual distribution of parcels or NMOs to carrier

route or in some cases to 5-digit zone;

(g). Library reference USPS LR-J-180 will be filed on November 27, 2001.

UPS/USPS-T25-6.

Refer to library reference LR-J-64, Attachment A, page 3.

- (a) Confirm that the source of the productivity of the Parcel Post parcel sort at the Associate Office ("AO") is testimony from Docket No. R84-1 dealing with Bound Printed Matter. If confirmed, explain why this is an acceptable source to use in Docket No. R2001-1 for Parcel Post. If not confirmed, explain in detail.
- (b) Discuss any differences there might be between sortation costs for Bound Printed Matter and Parcel Post.
- (c) Confirm that this productivity assumption from Docket No. R84-1 is used to derive a Test Year cost of 9.68 cents per piece for sortation of Parcel Post pieces at the destination delivery unit to individual carrier routes. If not confirmed, explain in detail,
- (d) Refer to library reference USPS-LR-J-64, Attachment A, page 2. Confirm that the cost in the Test Year in the Non-Management Operating Data System ("Non-MODS") "MANP" pool is 11.9230 cents per piece and in the MODS "MANP" pool is 2.446 cents per piece, for a total of 14.37 cents per piece. If not confirmed, explain in detail.
- (e) Explain the reasons for the difference between the 9.68 cents per piece derived using the Docket No. R84-1 productivity assumption and the 14.37 cents per piece in the MODS and Non-MODS "MANP" pools. Include in your explanation any reasons why the worksharing model does not fully capture the costs of sorting parcels to the carrier route at the Destination Delivery Unit ("DDU").

RESPONSE:

(a). Confirmed. It is my understanding that the sortation productivity measured in

Docket No. R84-1 was the productivity of sorting 5-digit presorted BPM to the carrier.

Parcel Post arrives at the destination associate office (AO) in a similar manner

(although several 5-digits may be combined). Parcel Post must also be sorted to the

carrier and therefore will incur a similar sort operation. The other option for a proxy was

the MODS manual parcel productivity. However, it is my understanding that this

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE productivity is for serting nonmachinable parcels (NMOs, Ipps, and oversize) parcels.

The sort at the destination delivery unit includes all parcels. In addition, it is my understanding that the MODS manual parcel productivity mainly reflects sorting parcels from 3-digits to 5-digits. Since the BPM productivity reflect the same type of sort, 5-digits to carrier, I concluded that the BPM productivity was a better proxy.

(b). It is my understanding that both BPM and Parcel Post are sorted to the carrier in a similar manner and will incur similar costs.

(c). Confirmed that the cost per operation for the "sort parcels" row of the destination delivery unit portion of the Parcel Post mail processing is 9.68 cents.

(d). Confirmed that the test year before rates (TYBR) value of the non-MODS "MANP" cost pool is 11.920 and the TYBR value of the MODS "MANP" cost pool is 2.446. Confirmed that the total of those two cost pools is 14.37.

(e). There is no reason for the two numbers to be the same. The sum of the two cost pools, non-MODS MANP and MODS MANP represents the cost of at least two different operations: manually sorting a parcel at a SCF and manually sorting a parcel at an AO. The cost pulled from my model represents the cost of one sort, manually sorting the parcel at the AO.

UPS/USPS-T25-7.

Refer to library reference USPS-LR-J-64, Attachment A, pages 8-16.

- (a) Confirm that it is assumed that 12.3% of machinable inter-BMC (Bulk Mail Center), intra-BMC, and DBMC (Destination BMC) Parcel Post parcels travel directly from the DBMC to the DDU (Destination Delivery Unit), and thereby avoid processing costs at the Destination SCF (Sectional Center Facility). If not confirmed, explain in detail.
- (b) Confirm that is assumed that 0.0% of non-machinable and oversize inter- BMC, intra-BMC, and DBMC Parcel Post parcels travel directly from the DBMC to the DDU, and thereby avoid processing costs at the Destination SCF. If not confirmed, explain in detail.
- (c) Confirm that in library reference USPS-T-26, Attachment A in Docket No. R2000-1, you assumed that 12.3% of non-machinable and oversize inter-BMC, intra-BMC, and DBMC parcels travel directly from the DBMC to the DDU, and thereby avoid processing costs at the Destination SCF. If not confirmed, explain in detail.
- (d) Explain in detail the reason for this discrepancy between machinable and nonmachinable and oversize parcels, and the reason for the change in treatment from Docket No. R2000-1.

RESPONSES:

- (a). Confirmed.
- (b). Confirmed.
- (c). Confirmed.
- (d). During the time period between Docket No. R2000-1 and the filing of Docket No.

R2001-1, I was involved with several projects. While working on one of those projects, I

came across information that led me to believe that it was not rational to assume that

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE nonmachinable and oversize parcels skipped the destination SCF because these parcels are only sorted to 3-digits when they leave the BMC. However, I have recently learned that *some* BMCs will sort nonmachinables and outsides to 5-digits for those 5digits in which they have direct transportation. Therefore the true number of nonmachinable and oversize parcels that avoid the destination SCF is somewhere between zero and 12.3 percent.

UPS/USPS-T25-8.

Refer to library reference USPS-LR-J-64, Attachment A, pages 8-16.

- (a) Confirm that you assume that 100% of inter-BMC (Bulk Mail Center) and intra-BMC Parcel Post parcels pass through the Origin SCF (Sectional Center Facility) and incur a crossdocking charge. If not confirmed, explain in detail.
- (b) Explain in detail why you assume that 12.3% of parcels would travel directly from the BMC to the DDU (Destination Delivery Unit), but do not assume that 12.3% of parcels at the Origin AO (Associate Office) would travel directly from the Origin AO to the BMC.

RESPONSES:

(a). Confirmed that this assumption is used in USPS-LR-J-64, Attachment A.

(b). It is my understanding that the study focused on transportation going from the BMC to the AO and used <u>destinating</u> parcel volume. It is further my understanding that the existence of direct transportation from a BMC to an AO does not necessarily imply the existence of transportation from that AO to that BMC.

UPS/USPS-T25-9.

Refer to library reference USPS-LR-J-64, Attachment A, pages 8-16.

- (a) Confirm that the crossdock operation of containers at the Origin SCF (Sectional Center Facility) is assumed to take 7.0 containers per hour, or 8.6 minutes per container. If not confirmed, explain in detail. Explain why it would take 8.6 minutes to roll a hamper or OWC (Other Wheeled Container) on the platform to the loading area of the truck going from the Origin SCF to the BMC.
- (b) Confirm that the move operation at the DDU (Destination Delivery Unit) is assumed to be 4 times as fast as a crossdock operation. If confirmed, explain the basis for this assumption. If not confirmed, explain in detail.
- (c) Confirm that the move operation at the Destination SCF is assumed to be 2 times as fast as a crossdock operation. If confirmed, explain the basis for this assumption. If not confirmed, explain in detail.

RESPONSE:

(a). Confirmed. This productivity was developed in LR-H-131. It is my understanding that this productivity is a sample of actual productivities at BMCs. It is further my understanding that measures of productivity are not necessarily limited to the time it takes to actually move a container from one point to another. Examples of other activities included are moving other containers out of the way to reach the container, moving other containers out of the way to clear a space to move the container, and waiting for people or other objects to clear the path.

(b). Confirmed. It is my understanding, from my knowledge of MTM studies, that one of the factors that impacts move times is distance traveled. Not only does the actual moving of the container take longer, but also the probability of having to move other objects (or wait for them to move) increases as distance increases. From my visits to
RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE AOs and BMCs, I know that AOs are much smaller than BMCs. Therefore, it should

take significantly less time to move containers.

(c). Confirmed. The assumption is that a move is approximately half the distance of a

. •

crossdock.

UPS/USPS-T25-10.

Refer to library reference USPS-LR-J-64, Attachment A, pages 8-13 and library reference USPS-LR-J-64, Attachment B, page 9.

- (a) Confirm that 4.15% of intra-BMC (Bulk Mail Center) parcels are held out at the Origin AO (Associate Office). If not confirmed, explain in detail.
- (b) Confirm that the hold-out of intra-BMC parcels at the Origin AO was not taken into account in the mail processing costs for intra-BMC parcels in Attachment A. If confirmed, explain why not. If not confirmed, explain in detail.

RESPONSE:

(a). Confirmed that this assumption is used in the Parcel Post transportation model in

LR-J-64, Attachment B.

(b). Confirmed. Please see response to UPS/USPS-T25-28. Since the model uses

such a conservative assumption for the percent of intra-BMC volume entered at the

origin AO, it was not deemed necessary to make further adjustments.

UPS/USPS-T25-11.

Refer to library reference USPS-LR-J-1, pages 3-1 to 3-13.

- (a) Confirm that the MODS cost pool "Manp" reflects the costs of manual parcel sorting at plants (i.e., Sectional Center Facilities). If not confirmed, explain in detail.
- (b) Confirm that MODS cost pool "LD43" reflects to the costs of manual distribution, i.e., sortation to carrier route, at DDUs (Destination Delivery Units) in the MODS facility grouping. If not confirmed, explain in detail.
- (c) Confirm that the Non-MODS cost pool "Manp" reflects the costs of manual piece distributions at DDUs that are not part of the MODS facility grouping. If not confirmed, explain in detail.
- (d) Refer to library reference USPS-LR-J-64, Attachment A, page 2. Confirm that the total cost of manual parcel sortation for Parcel Post at DDUs is the sum of the MODS LD43 and Non-MODS Manp cost pools, which is 18.69 cents per piece (6.767 plus 11.923).
- (e) Refer to library reference USPS-LR-64, Attachment A, pages 8-22. Confirm that the modeled cost assigned to the manual sortation of Parcel Post parcels at the DDU is 9.68 cents per piece.
- (f) Confirm that inter-BMC, intra-BMC, DBMC, DSCF and DDU Parcel Post parcels all incur the same sortation cost at the DDU and thus sortation costs at the DDU cannot be costs avoided by destination entry worksharing. If not confirmed, explain in detail.
- (g) Confirm that sortation costs at the DDU have a proportional CRA cost of 18.69 cents per piece, but a modeled cost of 9.68 cents per piece. If not confirmed, explain in detail.
- (h) Confirm that the CRA multiplier is decreased by 0.0925 if the sortation costs at the DDU are removed from both the modeled costs and the CRA cost pool costs. If confirmed, explain why this is not an appropriate adjustment to make to your analysis. If not confirmed, explain in detail.

RESPONSE:

(a). Not Confirmed. It is my understanding that the Non-MODS ManP cost pool includes the cost of manually sorting parcels at Non-MODS facilities. It is further my understanding that Non-MODS facilities are not limited to what I refer to as delivery units in my testimony. Therefore, the MODS ManP cost pool does not reflect all the costs of sorting at SCFs.

(b). Not confirmed. It is my understanding that the MODS cost pool LD43 contains other costs in addition to sorting costs. Therefore the unit cost shown in the LD43 cost pool reflects *more* the cost of manual distribution to carrier route at destination delivery units.

(c). Not confirmed. It is my understanding that the Non-MODS ManP cost pool includes the cost of manually sorting parcels at Non-MODS facilities. It is further my understanding that Non-MODS facilities are not limited to what I refer to as delivery units in my testimony. Therefore the unit cost shown in Non-MODS ManP cost pool reflects *more* than the costs of sorting parcels at delivery units that are not part of the MODS facility grouping.

(d). Not confirmed. Please see response to (b) and (c).

(e). Confirmed.

(f). Not confirmed. The Parcel Post mail processing models assume that all Parcel Post parcels incur the same sort cost at the destination AO, regardless of the amount of workshare. However, I am unsure of whether your statement is meant to pertain only to Parcel Post or to other rate categories. In other classes of mail there are worksharing related rate categories that would avoid the sort from 5-digit to carrier-route. An example of this is Bound Printed Matter Carrier-Route.

(g). Not confirmed. There is nothing in my model called a "proportional CRA cost", there is only a proportional CRA adjustment factor. In addition, multiplying the modeled costs by the CRA adjustment factor results in 11.9 cents, and not 18.69. If you are attempting to tie the modeled cost of the sort to a CRA cost pool, there is no cost pool that will show a one to one relationship. If the 18.69 refers to the sum of costpools LD43 and Non-MODS ManP, please see response to part (b), (c) and (d).

(h). Not confirmed. I am assuming from subparts a-g of this interrogatory that you are referring to making the Non-MODS ManP and MODS LD43 cost pools fixed instead of proportional. Taking out the modeled costs of sorting parcels at the destination AO, and making both the Non-MODS ManP and MODS LD43 cost pools fixed, results in the CRA adjustment factor decreasing by .0067 (from 1.2305 to 1.163). I believe that my model is more accurate as it is filed. The reason is the following. The Non-MODS ManP include the cost of sorting parcels at plants (I refer to these as SCFs in my testimony) that are not classified as MODS. Therefore, making this cost pool fixed, and

keeping the manually sorting parcels at SCFs in the mail processing model, biases the

CRA proportional adjustment factor downward. Since I want to keep the CRA

proportional adjustment factor proportional, it is more accurate to also include the costs

of manually sorting parcels at the delivery units in the mailprocessing models.

UPS/USPS-T25-12.

Refer to library reference USPS-LR-J-64, Attachment A, page 2. Explain in detail why the following cost pools were selected to be proportional. Include in your explanation a description of all Parcel Post mail processing activities captured in the cost pool, which of these activities have been modeled in Attachment A, and the location (e.g., BMC, DSCF, DDU) at which the activities takes place.

- (a) MODS MECPARC
- (b) MODS MANP
- (c) MODS 1PLATFRM
- (d) MODS 1POUCHNG
- (e) MODS 1SACKS_H
- (f) MODS LD43
- (g) BMCS NMO
- (h) BMCS OTHR
- (i) BMCS PLA
- (j) BMCS PSM
- (k) BMCS SPB
- (I) BMCS SSM
- (m) Non-MODS ALLIED
- (n) Non-MODS MANP

RESPONSE:

Please see response to UPS/USPS-T25-5 (e) and (f) for a description of the cost pools. For the purpose of answering this interrogatory, I will use the term SCF and DU as they are used in my models. This may differ from other witness's use of these terms.

(a) &(b). Both cost pools include the costs of sorting parcels at MODS facilities. These costs are also included in the Parcel Post mail processing model at the destination SCF and destination AO.

(c). Platform costs are included in the Parcel Post mail processing model at the origin AO, origin SCF, destination SCF and destination AO. Both of these may be in the category of MODS facilities.

(d). Please see response to UPS/USPS-T25-5c.

(e). Please see response to UPS/USPS-T25-5c.

(f). Please see response to UPS/USPS-T25-5c.

(g). This cost pool includes the costs of manually sorting parcels at the BMC. Since these costs are included in the Parcel Post mail processing model, this cost pool is considered proportional.

(h). It is my understanding that this cost pool includes the cost of moving parcels from one operation to another. The Parcel Post mail processing models include the cost of moving nonmachinable parcels at the BMC.

(i)-(i). These cost pools include the costs associated with sorting parcels at the BMC. These costs are included in the Parcel Post mail processing models. Although the models don't specifically model SPBS costs, it is my understanding that some parcels will be sorted on the SPBS instead of the parcel sorting machine. Since the models include the average number of sorts, any variance between these two types of sorts will be reflected in the CRA adjustment factors.

(m). Please see response to UPS/USPS-T25-5c.

(n). This cost pool includes the cost of manually sorting parcels at Non-MODS facilities. The Parcel Post mailprocessing cost models include manually sorting parcels at both the destination SCF and the destination AO.

UPS/USPS-T25-13.

Refer to library reference USPS-LR-J-64, Attachment A, page 6.

- (a) Confirm that the Base Year 2000 volume for Parcel Post DDU (Destination Delivery Unit) destination entry was 38 million. If not confirmed, explain in detail.
- (b) How many postal facilities are designated as DDUs?
- (c) Of the number of facilities designated as DDUs, how many received DDU destination entry Parcel Post in FY2000?
- (d) How many total DDU destination entry shipments took place for Parcel Post in FY2000, where a "shipment" is a mailing from a unique carrier/consolidator tendering mail pieces to a unique DDU on a specific day?
- (e) What was the average number of pieces per Parcel Post DDU destination entry shipment in FY2000, where a "shipment" is a mailing from a unique carrier/consolidator tendering mail pieces to a unique DDU on a specific day?

RESPONSE:

(a). Confirmed

(b). To the best of my knowledge, this information is not available. It is my

understanding that there are 32,972 facilities where carriers are located.

(c)-(e). To the best of my knowledge, this information is not available.

UPS/USPS-T25-14.

Provide typical DDU destination entry time slots for Parcel Post during FY2000.

RESPONSE:

It is my understanding that DDU appointments can only be made from 10 am to 4 pm.

UPS/USPS-T25-15.

Refer to library reference USPS-LR-J-64, Attachment A, page 3. For each of the direct labor operations listed, provide the facility (e.g., Bulk Mail Center, Sectional Center Facility, Destination Delivery Unit, Associate Office) or facilities that were studied, the data that was gathered in order to estimate the productivity of the listed operation, the subclass or rate category that was studied, and the dates the study was performed.

RESPONSE:

Since each productivity is assigned a "source" number, I will refer to each productivity

by its source number on USPS-LR-J-64, Attachment A, page 3.

Source: 1: This study is documented in Docket No. R97-1, LR-H-132. It is my understanding that 8 BMCs were surveyed, but only the results of 6 of the surveys were used. It is my understanding that the survey collected both clocked-in labor hours and volume by operation. It is my understanding that the hour and volume data was not restricted to any class of mail, and therefore would include all classes that are processed at the BMC. The study attempted to collect data for AP 1 through 8 for FY 1996, however due to availability of data, the APs varied by BMC. The following table shows the time frame by BMC.

BMC	APs included in data (FY96)
BMCs 1, 3, and 6	AP 1-8
BMC 2	AP 1-9
BMC 4	AP 4-6
BMC 5	AP 1-10

Source: 2: This productivity came from Planning Guidelines (PGLs). It is my understanding that all the productivities in the PGLs were produced using MTM analysis. In MTM analysis, standards are set for lengths of time of certain activities.

The type of analysis allows users to determine what type of activities to include in the time analysis. To the best of my knowledge, no additional information or documentation can be found.

Source 3: These productivities were calculated using data from the Productivity Information Reporting System (PIRS) and the Productivity Information Management System (PIMS). It is my understanding that both PIRS and PIMS collect volumes and clocked-in hours from all BMCs for several operations. It is further my understanding that these volumes and hours are not a sample. The productivities used in LR-J-64, Attachment A, page 3, source 1, are the average of 6 years worth of data (1995-2000).

Source 4: This productivity was also calculated using PIRS data, however, it is the annual data from FY 1993.

Source 5: These productivities are from LR-J-56. It is my understanding that these productivity calculations include hours and volumes data from all MODS facilities for all of FY 2000, excluding the top and bottom 1% productivity ratios over all APs.

Source 7: The study used to calculate this productivity was a survey of 50 delivery units. The survey included two forms. The second form, Form BPM-2 was the one used to collect data used to calculate the productivity used in my cost model. Form BPM-2 collected the following information: process date, catalog name, dimensions, weight, detached labels, presentation method, volume of BPM that is distributed to carriers and workhours associated with distributing that volume to carriers. In addition, question 9 asked Post Offices to name the type of operations which 5-digit sorted BPM passed through. The options included: incoming flat, secondary, opening unit carrier distribution, incoming parcel secondary, and other (specify). Question 10 asked Station and Branches which operation the distribution to carriers operation was best represented. The option included: as parcels, as flats, and other (specify). The data collection period was August 14 through September 24, 1982. The facilities were asked to collect this data over a 2 week time period.

UPS/USPS-T25-16.

Refer to library reference USPS-LR-J-64, Attachment A, pages 14, 17, 18 and 19.

- (a) Confirm that the piggyback factor for the crossdock operation for DBMC (Destination Bulk Mail Center) machinable parcels at the Destination SCF (Sectional Center Facility) is 1.66. If not confirmed, explain in detail.
- (b) Confirm that the piggyback factor for the crossdock operation for DSCF machinable parcels at the Destination SCF is listed as 1.48. If not confirmed, explain in detail.
- (c) Confirm that the piggyback factor for the crossdock operation for DSCF machinable parcels at the Destination SCF should be 1.66. If not confirmed, explain in detail.
- (d) Confirm that the piggyback factor for the crossdock operation for machinable Destination SCF parcels at the DBMC is 1.48, but should be 1.784 (the piggyback factor for BMC platform, per library reference USPS-LR-J-64 Attachment A, page 5). If not confirmed, explain in detail.
- (e) Confirm that the piggyback factor for the crossdock operation for DSCF nonmachinable and oversize parcels at the Destination SCF is listed as 1.48, but should be 1.66. If not confirmed, explain in detail.
- (f) Confirm for the crossdock operation for DSCF non-machinable and oversize parcels at the DBMC is listed as 1.48, but should be 1.784. If not confirmed, explain in detail.

RESPONSE:

- (a). Confirmed.
- (b)-(f). Confirmed, please see errata filed on November 27. 2001.

UPS/USPS-T25-17.

Refer to the Domestic Mail Manual, Issue 56, page 363, Section E751.1.2(c), (January 7, 2001).

- (a) Confirm that to qualify for Parcel Post Destination Delivery Unit ("DDU") destination entry rates: "Pieces must be part of a single mailing of 50 or more pieces that are eligible for and claimed at any Parcel Post rates. When Parcel Post mailings are submitted under PVDS [Plant-Verified Drop Shipment] procedures, mailers may use the total of all line items for all destinations on a PVDS register or PVDS postage statement to meet the 50-piece minimum volume requirement for destination entry rate mailings. This means that a mailer may enter fewer than 50 pieces at an individual destination, provided there is a total of a least 50 Parcel Post pieces for all of the entry points for that single mailing job listed on the PVDS register or PVDS postage statement."
- (b) Does a "single mailing job" mean one truck? Explain.
- (c) Confirm that if there is a dropshipment of 1 DDU destination entry Parcel Post piece and 49 inter-BMC (Bulk Mail Center) Parcel Post pieces at a DDU, the DDU destination entry piece will qualify for DDU destination entry rates. If not confirmed, explain.
- (d) Confirm that if there is a "single mailing job" dropshipment that drops 48 inter-BMC Parcel Post pieces at one Sectional Center Facility ("SCF"), 1 DDU destination entry piece at one DDU and 1 DDU destination entry piece at another DDU, the DDU destination entry pieces will qualify for DDU destination entry rates. If not confirmed, explain in detail.
- (e) Confirm that any "single mailing job" that includes Standard Mail A and Periodicals can drop 1 piece of Parcel Post DDU destination entry mail at all DDUs that the truck visits as long as 50 Parcel Post pieces have been entered by the "single mailing job" in total across all Postal Service facilities. If not confirmed, explain.

RESPONSE:

(a). Confirmed that there may only be 1 DDU parcel in a mailing, if the rest of the

mailing contains at least 49 pieces of Parcel Post. It is my understanding that other

classes of mail cannot be combined with Parcel Post in one mailing.

(b). No. It is my understanding that a mailing refers to all mail on a postage statement. It is my understanding that Parcel Post cannot be combined with other classes of mail on a postage statement and, therefore cannot not be combined with other classes of mail in a "mailing". However, this does not rule out Parcel Post being on the same truck as other mail.

(c). Confirmed. Although it is unlikely that any mailer would drop parcels at the destination DU and claim the inter-BMC rate.

(d). Confirmed.

(e). Not confirmed. It is my understanding that a single mailing cannot include Standard A, Periodicals and Parcel Post. Confirmed that a mailer could drop 1 Parcel Post DDU parcel at each delivery unit it stops at as long as there were 50 pieces of Parcel Post in the mailing.

UPS/USPS-T25-18.

Refer to library reference USPS-LR-J-64, Attachment A.

- (a) Confirm that you assumed in Attachment A that containers at the Destination Delivery Unit ("DDU") dock containing Parcel Post DDU dropshipments would be as full as containers arriving from a Bulk Mail Center ("BMC") or a Sectional Center Facility ("SCF"). If confirmed, explain the basis for this assumption. If not confirmed, explain in detail.
- (b) Assume one parcel going to a DDU is dropshipped at the DDU rather than dropped at the Destination Bulk Mail Center ("DBMC").
 - (i) Confirm that the parcel arriving from the Destination Sectional Center Facility ("DSCF") would be unlikely to require an additional container to be brought into the DDU sortation area. If not confirmed, explain in detail.
 - (ii) Confirm that the parcel dropshipped into the DDU hamper will require an additional container to be brought into the DDU sortation area. If not confirmed, explain in detail.
 - Explain how you have taken into account such additional trips at the DDU caused by DDU destination entry mail in your analysis in Attachment A.

RESPONSE:

(a). Confirmed that that the conversion factors are the same in the DBMC and DDU mail processing cost models. Although mailers are allowed to drop only 1 piece of DDU mail at a delivery unit, it seems very unlikely that this often occurs given that the mailer must incur the transportation to the delivery unit.

(b). (I)-(iii). Due to time and resource constraints, the difference between DBMC and

DDU parcels at the destination DDU were not studied. I made the assumption that they

would incur similar costs because, it was my understanding that this was the case. It is my understanding that the DDU requirements were written so that only one parcel could

be dropped off at the destination AO because it would not adversely impact costs. While the dropshipment of a small number of parcels may lead to some less some full containers at AOs, this can also occur with non-DDU mail when there are not large

volumes of mail for that AO.

UPS/USPS-T25-19.

Refer to the Domestic Mail Manual, Issue 56, page 363, Section E751.1.1(c), (January 7, 2001).

- (a) Confirm that for Parcel Post Destination Delivery Unit ("DDU") destination entry pieces, the regulations for mailers with respect to the entry point is as follows: When the "mail for a single 5-digit ZIP Code area is delivered out of more than one postal facility, use the facility from which the majority of city carrier routes are delivered as the facility at which the DDU mail must be entered, unless the 5-digit ZIP Code is listed in Exhibit 7.0 or Exhibit 8.0." If not confirmed, explain in detail.
- (b) Confirm that this means that a portion of Parcel Post DDU destination entry volume is entered at postal facilities in which the city carrier routes for those pieces are not delivered from that facility.
- (c) Confirm that such mail is crossdocked to another Postal Service delivery facility. If not confirmed, explain in detail.
- (d) Explain how your Parcel Post workflow model has taken this crossdocking at the DDU into account. If it has not, explain why not.
- (e) What portion of Parcel Post DDU destination entry mail is entered at a postal facility in which the city carrier routes for those pieces are not delivered from that facility?
- (f) Confirm that Parcel Post pieces being transported by the Postal Service from Bulk Mail Centers ("BMC"s) and Destination Sectional Center Facilities "DSCF"s) to a ZIP code area with more than one delivery postal facility are unloaded only at the delivery facility from which the city carrier routes are delivered. If not confirmed, explain in detail.

RESPONSE:

(a). Confirmed.

(b). Confirmed.

(c). Confirmed that the DDU parcels dropped at a facility other than the one that delivers the mail will need to be moved to the facility that delivers the mail.

(d). It is my understanding that, in general, the DDU requirements mimic how the Postal Service handles Parcel Post. This means that, in general, the Postal Service sorts the parcels to carrier-route at the same facilities in which DDU is dropped.

(e). To the best of my knowledge, this information is not available.

(f). Not confirmed. Please see response to (d).

UPS/USPS-T25-20.

Do you agree with the following work flow for Parcel Post Destination Delivery Unit ("DDU") destination entry parcels? Explain in detail the basis for your answer.

- (a) Parcels delivered by mailers to DDUs typically are palletized or bed loaded.
- (b) The mailer's driver is met at the dock of the DDU by a Postal Service receiving clerk and provides the clerk a completed Form 8125.
- (c) The bed loaded parcels are typically transferred by the mailer's driver to hampers or All-Purpose Containers ("APC"s), one for each 5-digit zip code served by the DDU, within 20 minutes of arrival.
- (d) The palletized parcels are left on pallets at the dock if the pallets are separated by 5-digit zip code and the DDU is able to handle pallets; otherwise, the driver unloads the pallets into the hampers or APCs, one for each 5-digit code served by the DDU.
- (e) If there is a sack in the shipment, the contents of the sack are emptied into the same hampers or APCs by the driver.
- (f) A Postal Service receiving clerk verifies that the shipment and the completed Form 8125 match, and accepts the shipment noting the DDU name and date of receipt.
- (g) The hampers or APCs, which are on wheels, are then rolled into the DDU by Postal Service mailhandlers for a final sort to carrier routes by Postal Service mailhandlers.
- (h) The pallets are taken into the DDU by a Postal Service mailhandler using a forklift for a final sort to carrier routes by Postal Service mailhandlers.
- (i) The Form 8125 and other supporting paperwork are transferred to the Postal Service accounting department at the Sectional Center Facility ("SCF") serving the DDU by the Postal Service receiving clerk.

RESPONSE:

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(a). Not confirmed. I do not have any information on how DDU is typically brought in by the mailer.

(b). Confirmed that the mailer interacts with a Postal clerk, I do not know if the mailer is met on the dock.

(c). It is my general understanding that the mailer will place bedloaded parcels in the container of USPS's choice. The container will most likely have wheels.

(d). This is my general understanding.

(e). That is my general understanding

(f). That is my general understanding

(g). That is my general understanding, however depending on the time of day the parcels are dropped, they may not be sorted to the carrier immediately. In addition, depending on weather and availability of space, the parcels may not be immediately moved inside.

(h). This is my general understanding, although pallets may be moved with something other than a forklift.

(i). Not confirmed. It is my understanding that the destination delivery unit retains the

forms for a year and does not pass along forms or other paperwork to their "parent"

SCF.

UPS/USPS-T25-21.

In what cost pool(s) are the acceptance and verification costs incurred by the Postal Service at the Destination Delivery Unit ("DDU") for DDU destination entry parcels?

- (a) Have these acceptance and verification costs been included in your analysis of Parcel Post DDU destination entry cost avoidances? If not, explain why not.
- (b) What are the duties, if any, of a Postal Service receiving clerk with respect to Parcel Post mail at the DDU received from a Bulk Mail Center ("BMC") or Sectional Center Facility ("SCF")?

RESPONSE:

It is my understanding that the following cost pools may include acceptance and

verification costs at delivery units: MODS LD79, non-MODS allied labor, and non-

MODS LD43.

(a). No. The cost avoidances for DDU parcels are the cost savings compared to

DBMC. It is my understanding that DBMC and DDU parcels will incur similar verification costs.

(b). It is my understanding that there are no acceptance costs associated with receiving parcels from a BMC or SCF.

UPS/USPS-T25-22.

Refer to your testimony USPS-T-26, Attachment F, page 2, from Docket No. R2000-1.

- (a) Confirm that in Docket No. R2000-1, the Postal Service assumed that Auxiliary Service Facilities ("ASF"s) act as Bulk Mail Centers ("BMC"s) 36.1% of the time. If not confirmed, explain.
- (b) Confirm that in Docket No. R2000-1, the Postal Service assumed that Destination Bulk Mail Center ("DBMC") parcels would not avoid the costs incurred by ASFs when they act like BMCs. If not confirmed, explain.
- (c) Confirm that intra-BMC and inter-BMC parcels traveling directly from an Origin Associate Office ("AO") to an ASF will avoid crossdocking costs at an Origin Sectional Center Facility ("SCF") and will be unloaded only once prior to sortation. If not confirmed, explain.
- (d) Confirm that intra-BMC and inter-BMC parcels entered at an ASF will avoid crossdocking costs at an Origin SCF and will be unloaded only once prior to sortation. If not confirmed, explain.
- (e) Explain how your analysis of Parcel Post worksharing cost avoidances contained in library reference USPS-LR-J-64, Attachment A, takes ASFs into account. If it does not take ASFs into account, explain why not.
- (f) Provide separately for intra-BMC parcel post, inter-BMC parcel post, and DBMC destination entry parcel post, the Parcel Post volume processed at each ASF and BMC for Base Year 2000.
- (g) Explain how your analysis of Parcel Post transportation costs by rate category in library reference USPS-LR-J-64, Attachment B, takes ASFs into account. If it does not, explain why not.

RESPONSE:

(a). Confirmed.

(b). Confirmed that this was the assumption in Docket No. R2000-1, USPS-T26 used to separate non-BMC outgoing costs into costs that DBMC parcels avoid and costs that DBMC parcels do not avoid.

(c). Not confirmed. What is referred to as an "SCF" in my cost model is any facility that takes on the responsibility of the origin or destination plant. In the case where parcels go directly from the origin AO to an ASF, most likely that ASF is acting like a plant. Therefore those parcels will incur costs at the "SCF" as it is referred to in my model.

(d). Not confirmed. ASFs play different roles. My use of the terms SCF and BMC in my cost models do not neccesarily exclude ASF facilities. Therefore if the parcel is dropped at an ASF, which is taking the place of the origin SCF, that parcel will incur "SCF" costs.

(e). The Parcel Post mail processing cost model is a simplification of reality. The terms "SCF" and "BMC" refer to any type of facility that takes on those types of responsibilities. ASFs do the responsibilities of both. Therefore, the costs of ASFs are included in both the BMC and SCF costs.

(f). Please see LR-J-67, Attachment F.

(g). Please see response to e. The same holds true for the Parcel Post transportation model.

UPS/USPS-T25-23.

Refer to your testimony USPS-T-26, Attachment F, page 2, line 4, in Docket No. R2000-1. Provide the breakout of Outgoing Primary ("OP") 7 Parcel Post costs and "all other" Parcel Post costs by each Management Operating Data System ("MODS"), Bulk Mail Center ("BMC") and Non-MODS cost pool in a manner similar to that contained in library reference USPS-LR-I-103, Table 3, in Docket No. R2000-1.

RESPONSE:

Please see USPS LR-J-180 filed on November 27, 2001.

UPS/USPS-T25-24.

Refer to your testimony USPS-T-26, Attachment F, page 3 in Docket No. R2000-1.

- (a) Confirm that 68.4% of 0.5% of intra-BMC (Bulk Mail Center) and inter-BMC Parcel Post pieces are plantloaded to the BMC. If not confirmed, explain in detail.
- (b) Confirm that pieces plantloaded to the BMC avoid handling costs at the Origin Associate Office ("AO") and the Origin Sectional Center Facility ("SCF"). If not confirmed, explain in detail.
- (c) Explain how the plantloading of intra-BMC and inter-BMC Parcel Post has been included in your work flow analysis in library reference USPS-LR-J-64, Attachment A. If it has not been included, explain why not.

RESPONSE:

(a). Confirmed that those were the assumptions used in Docket R2000-1, USPS-T-26.

(b). Confirmed.

(c). The assumptions used for LR-J-64, were a conservative estimate of how many parcels are handled at the origin AO. Please see response to UPS/USPS-T25-28 for more detail. The percent of parcels that incur costs as the origin AO already excludes plantloaded parcels. Therefore, no further adjustments were necessary at the origin AO. While there were no adjustments made to the origin SCF modeled costs to account for parcels plantloaded to the BMC, the impact of assuming that 0.33 percent of intra-BMC parcels avoiding the origin SCF would not be significant.

UPS/USPS-T25-25.

Refer to library reference USPS-LR-J-64, Attachment B, page 7 and page 9, lines 11 and 15.

- (a) Confirm that plantloaded highway service transportation costs represented
 0.71% of intermediate highway service transportation costs in Base Year 2000.
 If not confirmed, explain.
- (b) Why is there no adjustment to the "Local" column for the percentage of intra-BMC and inter-BMC parcels that are plantloaded to the Destination Bulk Mail Center ("DBMC")?

RESPONSE:

(a). Not Confirmed. Plantloaded highway service costs represented 0.71 percent of

total Parcel Post highway costs and 1.11 percent of intermediate Parcel Post highway

transportation costs in the base year.

(b). There was no need to make an adjustment to account for plantloaded mail. It is my understanding that plantloaded mail is transported from the mailer's facility to the postal facility and that this is similar to the transportation incurred taking mail from the origin AO to the origin SCF.

UPS/USPS-T25-26.

Refer to library reference USPS-LR-J-106.

- (a) Confirm that Parcel Post pieces below 1 pound were not permitted during Base Year 2000.
- (b) Refer to library reference USPS-LR-J-106, workpaper WP-PP-9. Confirm that there are expected to be 12.5 million Parcel Post intra-BMC (Bulk Mail Center) inter-BMC and Destination Bulk Mail Center ("DBMC") destination entry pieces below 1 pound in the Test Year Before Rates.
- (c) Refer to library reference USPS-LR-J-106, workpaper WP-PP-8. Confirm that, on average, Parcel Post Pieces below 1 pound are expected to have less than half of the cubic volume of 2 pound pieces.
- (d) Confirm that the presence of the new below 1 pound Parcel Post parcels will decrease the average cubic volume of intra-BMC, inter-BMC and DBMC destination entry pieces.
- (e) Confirm that the presence of the new below 1 pound Parcel Post parcels will increase the average number of Parcel Post parcels that fit into containers. If not confirmed, explain.
- (f) Confirm that as the average number of pieces that fit into a container increases, the average cost per piece for handling decreases. If not confirmed, explain.
- (g) Confirm that as the average number of intra-BMC, inter-BMC and DBMC destination entry pieces that fit into a container increases, the mail processing worksharing cost savings for Destination Delivery Unit ("DDU") destination entry parcels decreases. If not confirmed, explain.
- (h) Explain how your analysis of worksharing savings in library reference USPS-LR-J-64, Attachment A, takes the addition of more than 12 million below 1 pound parcels into account. If these parcels have not been taken into account, explain why not.

RESPONSE:

(a). Confirmed.

(b). Not Confirmed. LR-J-106, WP-PP-9 shows the number of TYBR Parcel Post pieces under a pound as approximately 15.5 million.

(c). Confirmed that LR-J-106, WP-PP-8 shows the average cube for a 1 pound parcel to be less than half of the average cube of a 2 pound parcel.

(d). Not Confirmed. The existence of parcels under one pound does not necessarily mean that the average cube of all Parcel Post will decline. There are several reasons why this would not occur. The volume of the parcels under one pound could be so low that the lower cube would not impact the average significantly. In addition, the parcels under one pound could still have a large average cube. Furthermore, it is possible that the average cube of parcels greater than a pound will increase by enough to offset the average cube of parcels less than one pound.

(e). Not confirmed. Please see response to d.

(f). Confirmed that for certain activities (loading, unloading, moving and crossdocking) the cost per piece of that operation varies inversely with the number of parcels in the container. However, if the reason for the number of parcels per container is the

increase in the number of small, light pieces, the piece handling costs could potentially increase. This is because extremely light parcels cannot be sorted using the parcel sorting machine, and therefore, will be sorted manually. In addition, it is my understanding that small light parcels that are run on the parcel sorting machine often miss or double-up on the trays, and therefore are either mis-sorted or rejected. This would increase the cost of handling those parcels.

(g). Not confirmed, please see response to f.

(h). The Parcel Post mail processing model does not contain any adjustments to account for parcels under one pound. Furthermore, it should not be adjusted to account for parcels under one pound unless the rollforward analysis is also adjusted to account for a change in costs due to the existence of parcels under a pound in Parcel Post. Since the Parcel Post mail processing modeled costs are tied back to CRA unit costs, the assumptions in the Parcel Post mail processing model must be consistent with the assumptions used in the estimation of Parcel Post TYBR cost pool costs.

UPS/USPS-T25-28.

Refer to library reference USPS-LR-J-64, Attachment A, page 8, and Attachment B, page 9. Explain why the number of local transportation legs for inter-BMC (Bulk Mail Center) parcels is 1.93 if only 36.71% of these parcels are entered at Origin Associate Offices ("AO"s).

RESPONSE:

The Parcel Post mail processing model in LR-J-64, Attachment A assumes that 36.71 percent of inter-BMC and 32.21 percent of intra-BMC incur costs at the origin AO. These percents represent the percent of each rate category that is retail, as defined by any stamp or PVI indicia single-piece Parcel Post. These percents are not necessarily the percent of Parcel Post that is entered at the origin AO. It was not possible to estimate the percent of inter-BMC and intra-BMC that is entered at the origin AO, and therefore the percent of retail was used as an estimate. This was thought to be a conservative estimate since it, if anything, understates the percent of inter-BMC Parcel Post that is entered at the origin AO.

The transportation model did not incorporate this assumption for the following reasons. While commercial (bulk) mail entered at the origin AO may avoid some mail processing costs compared to it's retail counterpart, both will incur similar transportation costs. In addition, the Postal Service picks up mail at some mailers facilities. The transportation from the mailers' facility to the postal facility will be similar to the transportation from the origin AO to the origin SCF.

UPS/USPS-T25-29.

Refer to library reference USPS-LR-J-64, Attachment A, page 11, and Attachment B, page 9. Explain why the number of local transportation legs for intra-BMC ("Bulk Mail Center") parcels is 1.92 if only 32.21% of these parcels are entered at Origin Associate Offices ("AO"s).

RESPONSE:

Please see response to UPS/USPS-T25-28.

UPS/USPS-T25-30.

Refer to your response to interrogatory UPS/USPS-T25- 2(g), (h), and (i).

- (a) Confirm that the "commingle" operation that takes place at the origin Sectional Center Facility ("SCF") for intra-BMC (Bulk Mail Center) and inter-BMC Parcel Post parcels is the practice of "combining parcels into more full containers when necessary." If confirmed, explain what steps are involved in performing this operation. If not confirmed, describe in further detail the commingling that takes place at the origin SCF.
- (b) Provide any information or studies available on the number of parcels per container prior to the commingle operation and after the commingle operation.
- (c) Why have you implicitly assumed that the commingling takes place after to the crossdock operation, instead of prior to the crossdock operation?
- (d) When does the crossdock operation typically take place (i.e., at the time the mail is entered at the dock or when the truck to the BMC departs)?
- (e) Explain the extent to which you considered differences in the costs of crossdock operations at an origin SCF (crossdock from various locations to one location) and a destination SCF (crossdock from one location to various locations) and whether one type of crossdock would be more efficient than another.

RESPONSE:

(a). I can confirm that this is what I was referring to in my response to

UPS/USPS-T25-2 (g), (h), and (i). However, I did not mean to imply that all parcels will incur a cost associated with co-mingling. It is my understanding that at some point, *some* parcels will be taken out of one container and placed in another in order to maximize the capacity of containers. Due to time and resource constraints, I have not studied this operation and do not know what specific steps are involved in performing this operation.

(b). The models assume that parcels leave the origin SCF in the same manner they arrive at the origin BMC (this is the same as the destination BMC for intra-BMC
RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE parcels). This study is documented in Docket No. R97-1, LR-H-131. Due to time and resource constraints, there was no study done on how parcels leave the origin associate office. It was assumed they would leave the origin associate office in wheeled containers.

(c). Due to time and resource constraints, operations at the origin SCF were not studied. I assumed that co-mingling would occur at the outgoing dock since that is the place where all the containers going to the BMC would "meet". It is at this point postal employees would be able to determine how to co-mingle parcels into more full containers.

(d). Due to time and resource constraints, the operations at the origin SCF were not studied. Therefore, I do not have the information to answer this question.

(e). I did not consider comparing the two crossdocks because I estimated the cost of each individually.

UPS/USPS-T25-31.

Refer to your response to interrogatory UPS/USPS-T25- 2(g) and (h). Confirm that tying mail processing modeled costs to Cost and Revenue Analysis ("CRA") costs implicitly assumes that all modeled costs have been underestimated or overestimated by the same percentage amount, regardless of the costs are incurred. If confirmed, explain why this practice provides greater accuracy with respect to the estimate of worksharing savings. If not confirmed, explain why tying modeled costs to CRA costs provides greater accuracy in the estimate of worksharing savings.

RESPONSE:

The mail processing cost model referred to in this interrogatory follows the methodology suggested by the Postal Rate Commission (PRC) in Docket No. MC95-1, Opinion and Recommended Decision, Page IV-99. The PRC referred to this methodology as the hybrid methodology. Confirmed that this methodology compares total modeled costs to total proportional costs, and therefore multiplies all cost pools/operations by the same ratio. The Postal Rate Commission found that using this hybrid methodology (tying modeled costs to cost pools) is "more accurate" than using either cost models or cost pools alone.



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UPS/USPS-T25-32.

Refer to your response to interrogatory UPS/USPS-T25- 3(d) in which you state, "The purpose of the mail processing cost models is to measure the costs that the parcels avoid. In other words, the costs the parcel would avoid if that parcel were not workshared."

- (a) Confirm that Destination Bulk Mail Center ("DBMC") parcels are assumed to avoid 13.5 cents per piece of window costs in your cost models. If not confirmed, explain.
- (b) Confirm that in deriving the DBMC Window Service savings you calculate the difference between the average window service costs for Parcel Select parcels and the average window service costs for non-Parcel Select parcels. If not confirmed, explain.
- (c) Refer to library reference USPS-LR-J-64, Attachment A, page 6. Confirm that the majority of inter-BMC and intra-BMC parcels are not window-entered and therefore do not incur window costs. If not confirmed, explain.
- (d) Explain why you believe that DBMC parcels "avoid" 13.5 cents of window costs.
- (e) Explain why you believe that DBMC parcels would incur 13.5 cents of window costs if they were not workshared.

RESPONSE:

(a)-(e). When estimating cost savings, it is customary to estimate the costs avoided by the average parcel, not just the cost of the parcels that incur that specific cost. Therefore if 50 percent of non-workshared parcels incur 40 cents of costs, the workshare cost savings would be 20 cents ($.5 \times 40$ cents). The estimate of DBMC window service cost savings employs this methodology. The non-Parcel Select window service cost, 13.77 cents, represents the average window service costs incurred by non-Parcel Select parces. In other words, it is the total window service costs incurred by non-Parcel Select parces divided by the volume of all non-Parcel Select parcels (regardless of if they were or were not entered at the window).

UPS/USPS-T25-33.

Refer to your response to interrogatory UPS/USPS-T25-3(d).

- (a) Confirm that in your testimony in Docket No. R2000-1, USPS-T-26, you derived the mail processing worksharing savings between intra-BMC (Bulk Mail Center) parcels and Destination Bulk Mail Center ("DBMC") entry parcels as equal to the average Cost and Revenue Analysis ("CRA") mail processing costs incurred by inter-BMC and intra-BMC parcels prior to arrival at the BMC. If not confirmed, explain.
- (b) Confirm that inter-BMC and intra-BMC parcels do not have the same average cubic feet per piece as DBMC parcels. If not confirmed, explain.
- (c) Confirm that the methodology you used in Docket No. R2000-1 derives the DBMC-entry mail processing worksharing cost avoidance using the costs for parcels that do not have the average cubic feet per piece of DBMC-entry mail or the average cubic feet per piece of Parcel Post mail as a whole. If not confirmed, explain.

RESPONSE:

(a). Confirmed this was the general idea, although the cost estimate contained

several adjustments.

- (b). Confirmed.
- (c). Confirmed, that was the only option available using this methodology.

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UPS/USPS-T25-34.

Refer to your response to interrogatory UPS/USPS-T25- 3(d). Confirm that all costs per operation other than for load bedload, unload bedload, and sorts (manual or by Parcel Sorting Machine ("PSM")) are affected by the number of pieces per container. If not confirmed, explain in detail.

RESPONSE:

I do not understand your question as written. I believe you are asking which

operations are impacted by the number of pieces per container. The following

operations are impacted by number of pieces per container: loading containers,

unloading containers, move, and crossdock. The following operations are not impacted

by the number of pieces per container: piece distribution (manual sort and machine

sort), unloading bedloaded parcels, and loading bedloaded parcels.

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UPS/USPS-T25-35.

Refer to your response to interrogatory UPS/USPS-T25-3.

- (a) Confirm that the average cost of Destination Bulk Mail Center ("DBMC") parcels would be greater than your model determines if the higher than average cubic foot per piece for DBMC parcels was taken into account. If not confirmed, explain.
- (b) Confirm that the average cost of intra-BMC parcels would be less than your model determines if the lower than average cubic feet per piece for intra-BMC parcels was taken into account. If not confirmed, explain.
- (c) Given the differing average cubic feet per piece between intra-BMC and DBMC parcels, confirm that the mail processing cost difference between the average machinable intra-BMC parcel and the average machinable DBMC parcel is less than the 70.3 cents that you have derived in your models. If not confirmed, explain.

RESPONSE:

(a)-(b). The purpose of my models is to provide witness Kiefer with cost

difference estimates, not total costs. However, confirmed, that holding all else equa

the total adjusted mail processing cost of any of the Parcel Post mail processing mo.

would be higher if the average cube were higher. In addition, holding all else equal, tra

total adjusted mail processing cost of any of the Parcel Post mail processing models

would be lower if the average cube were lower.

(c). Not Confirmed. Confirmed that the modeled cost difference between an average intra-BMC parcel (with intra-BMC cube) and an average DBMC parcel (with DBMC cube) would be less than the modeled cost difference shown in LR-J-64, Attachment A, between an intra-BMC parcel (with average Parcel Post cube) and a DBMC parcel (with average Parcel Post cube). I doubt the impact of making

estimated cost difference would be below or above 70.3 cents.

UPS/USPS-T25-36.

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Refer to your response to interrogatory UPS/USPS-T25- 3(d). Provide any studies that you have performed or that are available that show that Destination Bulk Mail Center ("DBMC") parcels would be entered as Parcel Post in exactly the same way on average as intra-BMC and inter-BMC parcels if the DBMC parcels were not workshared. If no studies exist, why not?

RESPONSE:

It is customary in estimating workshare cost savings to compare the cost of the

workshared mail to the cost of the rate category the mail would revert to if the

workshare category did not exist. In the case of DBMC, the intra-BMC category is the

benchmark. I have no reason to believe that the parcels that are currently entered as

DBMC, would not be entered similarly to how intra-BMC is entered. However, there are

no studies to support this assumption. In fact, such a study would be nearly impossible

to produce without eliminating the DBMC rate category.

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UPS/USPS-T25-37.

Refer to your response to interrogatory UPS/USPS-T25- 3(e). Assume the Parcel Post transportation model estimated the same cost per cubic foot for intra-BMC (Bulk Mail Center), inter-BMC and Parcel Select parcels in all zones even though each rate category had a different cubic foot per piece in each weight range from 1 to 70 pounds. Confirm that the approach used by Witness Kiefer in his Parcel Post rate design would yield a different transportation cost assigned to each weight range from 1 to 70 pounds for intra-BMC parcels, inter-BMC parcels and Parcel Select parcels. If not confirmed, explain.

RESPONSE:

I cannot answer any question about how changes in my results would impact witness Kiefer's results. However, I believe you are misinterpreting my response to UPS/USPS-T25-3(e). In that response, I stated that the transportation cost model in LR-J-64, Attachment B, did not estimate more costs based on size differentials because it estimates the average cost per cubic foot. It was not meant to imply that costs do not increase with cubic feet, that cost per cubic foot do not vary with zones, or that witness Kiefer does not take size differentials into account.

UPS/USPS-T25-38.

Refer to your response to interrogatory UPS/USPS-T25-6 and library reference USPS-LR-J-2, "Cost and Revenue Analysis, FY 2000."

- (a) Confirm that library reference USPS-LR-J-2 shows that Bound Printed Matter has an average cube of 0.1741 cubic feet per piece (97,514 thousand cubic feet divided by 560,218 thousand pieces). If not confirmed, explain.
- (b) Confirm that library reference USPS-LR-J-2 shows that Parcel Post has an average cube of 0.8973 cubic feet per piece (290,888 thousand cubic feet divided by 324,167 thousand pieces). If not confirmed, explain.
- (c) Confirm that library reference USPS-LR-J-2 shows that the average cubic feet per piece of Parcel Post is more than 5 times higher than average cubic feet per piece of Bound Printed Matter. If not confirmed, explain.
- (d) Confirm that library reference USPS-LR-J-2 shows that the average weight per piece of Parcel Post is more than 2.5 times higher than the average weight per piece of Bound Printed Matter (100.7 ounces in comparison to 39.5 ounces).
- (e) Have you considered the much larger average size and weight of Parcel Post pieces when using the productivity for manual sortation to carrier route at the Destination Delivery Unit ("DDU") of Bound Printer Matter as a proxy for the manual sortation cost to carrier route at the DDU of Parcel Post?

RESPONSE:

(a). Confirmed that dividing 97,514 by 560,218 results in .1741 and that these

are the correct values for total cubic feet and volume for Bound Printed Matter shown

in LR-J-2.

(b). Confirmed that dividing 290,888 by 324,167 results in .8973, and that these

are the correct values for total cubic feet and volume for Parcel Post shown in LR-J-2.

(c). Not confirmed. Confirmed that the number .8973 is more than 5 times the

number .1741. However, it is my understanding that the cubic feet reported in LR-J-2

take into consideration the amount of space take up in a container, and therefore

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE include air. Therefore these numbers do not necessarily represent the true cube

comparisons of Bound Printed Matter and Parcel Post.

(d). Confirmed those are the values, and the relationship of the values, shown in LR-J-2.

(e). Yes. I considered that due to the weight restrictions on Bound Printed Matter, that Bound Printed Matter would on average be lighter and smaller than Parcel Post. However, I am not aware of any studies on how productivities vary with cube and weight. If this information were available, I would use different productivities for sort at the destination delivery unit for machinable, nonmachinable, and nonmachinable oversized Parcel Post parcels. What I did have available was a productivity for sorting parcels from 5-digits to carrier-route at the destination delivery unit. I considered this to be a better proxy than sorting nonmachinable parcels from 3-digits to 5-digits at an SCF.

UPS/USPS-T25-39.

Refer to your response to interrogatory UPS/USPS-T25-6 and library reference USPS-LR-J-65, Attachment A (revised 11/27/01). Confirm that decreasing the assumed productivity for the manual sort to carrier route at the Destination Delivery Unit ("DDU") for Parcel Post to be equal to 50% of that of Bound Printed Matter would:

- (a) Increase by 9.68 cents per piece the modeled cost of each of the rate categories shown in Table 2 of library reference USPS-LR-J-64, page 1 (i.e., Inter-BMC (Bulk Mail Center) machinable and non-machinable, intra-BMC machinable and nonmachinable, Destination Bulk Mail Center ("DBMC") machinable and nonmachinable, Destination Sectional Center Facility ("DSCF") machinable and nonmachinable, and Destination Delivery Unit ("DDU") machinable and nonmachinable).
- (b) Decrease the Parcel Post Cost and Revenue Analysis ("CRA") proportional adjustment factor from 1.231 to 1.131. If not confirmed, explain.

RESPONSE:

I will assume for the purpose of this interrogatory that you meant to refer to LR-J-

64, Attachment A (revised 11/27/01)

(a). Confirmed that is the impact of dividing the productivity by 2.

(b). Confirmed that is the impact of dividing the probability by 2.

UPS/USPS-T25-40.

Refer to your response to interrogatory UPS/USPS-T25-6. Is Parcel Post mail received at Destination Delivery Units ("DDU"s) from the local Bulk Mail Center ("BMC") and/or the Sectional Center Facility ("SCF") typically separated by 5-digit zip code for those DDUs that serve more than one 5-digit zip code?

RESPONSE:

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It is my understanding that BMCs/SCFs separate 5-digit ZIP Codes unless

specifically directed not to by a delivery unit. It is further my understanding that

combining several ZIP Codes does not often occur, except for where a box section or

firm unique ZIP Code are combined with a delivery zone.

UPS/USPS-T25-41.

Refer to library reference USPS-LR-J-64, Attachment A, page 6 (file name 1ppmp.xls).

- (a) Confirm that the Base Year 2000 volume for Parcel Post DBMC (Destination Bulk Mail Center) entry was 201,340,754 pieces. If not confirmed, explain in detail.
- (b) How many postal facilities are designated as BMCs?
- (c) Of the number of facilities designated as BMCs, how many received DBMC entry Parcel Post in FY2000?
- (d) How many total DBMC entry "shipments" were there for Parcel Post in FY2000, where a "shipment" is a single mailing from a unique carrier/consolidator/customer tendering mail pieces at the same time to a unique BMC on a specific day?
- (e) What was the average number of pieces per shipment for Parcel Post DBMC entry shipments in FY2000, where a single "shipment" is a single mailing from a unique carrier/consolidator/customer tendering mail pieces at the same time to a unique DBMC on a specific day?"

RESPONSE:

(a). Confirmed.

(b). There are 21 Bulk Mail Centers (BMCs). However, in addition to the 21

BMCs, there are also 8 Auxiliary Service Facilities (ASFs) that are designated to receive

DBMC Parcel Post.

(c). It is my understanding that all 21 BMCs and 8 ASFs received DBMC Parcel

Post in FY 2000.

- (d). To the best of my knowledge this information is not available.
- (e). To the best of my knowledge this information is not available.

UPS/USPS-T25-42.

Have you ever witnessed DDU Parcel Post being tendered to the Postal Service? If so:

- (a) describe when;
- (b) list each facility where you witnessed DDU Parcel Post being tendered to the Postal Service; and
- (c) list the pieces per shipment for each shipment that you witnessed and the container that was used to receive the shipment.

RESPONSE:

No.

(a)-(c). N/A.

UPS/USPS-T25-43.

Refer to library reference USPS-LR-J-64, Attachment A, page 6 (file name 1ppmp.xls).

- (a) Confirm that the Base Year 2000 volume for Parcel Post DSCF (Destination Sectional Center Facility) entry was 4,867,545 pieces. If not confirmed, explain in detail.
- (b) How many postal facilities are designated as DSCFs?
- (c) Of the number of facilities designated as DSCFs, how many received DSCF entry Parcel Post in FY2000?
- (d) How many total DSCF entry "shipments" were there for Parcel Post in FY2000, where a "shipment" is a single mailing from a unique carrier/consolidator/ customer tendering mail pieces at the same time to a unique DSCF on a specific day?
- (e) What was the average number of pieces per shipment for Parcel Post DSCF entry shipments in FY2000, where a single "shipment" is a mailing from a unique carrier/consolidator/customer tendering mail pieces at the same time to a unique DSCF on a specific day?

RESPONSE:

- (a). Confirmed.
- (b). I will assume for the purpose of this interrogatory that you are referring to

facilities in which destination SCF Parcel Post is dropped. The labeling list, L005, in the

Domestic Mail Manual (DMM) lists 458 facilities in which DSCF can be dropped. In

addition DMM §E751.6.0 lists all 21 Bulk Mail Centers (BMCs) as the correct facility in

which to drop DSCF Parcel Post for certain 3-digit ZIP Codes.

- (c). To the best of my knowledge this information is not available.
- (d). To the best of my knowledge this information is not available.
- (e). To the best of my knowledge this information is not available.

UPS/USPS-T25-44.

Have you ever witnessed DSCF Parcel Post being tendered to the Postal Service? If so:

- (a) describe when;
- (b) list each facility where you witnessed DSCF Parcel Post being tendered to the Postal Service; and
- (c) list the pieces per shipment for each shipment that you witnessed and the container that was used to receive the shipment.

RESPONSE:

No.

(a)-(c). N/A.

UPS/USPS-T25-45.

Refer to your response to interrogatory UPS/USPS-T25-7(d) and library reference USPS-LR-J-64, Attachment A, page 4, line 10.

- (a) Provide a copy of library reference USPS-LR-PCR-40, which is the source of the assumption that 12.3% of destinating Parcel Post has direct transportation to the DDU.
- (b) When was the study supporting the 12.3% figure performed?
- (c) Did the study focus specifically on Parcel Post machinable pieces? If not, what type of mail was examined? Explain.
- (d) Given the supporting study, if a lesser figure than 12.3% of nonmachinable Parcel Post is transported directly to the Destination Delivery Unit ("DDU") from the Bulk Mail Center ("BMC"), would it be more appropriate to assume that greater than 12.3% of machinable Parcel Post is transported directly to the DDU from the BMC.

RESPONSE:

- (a). This library reference is available at the Postal Rate Commission.
- (b). It is my understanding that the data was collected during FY 1996.
- (c). No. It focused on total parcel volume at each BMC (not just Parcel Post).
- (d). Not necessarily. The 12.3 percent figure is developed using total parcel

volume handled at each BMC. Therefore, the lower than 12.3 percent of Parcel Post

nonmachinables could be offset by a greater than 12.3 percent of non-Parcel Post

parcels being sent directly from the BMC to the destination DU.

UPS/USPS-T25-46.

Refer to your response to interrogatory UPS/USPS-T25-9.

- (a) Given that the crossdock operation productivity was measured at a Bulk Mail Center ("BMC"), explain why a move operation at a Destination Sectional Center Facility ("SCF") is assumed to be twice as fast as that at an Associate Office ("AO").
- (b) Provide any studies or data indicating that the distance at a Destination SCF from the platform to the 5-digit sortation area is any further than the distance at a Destination Delivery Unit ("DDU") from the platform to the carrier route sortation area.
- (c) Refer to library reference USPS-LR-J-64, Attachment A. Confirm that using the same productivity for the move operation at the DDU as assumed for the move operation at the Destination SCF would increase the weighted average model costs for Parcel Post by 3.90 cents per piece, and decrease the Parcel Post CRA Proportional Adjustment from 1.231 to 1.189. If not confirmed, explain.

RESPONSE:

(a). The premise to your question is not valid. The move operation at the SCF is

not twice as fast as that of an associate office. For lack of better data, the move

operation at both the BMC and SCF are assumed to be twice as fast as the crossdock.

While SCFs/plants vary in size, they tend to be large facilities, so the same assumptions

were used at both BMCs and SCFs. However, delivery units tend to be much smaller.

Therefore the move operation at the delivery unit was assumed to be twice as fast as

the move operation at SCFs/BMCs or four times as fast as the crossdock operation at

SCFs/BMCs.

(b). I made this assumption based on my personal observances and during field visits and conversations with other Postal employees. I have visited several BMC, SCFs (plants), and associate offices.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNERS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE (c). Confirmed that using that assumption, the weighted average modeled cost

would be increased by approximately 3.9 (3.88) cents, and the proportional CRA

adjustment factor would decrease to 1.189. However, I do not agree with the

assumption.

UPS/USPS-T25-47.

Refer to your response to interrogatory UPS/USPS-T25-11(a).

- (a) For SCFs/plants that are MODS facilities:
 - (i) Provide the number of these facilities in Base Year 2000.
 - (ii) Provide the annual volume of mail delivered (in aggregate) in the service territory of these facilities in Base Year 2000.
 - (iii) Provide the annual volume of Parcel Post mail delivered in the service territory of these facilities (in aggregate) in Base Year 2000.
- (b) For SCFs/plants that are non-MODS facilities:
 - (i) Provide the number of these facilities in Base Year 2000.
 - (ii) Provide the annual volume of mail in Base Year 2000 delivered in the service territory of these facilities (in aggregate)
 - (iii) Provide the annual volume of Parcel Post mail in Base Year 2000 delivered in the service territory of these facilities (in aggregate)

RESPONSE:

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- (a) (i). It is my understanding that there are approximately 359 MODS facilities.
 - (ii)-(iii) To the best of my knowledge, the Postal Service does not have the

data needed to answer this interrogatory.

(b) (I)-(iii). To the best of my knowledge the Postal Service does not have the

data needed to answer this interrogatory.

UPS/USPS-T25-48.

Refer to your response to interrogatory UPS/USPS-T25-11(h) and library reference USPS-LR-J-64, Attachment A.

- (a) Confirm that the modeled sortation cost for Parcel Post at Sectional Center Facilities ("SCFs") is only for non-machinable and oversize pieces. If not confirmed, explain.
- (b) Confirm that the total weighted average modeled cost for sortation of Parcel Post at SCFs is less than 0.5 cents per piece. If not confirmed, explain.
- (c) Confirm that any carrier route sortation of Parcel Post at SCFs would eliminate the need to again sort the pieces by carrier route at the Destination Delivery Unit ("DDU"). If not confirmed, explain.

RESPONSE:

(a). Confirmed that only the nonmachinable and oversize nonmachinable Parcel

Post mailflow models contain a sort operation at the destination SCF.

(b). If by this question you are referring to the sum of multiplying the modeled

cost of sortation at destination SCFs in each mailflow model by the appropriate model weight, confirmed that the sum is approximately 0.47 cents (less than 0.5 cents). It should be noted, however, that the main reason for the small weighted average cost is the model weights. Nonmachinable and oversize nonmachinable parcels make up approximately 5.4 percent of total Parcel Post volume.

(c). Not confirmed. I cannot confirm that a preliminary sort to carrier-route will always eliminate the need to sort the parcels to carrier-route at the destination delivery unit. There may be cases where the preliminary sort at the SCF was not finalized (ex. combined several ε_{--})s) or the parcels somehow lost the sort. I will confirm that it seems logicar ε_{--} in most cases, once parcels are sorted to carrier-route they will not need to be re-sorted to carrier-route.

UPS/USPS-T25-49.

State whether you believe that the costs associated with clocking in and out and break time at non-MODs facilities allocated to the non-MODS ALLIED cost pool should be treated as a proportional or fixed for Parcel Post. Explain your answer.

RESPONSE:

I believe activities such as clocking in, clocking out, and break time should be

considered proportional. It is my understanding that these activities are included in the

productivity estimates, and therefore are included in the modeled costs.

UPS/USPS-T25-50.

State whether you believe that the costs associated with clocking in and out and break time at non-MODS facilities allocated to the non-MODS MANP cost pool should be treated as proportional or fixed for Parcel Post. Explain your answer.

RESPONSE:

I believe activities such as clocking in, clocking out, and break time should be considered proportional. It is my understanding that these activities are included in the productivity estimates, and therefore are included in the modeled costs.

UPS/USPS-T25-51.

Refer to your response to interrogatory UPS/USPS-T25-5(c).

- (a) Explain why the conclusion that a cost pool "includes" a modeled cost necessarily requires that the entire cost pool be treated as proportional.
- (b) If the cost pool, upon examination, is comprised of 10% of the costs of the modeled operations and 90% of non-modeled operations, should the cost pool be treated as proportional? Explain your answer.

RESPONSE:

(a). I only have the choice of making the cost pool proportional or fixed. In the case where a cost pool contains costs that are modeled and some costs that are not modeled, I have to make a judgment call on how to classify this cost pool. To make this decision I use precedent set by previous cases and my own opinion. In the case of my response to UPS/USPS-T25-5(c), it is my opinion that the majority of the costs in the costs pools are included in the model.

(b). Since I do not know what proportion of costs are in each cost pool, I would not know if the modeled costs make up only 10 percent. However, if I had a general idea that the cost pool was primarily made up of non-modeled costs, I would consider making it fixed.

UPS/USPS-T25-52.

Refer to your response to interrogatory UPS/USPS-T25-19(c). Confirm that Parcel Post pieces, including Destination Delivery Unit ("DDU") destination entry pieces, sorted to carrier route at a DDU other than the DDU from which the city carrier routes are delivered incur transportation charges in moving from one DDU to another DDU. If not confirmed, explain.

RESPONSE:

Confirmed that parcels moved from one delivery unit to another incur some cost

associated with moving those parcels. However, it is my understanding that the

transportation costs associated with moving these parcels are minimal.

UPS/USPS-T25-53.

Refer to your response to interrogatory UPS/USPS-T25-19(c) and library reference USPS-LR-J-64, Attachment B, page 14. Is it your understanding that the DDU destination entry parcel cost per cubic foot for local transportation you estimate reflects in full the transportation costs incurred for transportation from the DDU entry point to the DDU from which the carrier routes are delivered? Explain your answer.

RESPONSE:

It is my understanding that the estimate provided in USPS-LR-J-64 is a good estimate of DDU incurred transportation. The Parcel Post transportation model assumes that DDU parcels will *not* avoid 16.43 percent of Highway and Postal Owned Vehicle (POV) costs (and 17.2 percent of all local costs). It is further my understanding that transportation costs associated with moving Parcel Post from one carrier station to another would be included in Highway and POV costs. In addition, I have no reason to believe that this is an understatement of the true transportation costs incurred by DDU Parcel Post. It is my understanding that only *some* DDU parcels will incur transportation, and since transportation is allocated based on cubic-foot miles, the transportation costs allocated to DDU will be minimal.

UPS/USPS-T25-54.

Refer to your response to interrogatory UPS/USPS-T25-19.

- (a) What percentage of Parcel Post mail in Base Year 2000 was sorted to carrier route at one Destination Delivery Unit ("DDU") and then transferred to another DDU for delivery by the carriers stationed at the second DDU.
- (b) Refer to library reference USPS-LR-J-64, page 14. Given the assumption that DDU destination entry parcels avoid only 83.57% of local transportation costs, would it be appropriate to assume that 16.43% (1 – 83.57%) of Parcel Post (including DDU destination entry mail) that is sorted to carrier route at one delivery facility is subsequently transferred to another delivery facility. If not, why not.

RESPONSE:

- (a). It is my understanding that this information is not available.
- (b). No. This percentage cannot be directly compared to the transportation

between delivery units. This percentage is an estimate of the percent of local highway

and POV transportation that DDU avoids. What is assumed is that DDU does not avoid

the following: intra-city costs and box-route costs. It is further my understanding that

these costs include costs in addition to the cost of transporting parcels from one delivery

facility to another.

UPS/USPS-T25-55.

Refer to your response to interrogatory UPS/USPS-T33-19.

- (a) Confirm that Parcel Post mail that is sorted to carrier route at one delivery facility and is subsequently transferred to another delivery facility where the carriers are stationed would incur:
 - (i) An additional "move containers to dock" at the first delivery facility.
 - (ii) An additional "load containers" at the first delivery facility
 - (iii) An additional "unload containers" at the second delivery facility.
 - (iv) An additional "move containers from dock" at the second delivery facility. If not confirmed, explain.
- (b) Assume the costs in part (a), above are 20 cents per piece on average for any Parcel Post piece transferred from one Destination Delivery Unit ("DDU") to another DDU, and 16% of Parcel Post pieces are transferred from one DDU to another DDU. Confirm that the modeled mail processing costs for Parcel Post would increase by 3.2 cents per piece. If not confirmed, explain.
- (c) Confirm that the type of costs in part (a) should be included in the modeled costs for Parcel Post. If not confirmed, explain.

RESPONSE:

(a). Confirmed that, in general, these are the types of activities that some

parcels will incur; however I do not know of any studies or have any information to

confirm these activities. It is possible that some carrier stations are co-located and

therefore the parcels do not need to loaded and unloaded onto a vehicle.

(b). Confirmed that is the correct arithmetic, given the assumptions. However, I

have no reason to believe that your assumptions are valid.

(c). Not confirmed. Since it is unknown what percent of Parcel Post incurs these

costs, it would be difficult to put the costs into the model. There is no validity to the

assumptions in part (b), and there is no other information available.

UPS/USPS-T25-56.

Refer to your answer to interrogatory UPS/USPS-T25-17(b), where your state that "this does not rule out Parcel Post being on the same truck as other mail."

- (a) Confirm that the truck you are referring to is a mailer's truck. If not confirmed, explain.
- (b) Does this mean that a mailer's single truck can contain multiple "mailings"? Explain.

RESPONSE:

- (a). Confirmed.
- (b). Confirmed. It is my understanding that since a mailing is defined as the mail

on a postage statement, a mailer's truck could contain mail that has more than one

mailing. For example, the truck could contain both a "mailing" of Periodicals and a

"mailing" of Parcel Post.

UPS/USPS-T25-57.

Refer to your response to interrogatories UPS/USPS-T25-18 and 21(a). Confirm that if the average volume of a Destination Bulk Mail Center ("DBMC") destination entry dropshipment at a specific BMC is 10 times that of a Destination Delivery Unit ("DDU") destination entry dropshipment at a specific DDU, the verification costs per piece incurred at the dropsite will be 10 times as large for the DDU dropshipment. If not confirmed, explain.

RESPONSE:

Not Confirmed. While verification does not require the individual handling of

each piece of mail, it is reasonable to assume that there will be some change in costs

relative to volume.

UPS/USPS-T25-58.

Refer to your response to interrogatory UPS/USPS-T25-22(f) and library reference USPS-LR-J-64, Attachment A, page 7, columns 12, 13 and 14. Provide a hard-copy print-out of library reference USPS-LR-J-67, Attachment F, as well as the specific pages of library reference USPS-LR-J-67, that show the derivation of the summary figures used in library reference USPS-LR-J-64, Attachment A, page 7.

RESPONSE:

Please see attached. The attached pages contain LR-J-67, Attachment E (pages

296 through 299 and 344 through 347) and Attachment F. The volume numbers are

found on Attachment E, Table 10 (pages 296 & 297) and Attachment E, Table 11

(pages 298 & 299). The cubic feet values are found on Attachment E, Table 34 (pages

344 & 345) and Attachment E, Table 35 (pages 346 & 347). The derivation is as

follows:

- Column 12: .597 = (Total cubic feet of machinable Parcel Post) / (Total volume of machinable Parcel Post)
 - = 180,765,672 / 302,674,713
- Column 13: 2.244 = [(Total cubic feet of nonmachinable Parcel Post Total cubic feet of oversize Parcel Post)] / [(Total volume of nonmachinable Parcel Post - Total volume of oversize Parcel Post)]
 - = (Total cubic feet of non-oversize nonmachinable Parcel Post) / (Total volume of non-oversize nonmachinable Parcel Post)

= (40,766,045 - 2,479,893) / (17,433,126 - 370,591)

Column 14: 6.69 = (Total cubic feet of oversize Parcel Post) / (Total volume of oversize Parcel Post)

= 2,479,893 / 370,591

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TABLE 10

SUMMARY OF FOURTH CLASS INPLATED PIECES DATA BY WEIGHT INCREMENTS FOR ALL MACHINABLE PARCELS GOVERNMENT FISCAL YEAR 2000 (10/1/99 - 9/30/00)

ADJUSTED FOR OPPICIAL PARCEL POST VOLUME LESS THEN FOLLOWING: (1) INTRA-BMC ZONE 5 PERMIT INDICIA PARCELS, VOLUME = 29,916 (2) ALASKA BYPASS, VOLUME= 1,923,307 (3) OPPICIAL MAIL ACCOUNTING SYSTEM, VOLUME= 2,106,045

METOUT		·							
INCREMENT	LOCAL	ZONES 1-2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	ZONE 7	ZONE 8	TOTAL
2	959,197	58.004.728	12.885.378	4.637.119	2.569.036	1,256,818	887.982	1.529.117	92.729.375
ī	453.470	50.915.919	9.512.395	3.108.563	1,455,446	641.028	469.478	876,772	67.453.091
i i	120.742	28.361.600	5.718.159	2.792.064	653.473	397.379	102,335	419,827	38,965,579
ξ	178.171	19,270 008	3,875,386	1,959,310	450.792	268.267	168.572	314,827	26.485.333
ž	124.670	13,259,407	2.701.230	1,162,051	197,750	177.292	104 840	226.822	17.954.062
2	88.836	9.576.967	1.968.391	817.972	193,169	R3.268	80.750	135.904	12.945.254
· 6	70,192	7,172 988	1,322,003	577.303	188,911	79,791	82.360	109.022	9,602.570
	34 502	4.468 879	993,195	482.195	155, 334	75,923	59.269	92,975	6.362.272
10	28.584	1, 106 599	664.772	402.057	175.078	86.386	18.773	72.756	4,755,005
11	23,779	2.837.183	557.714	308.102	184,961	89,736	32,821	79.316	4.113.812
10	20 150	2,705 007	505 561	253.347	163.079	105,183	31.088	60.106	3,934,611
12	7 341	1,822,527	241.712	212,201	88.747	85,355	61,129	49.655	2,588.683
13	7,313	1 335 041	373 359	155.585	112,215	86.403	28.092	38.307	1.946.124
15	7,444	1 170 709	226 117	122.082	98,170	64.356	33,782	37.065	1.764.970
10	3,030	0aa 707	174 257	128.207	105 758	60.170	28.550	42.649	1.624.154
17	43,30U 8 707	705 094	172 509	108.261	55 475	A1 221	21.504	53,020	1.255.877
17	· 4 ton	FOE 747	172,000	39.204	59.588	SR 242	23,490	26.441	941.088
10	1,374	407 054	128 740	61 105	56 516	20 702	21.961	22 646	834.566
17	2 265	174,037	102 961	44.221	48.652	37,309	13,450	25.081	770.261
20	2,400	501 052	61 AAQ	25 975	52 910	27.970	8.684	29.778	700.745
22	2,70/ E 137	ADE 044	51,377 60 977	48.979	43.079	24.083	32,328	31,317	681.748
22	5 431	108 701	44 400	46.490	84.822	24.000	13,203	40.430	568.567
23	6.740	226 075	89,101	39.709	35,966	28.938	16.238	26,123	469.510
27	2 204	724 152	35 819	20.441	17,129	18.469	5,420	35,332	369.548
25	2 220	740 370	57 518	23,591	13,103	22,124	37,501	23.484	427.920
9 . 27 ·	2 155	106 684	34 268	10,250	12, 121	8 497	11.319	12.494	217,998
	1 242	117 664	13 595	10,196	7.578	4.538	10.682	16,227	181.622
	1,112	126 797	6 879	22,150	10.742	17.914	4,101	17.474	209.160
10	5/115	116 831	25.761	20.734	8.908	9,629	1.477	15.453	199.345
31	402	67 234	39,950	2.463	13.484	5,835	8,934	20.423	153.015
22	5.124	77 017	24.207	15,136	6.962	9.738	1.279	21.887	161.480
11	71	84 763	8.669	22.508	17.626	6.853	6.010	7,105	153.608
	73	54 069	17 647	8.417	5 426	1,619	394	10.527	100.185
24	2.867	66 627	2.110	6.910	6 713	2.961	2.615	3.004	93,807
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UPS/USPS-T25-58

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TABLE 10

SUMMARY OF FOURTH CLASS INFLATED PIECES DATA BY WEIGHT INCREMENTS FOR ALL MACHINABLE PARCELS GOVERNMENT FISCAL YEAR 2000 (10/1/99 - 9/30/00)

ADJUSTED FOR OFFICIAL PARCEL POST VOLUME LESS THEN FOLLOWING: {1) INTRA-BMC ZONE 5 PERMIT INDICIA PARCELS, VOLUME = 29,916 (2) ALASKA BYPASS, VOLUME= 1,923,307 (3) OFFICIAL MAIL ACCOUNTING SYSTEM, VOLUME= 2,106,045

WEIGHT INCREMENT	LOCAL	ZONES 1-2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	ZONE 7	ZONE B	TOTAL
49	0	0	0	. 0	0	0	0	0	0
50	0	0	0	0	0	0	0	0	0
51	٤ 0	Ó	Ó	Ó	0	0	σ	0	' 0
52	2 0	Ō	Ō	0	0	0	0	0	0
53	Ō	Ō	0	0	0	0	0	0	0
54	D	Ō	Ó	Ó	0	0	0	0	0
55	Ō	0	0	0	0	0	0	0	0
56	0	0	0	0	0	0	0	0	0
57	Ō	0	0	0	0	0	0	0	0
58	Ó	0	0	0	0	0	0	0	0
59	Ō	Ó	0	0	0	0	0	0	0
60	Ō	0	0	0	0	. 0	0	0	. 0
61	0	0	0	0	0	0	0	Ó	0
62	Ó	0	0	0	0	0	0	0	0
63	Ó	0	0	0	0	0	0	0	. 0
64	0	0	0	0	0	0	0	0	0
65	0	0	· 0	0	0	0	0	0	0
66	0	0	0	0	0	• 0	0	· 0	0
67	0	0	b	0	0	0	0	0	0
68	G	0	0	0	0	0	0	0	Ó
69 ·	0	0	· 0	0	0	0	0	D	0
70	C	0	0	0	0	0	0	0	. 0
B	1,620	694,618	202,062	37,096	11,730	5,422	3,645	2,585	958,778
0	đ	· 0	0	0	0	0	0	• 0	0
		*********			**************************************		**************************************	######################################	103 674 713
0	2,417,735	221,031,678	42,363,259	17,751,923	/,=00,009	3,793,941	2,030,030	3,341,714	20510141173

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TABLE 11 SUMMARY OF FOURTH CLASS INFLATED PIECES DATA BY WEIGHT INCREMENTS FOR ALL NONMACHINABLE PARCELS GOVERNMENT FISCAL YEAR 2000 (10/1/99 - 9/30/00)

ADJUSTED FOR OFFICIAL PARCEL POST VOLUME LESS THEN FOLLOWING: (1) INTRA-BMC ZONE 5 PERMIT INDICIA PARCELS, VOLUME - 29,916 (2) ALASKA BYPASS, VOLUME- 1,923,307 (3) OFFICIAL MAIL ACCOUNTING SYSTEM, VOLUME- 2,106,045

INCREMENT	LOCAL	ZONES 1-2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	ZONE 7	ZONE 8	TOTAL
2	2.916	569,680	56,423	106,417	4,232	6,538	1,335	4,672	752,213
3	8.651	885,608	172,896	40,804	13,220	7,650	9,213	5,422	1,143,464
4	5,821	893,139	181,451	34,806	5,627	2,494	2,017	1,126	1,126,481
Š	1,904	797.651	205,194	23,513	12,078	• 491	4,373	11,645	1,056,849
č.	2.825	768.175	148,795	52,998	8,340	1,978	590	5,430	989,131
1	9.242	675.304	87.307	42,154	3,911	2,390	308	7,664	820,280
, g	2.259	508.042	77.764	32,164	2,803	4,531	507	4,133	632,203
ő	2.412	192.567	62.593	15.018	1.594	1,942	957	2,242 .	479,345
10	1.697	310.994	46.971	15.467	3.120	3,965	1,362	2,581	386,157
11	1,000	203 711	72 293	16.624	9,905	1.202	5 348	773	401,419
12	211	281 030	66.176	11.627	1.818	7,935	- 0	6,245	377 542
12	7 646	174 819	61, 176	4.376	2,016	2,616	184	1,326	252,378
13	7 207	01 115	42 720	8.998	5,859	2.448	686	1,280	155,503
10	404	290 626	SA 506	10 781	4.153	2.258	264	1.453	454,754
15	1 1 1 2 0	310 008	66 490	39 831	7.748	1.377	1.021	1.913	429,517
10	1 467	226,000	61.349	7.752	7.119	4.006	1.630	9,579	319,829
1/	1 053	206 215	ta 145	6.529	6.072	2,125	1.948	3,412	285,699
10	1,033	220.379	23,010	7.507	4.053	1,702	4,059	3,655	266,001
17	1,010	171 704	23,030	12 459	7.604	1.047	4.372	3 193	234,036
20	1 014	101,004	32,200	10 910	5 304	3,902	4 682	3 304	219.679
41	1,024	100 140	32,037	B 321	5 669	2,879	2,358	3.461	232,226
22		100,240	17, 179	8 377	9.025	1.648	3,429	8.655	270.031
23	232	210 603	43,330	4 776	1 446	2,625	1.968	4.771	281.261
24	904	220,070	12,175	1 544	4.606	3.311	4,053	4.201	121.365
25	604	107 200	12,037	12 102	6 106	4.912	3,897	3,936	253,938
26	1 405	173,300	47,014 EE 637	5 930	1 174	1, 305	2.383	1.869	169.254
81 27	17 130	31,014	22,547	5 777	5 651	2,855	2.661	11,994	203.432
28	13,120	110,074	21,035	6 093	4.054	1.481	1.483	4.620	136,928
NI 29	1,122	30,740	17 010	4 453	4 363	561	5.417	3,548	118,269
40 30	110	01,700	A 075	4 404	2 145	1.502	680	1.376	81,231
31	2 206	10,404	12 032	1,000	5 204	730	2.551	2.924	97.784
32	4,393	74,474 ·	13,032	1 050	1 4 2 9	866	6R4	2,881	82.512
33	572	24,490	2 042	£ 314	5 065	1.415	802	1,975	65.115
34	1,4/9	31,V43 53 376	10 330	4 700	5 017	2 720	200	1,110	85,779
35	U	33,273	10,449	1,700	3 1 7 9	1 740	4 546	7 608	170.999
36	251	00,137	20,317	7,004	3,125	1 890	2 028	9.365	79.658
37	90	49,226	9,038	2,8/5	3,340	1,870	5,020	0 297	81,708
38	486	43,115	13,541	4,641	2,303	1 611	1 103	6 495	146.662
39	71	115,023	12,440	3,365	7,034	1,511	2 204	1 912	55,303
40	306	32,308	10,995	3,797	3,300	1 660	2,304	2 799	47.631
41	778	26,433	8,151	2,239	2,103	1 337	1 813	1,120	85, 193
42	1,526	62,506	12,000	1,/98	2,910 2 07A	746	981	1.251	77.270
43	66	25,273	17,972	1,221	4,744	5 612	187	1.974	104,150
44	872	JY,907 70 107	33,386	1,403	3 564	1.362	1.069	2,769	90.622
45	0	70,787	5,090	0,982 1 aco	4,304	463	257	412	40.564
45	_0	20,311	0,774	1,000	2 0 2 2	1 702	210	1 501	51,901
47	81	36,879	5,8/4	1,614	2,003	1 204	517	870	11.069
48	1,729	22,512	01 ב, נ	301	2,900	114/4	211	010	

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UPS/USPS-T25-58

TABLE 11

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SUMMARY OF FOURTH CLASS INFLATED PIECES DATA BY WEIGHT INCREMENTS FOR ALL NONMACHINABLE PARCELS COVERNMENT FISCAL YEAR 2000 (10/1/99 - 9/30/00)

ADJUSTED FOR OFFICIAL PARCEL POST VOLUME LESS THEN FOLLOWING: [1] INTRA-BHC ZONE 5 PERMIT INDICIA PARCELS, VOLUME = 29,916 [2] ALASKA BYPASS, VOLUME= 1,923,307 [3] OFFICIAL MAIL ACCOUNTING SYSTEM, VOLUME= 2,106,045

WEIGHT	•								
INCREMENT	LOCAL	ZONES 1-2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	ZONB 7	ZONE B	TOTAL
49	852	14,216	403	647	2,480	589	788	946	20,921
50	227	28,876	3,530	106	386	2,091	199	620	36,035
51	0	39,918	11,191	387	1,198	108	348	2,849	^۱ 55,999
52	91	12,598	1,393	291	753	542	365	1,308	17, 342
53	91	27.322	7,486	2,456	1,232	206	961	1,004	40,758
54	268	13,816	174	153	4,477	199	1,479	879	21,465
55	Ó	9,247	3,555	634	1,369	486	124	1,263	16,678
56	2,655	2,740	521	179	279	417	٥	2,283	9,074
57	0	2,481	1,557	120	2,064	270	1,615	1,476	9,583
58	Ó	14,264	273	114	0	312	492	555	16,010
59	Ó	9,626	2,605	147	0	74	607	373	13,432
60	0	5,085	10,735	252	424	796	2,087	133	19,512
61	0	24,414	2,925	409	46	170	1,350	532	29,846
62	50	7,091	436	113	434	0	186	1,566	10,676
63	404	1,321	1,652	269	451	157	Û	240	4,494
64	3,574	4,637	121	50	1,639	305	134	525	10,985
65	33	943	257	0	0	731	, 0	210	, 2,174
66	0	1,167	, D	423	22	339	0	347	2,298
67	. 0	2,330	611	1,085	59	411	126	419	5,041
68	' 0	2,169	144	152	0	0	0	81	2,546
69	0	488	0	0	238	100	. 67	115	1,008
70	0	735	377	349	80	0	203	1,141	2,885
В	12,792	2,186,541	342,803	104,134	13,324	9,711	18,501	9,352	2,697,238
0	3, 392	266,913	65,008	27,026	2,141	655	1,068	. 4,488	370,591
				**********			wetsseathts.		
J	111,456	13,263,265	2,564,369	754,643	253,688	133,843	133,400	218,462	17,433,126

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TABLE 34

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SUMMARY OF FOURTH CLASS INFLATED CUBIC PEET DATA BY WEIGHT INCREMENTS FOR ALL MACHINABLE PARCELS GOVERNMENT FISCAL YEAR 2000 (10/1/99 - 9/30/00)

ADJUSTED FOR OFFICIAL PARCEL POST VOLUME LESS THEN FOLLOWING: (1) INTRA-BMC ZONE 5 PERMIT INDICIA PARCELS, VOLUME = 29,915 (2) ALASKA BYPASS, VOLUME= 1,923,307

(3) OFFICIAL MAIL ACCOUNTING SYSTEM, VOLUME= 2,106,045

WBIGHT						,			
INCREMENT	LOCAL	ZONES 1-2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	ZONE 7	ZONE 8	TOTAL
2	201,532	20,041,212	3,741,848	1,321,069	613,807	329,663	187,987	383, 539	26,820,657
3	159,666	20,625,323	3,730,618	1,229,589	568,524	230,602	145,777	302,018	26,992,117
4	126,278	16,121,404	3,219,821	1,501,999	320,427	203,543	152,101	204,068	21,849,641
5	86,411	12,993,177	2,652,177	1,286,295	310,143	185,534	79,560	180,668	17,773,965
6	88,369	10,676,645	2,291,900	865,416	153,797	120,909	81,714	156,073	14,434,823
· 7	66,759	8,606,955	1,804,794	655,509	171,597	64,414	83,836	108,894	11,562,758
8	67,251	7,302,493	1,309,492	552,017	171,923	70,848	79,081	95,215	9,648,320
9	30,688	4,807,508	1,071,924	505,567	190,049	71,769	53,832	72,862	6,804,199
10	29,144	3,994,062	771,921	450,990	161,518	112,080	21,637	82,377	5,623,729
11	27,146	3,548,918	724,015	339,216	170,863	65,201	43,151	85,716	5,004,226
12	24,606	3,310,585	610,B34	289,989	168,456	104,289	32,780	57,528	4,599,066
13	7,005	2,487,862	321,525	273,347	103,189	97,078	B4,106	55,052	3,429,164
14	10,644	1,634,914	403,312	235,576	139,260	89,920	24,537	53,569	2,591,732
15	2,673	1,808,453	330,055	107,639	115,626	84,561	46,235	42,999	2,618,241
16	26,061	1,611,984	347,277	183,752	137,041	81,187	35,933	66,395	2,489,630
17	10,356	1, 322, 215	288,853	155,926	69,210	66,937	29,311	70,824	2,013,632
18	5,320	1,070,462	179,336	54,163	104,240	86,811	28,038	42,158	1,570,520
19	9,542	B01,283	278,590	104,164	90,718	40,304	37,128	32,016	1,393,745
20	4,843	809,927	147,358	72,779	73,268	63,308	19,794	44,420	1,235,697
21	2,987	918,080	83,298	36,756	82,969	41,690	15,199	51,258	1,232,237
22	5,448	646,358	145,770	62,098	61,486	36,825	38,516	55,477	1,051,978
23	10,701	554,102	77,426	63,123	112,856	35,521	21,481	63,557	938,767
24	10,209	418,853	170,577	64,272	65,195	45,056	26,607	43,096	843,865
25	4 155	433,259	62,426	36,058	23,275	28,753	8,194	63,368	659,488
. 26	5 3 9 4	552,287	130,115	48,251	21,898	40,760	52,910	42,402	894,017
W 27	381	234,012	51,027	17,588	43,653	15,100	22,298	21,149	409,998
X 28	, 285	260,757	29,725	17,181	13,795	6,550	20,510	27,571	379,374
29	3,503	225,045	15,093	26,444	20,426	34,704	7,570	30,577	363,362
30	641	223,307	30,308	29,975	16,484	12,235	3,526	27,890	344,366
31	1,106	124,907	78,649	5,305	20,806	0,394	15,428	33,283	287,878
32	15,288	138,437	38,901	24,987	11,926	23,396	6,767	52,391	311,993
33	57	160,659	13,975	25,381	27,959	10,759	11,705	15,649	266,224
34	37	94,274	22,009	14,242	7,255	9,107	574	27,283	174,701
35	3,541	163,409	2,784	10,698	13,033	5,301	4,199	7,853	210,818
36	· 0	0	0 ·	O	0	0	0	0	. 0
37	0	. 0	0	0	0	0	0	0	0
30	0	. 0	0	0	0	0	0	0	0
39	0	0	0	0	Q	Q	0	C	0
40	0	0	0	0	0	0	Ø	0	D.
41	0	0	0	0	0	0	0	0	0
42	0	0	0	0	Q	0	0	0	0
43	0	0	. 0	0	0	0	0	0	0
44	0	0	0	0	0	0	0	0	σ
45	0	0	0	. 0	0	0	0	.0	0
46	0	0	0	D	0	0	0	0	. 0
47	Ø	0	0	0	0	0	0	0	0
48	0	0	0	0	Q	0	0	0	n

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UPS/USPS-T25-58

TABLE 34

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SUMMARY OF FOURTH CLASS INFLATED CUBIC FEET DATA BY WEIGHT INCREMENTS FOR ALL MACHINABLE PARCELS GOVERNMENT FISCAL YEAR 2000 (10/1/99 - 9/30/00)

ADJUSTED FOR OFFICIAL PARCEL POST VOLUME LESS THEN FOLLOWING: (1) INTRA-BMC ZONE 5 PERMIT INDICIA PARCELS, VOLUME = 29,916

(2) ALASKA BYPASS, VOLUME- 1,923,307

(3) OFFICIAL MAIL ACCOUNTING SYSTEM, VOLUME= 2,106,045

INCREMENT	LOCAL	ZONES 1-2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	ZONE 7	ZONE S	TOTAL
. 49	0	0	0	0	0	0	0	0	o
50	0	0	` O	0	. 0	0	0	Ô	· I 0
51	0	· σ	0	. 0	0	0	0	· · · ·	0
52	0	0	0	0	0	0	0	6	0
53	· 0	0	0	0	0	0	0	Û	Ó Ó
54	0	0	0	0	0	0	. 0	0	0
55	0	0	0	0	0	· 0	0	0	0
56	0	0	0	0	0	· 0	0	0	0
57	0	0	0	0	0	0	0	0	0
58	0	0	0	0	0	0	0	0	0
59	0	0	0	0	0	0	0	0	- 0
60	. 0	0	0	0	0	Ċ.	0	0	0
61	0	0	. 0	0	0	0	0	· 0	0
62	0	0	0	Û	0	0	0	0	0
63	0	0	. 0	0	0	0	0	· 0	0
54	0	0	0	0	0	0	0	0	0
65	0	0	- O	0	0	0	0	0	0
66	0	0	. 0	Ŭ	0	· 0	0	0	0
67	0	0	. 0	0	0	0	0	0	0
68	0	0	0	0	0	0	0	0	0
69	0	0	. 0	0	0	0	0	0	0
70	0	0	· 0	D	0	0	0	0	0
B	6,296	2,911,385	784,242	154,662	45,083	18,439	12,312	. 0,237	3,940,656
0	0	0	Û	0	0	0	0	0	0
5	1,061,323	131,634,513	25,962,775	10,902,023	4,421,655	2,541,547	1,534,404	2,707,432	180,765,672

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TABLE 35

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SUMMARY OF FOURTH CLASS INPLATED CUBIC FEET DATA BY WEIGHT INCREMENTS FOR ALL NOMACHINABLE PARCELS GOVERNMENT FISCAL YEAR 2000 (10/1/99 - 9/30/00)

ADJUSTED FOR OFFICIAL PARCEL POST VOLUME LESS THEN FOLLOWING: (1) INTRA-BMC ZONE 5 PERMIT INDICIA PARCELS, VOLUME = 29,916 (2) ALASKA BYPASS, VOLUME= 1,923,307 (3) OFFICIAL MAIL ACCOUNTING SYSTEM, VOLUME= 2,106,045

(3) OFFICIAL MAIL ACCOUNTING SISTEM, VOLUME= 2,108,045

WEIGHT									
INCREMENT	FOCAP	ZONES 1-2	ZONE 3	ZONE 4	ZONE 5	ZONE 6	ZONE 7	ZONE 8	TOTAL
2	3.049	342.289	51,492	32.720	2.249	1,970	475	1.452	435.696
3	11,264	B27.412	125.544	44,200	7,571	3.061	8,636	3.545	1,031,233
- A	1,281	975.307	128,990	29,915	7,846	2,468	2,089	1,349	1,149,245
Ś	1.421	1.267.995	252.972	24,709	20,731	521	4,622	6,913	1,579,884
6	3.731	1.132.084	205.249	55.464	12,166	3.885	731	4,369	1,417,679
7	11.494	975.217	142.847	69.899	9,491	5.497	296	11.570	1,226,311
Å	4,108	801.403	118.754	60,920	3,929	4,899	457	6,996	1,001,466
9	3.644	792.402	93, 762	25,105	2,815	1.906	817	2,878	923.329
10	1.675	623,494	82.508	11, 143	5,313	7.534	1.210	4 075	761.152
11	2,219	398,134	106.108	21 361	14.229	2 122	8.802	1.703	554.678
12	22 189	501 268	101 194	23 845	3,807	11,785	0	12, 149	6RD.236
12	7 052	397 140	153 024	A 712	4 177	5,697	464	2.612	578.898
14	5 447	207 755	46 875	15 758	10.676	4.418	1.601	2.537	315.037
16	1 675	1 039 105	124 668	20 924	11,183	6.264	696	4.566	1,219,911
16	2 666	£91 996	185 131	99 645	11.984	3,560	2.775	4, 372	1,002,465
17	1 746	657 610	174 352	26 770	27.028	10.809	7,856	26.477	.934.668
10	3,140	574 467	142 267	20,770	9,828	7.141	1,253	10 155	769.411
10	5 043	500 346	07 117	10 045	8 842	6 497	16.975	10.752	752 405
20	607	530,340 540 55h	103 227	40 205	27 546	2 184	11.141	10 299	744 759
20	1 4 2 1	613 300	105,427	10,807	14 661	11 447	12 800	9 034	794 266
21	4 200	EA7 778	42 128	11 679	11 914	0 765	11 107	10 601	670,150
22	4,209	£07 776	73,130	31,070	11,714	5 971	15 510	74 544	891.415
23	3 476	791 463	124 044	16 471	12 934	5,074	5 641	11, 117	963.056
27	2, 7/0	701,903	124,000	10,441	16 897	12 007	2 617	15 971	190 612
20	3,033	201,302	71,7/7	10,501	10 340	36,007	10 205	12 219	767 700
20	3,007	200,003	74,377	11,303	20,343 E 371	4 096	7 072	6 574	570 704
27	3,010	400 363	213,014	20,972	16 072	6 067	7 969	30 053	506 421
W 20	35,035	341 606	00,701	22,913	10,022	5 387	5 032	17 971	503.986
N 10	5,008	376 446	51 067	47 579	16 205	1 777	7 126	13 023	408.963
1 JU 11	5/4	158 787	16 700	16 774	7 490	5 116	2,293	4 323	210.027
32	1 601	700,204	10,775	1 1 24	9 9 9 7	2 104	8 175	12 652	285,697
32 .	205	160 787	12,233	1,137 t 075	5 370	2 926	2,286	9 086	295.060
33	2 603	108 017	11 663	3,073	6 556	4 719	2,928	7 191	189,596
- J9 35	2,203	210.517	51,005	19 319	16 959	6 010	1 286	1 227	111,712
33	950	193 038	00,37X 47 BC4	12 412	7 747	1 781	18,000	19 112	332,809
30	80	176 854	14 694	7 419	0 417	6 155	7.846	22 571	205.053
39	576	115 577	A1 553	10 223	8 437	6 453	22.746	34,954	240.470
30	71	217 600	44 201	6 749	20,059	A 677	3,695	13 627	330.677
40	156	85 877	21 207	7 159	9 459	1 020	6 553	6,823	140.399
41	1 781	81 844	16 376	0 347	5 904	3 531	6 120	B. 976	133.096
42	630	172 170	20,370	3.954	7 172	4.180	5,020	4, 450	228.898
43	267	140.522	40.609	5,542	A.533	2,896	1.988	3, 107	205,464
44	507	05 54C	90,003	7 478	1 952	11.772	594	5,419	213.636
45	530	156 857	17 761	10 915	0 583	3 249	2 721	11.575	215,859
44		91 17E	19 260	6 041	2,303 2 All	2 069	894	3 673	114 095
47	116	01,J2J 07 80A	15 776	4 721	1 899	5 817	812	11 250	140.298
4.9	2 244	56 603	7 660	700	5,000	4 506	775	1 117	A1 517
70	£,619	20,023	1,220	122	3,010	1,300		کار کر کر ک	01/247

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523'000 .260'LTO'TE 875,348 382,238 325,728 628'129 246'\$19'T ELE'098'S 510'994'01 ----120,583 Z01'[61'] 52'208 0 SPB'PT 521'281 206'L 16211 5,479,893 30' 936 B T'542'832 119,448,1 620'01 TT0'05 362, 159 TOEOE £09'589'6 90Z'0E 595'28 01 50E'T 866 3'180 0 25112 0 061 915'11 169'+ 69 9E¥ 1,203 0 0 1'175 0 3636 **T9** 344 89 τοτ 195 11363 ٥ 261'5 891 ٥ 0 0 252'5 ٥ 19 625'E 11431 11114 313 74'275 51773 585 11305 ٥ 99 **Σ**59'Τ 0 Z01'8 τ9 645 0 SPT'T 59 195 3' 640 61 0 E8E'9 ISE 0 941 2 0 79 128'5 L92'6 518 4 25T 06T 31.650 31016 454 256 £9 51313 135 ¥68'Z 11792 **Þ**65 12,046 019 0 TSL 29 6ES 699'T 23,700 80Z 915'T 915, 25 SIT'9 TTS 0 τοτ'ετ τ9 686'T 686'19 0 192'88 S16'T 676'9 E13 SL. 09 \$60'\$2 13' 344 0 986 896'25 659 810'6 E89'E ¥85'T 0 65 125'21 968'91 5'533 168 0 SLL 085'19 7'1e5 85 500 '6E 0 154 τ59 -8T8'T T#6 0 125111 SEB'T LS 211'442 819 LS6'E EL8'L 0 191'1 E95'SE 229'L 558'2 95 557 ¥EL'T £LL'TT LES 54 478 τ86'9 0 S6T'Z LL6 55 ٥ 516'6 12'420 178 676'12 09E'# 625 959'T זזז? 54'580 360 24 671'E 313 056'6 975 0ZZ E6+'T+ 31332 Z61'6E ETT εs 31010 195'6 5'646 961'65 991 611'1 863 25 5'186 SES'9E SZT T'500 1+11 195'T 199'1 T85'05 905'5 τs 245'11 108'541 0 88E 31423 219'491 67216 816 965 05 206'101 195 919 155'L 57L 125'5 156'1 120,283 **ΟΤΒ'**Τ 67 EBS'T L66'LE 808'2 £01'5 5'003 62E'T 998'25 875.4 6CS'T INCREMENT Z-T SENOZ NOON ► SNOZ E SNOZ S SNOZ **IATOT** 8 **BNOZ** L INOZ 9 ENOZ

> ADJUSTED FOR OFFICIAL PARCEL POST VOLUME LESS THEN FOLLOWING: (1) INTRA-BMC ZONE 5 PERMIT INDICIA PARCELS, VOLUME - 29,916 (2) ALASKA BYPASS, VOLUME- 1,923,307 (3) OFFICIAL MAIL ACCOUNTING SYSTEM, VOLUME- 2,106,045 (3) OFFICIAL MAIL ACCOUNTING SYSTEM, VOLUME- 2,106,045

> > GOVERNMENT FISCAL YEAR 2000 (10/1/99 - 9/30/00) BY WEIGHT INCREMENTS FOR ALL NOMACHINABLE PARCELS BY WEIGHT INCREMENTS FOR ALL NOMACHINABLE PARCELS

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ATTACHMENT F

GFY-2000 VOLUMES BY ORIG-DEST BMC COMBINATIONS FOR ZONE-RATED FARCEL POST -- INTER-BMC 09:06 Monday, August 27, 2001

		0			DEST_BMC				
	ASF 01	ASF 02	ASP 03	ASF 04	ASF 05	ASP 06	ASF 07	ASP 08	ASE 09
	EST_VOL	BST_VOL	EST_VOL	·EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL
	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUMB	VOLUMB	VOLUME	VOLUME
ORIG_BMC								• • • • •	
ASF 01	D	0	655	33694	2620	2180	18472	1095	1 0
ASF 02	0	0	46	825	2107	230	0	0	0
ASF 03	673	3075	0	28616	130	566	4268	0	0
ASF 04	6112	3934	3776	0	11777	211	12003	1419	0
ASF 05	1954	035	2760	44710	0	1559	9626	2858	0
ASF 06	1299	0	443	2176	2221	0	5238	18570	0
ASF 07	1436	: 195	0	1903	2277	0	0	469	173
ASF 08	6174	2952	444	262	1465	5469	635	0	0
ASP 09	0	0	0	0	685	0	1762	0	0
A5F 10	4139	4928	10456	6546	7257	141	899	271	29
ASF 11	666	0	902	13144	26481	0	1160	463	0
BMC 01	1290	6571	10665	13590	17627	459	13504	1468	2279
BMC 02	4653	5645	20744	7266	15040	67	43676	1623	1320
ВМС 03	337	18257	10524	17182	21838	4130	6570	1713	1490
BMC 04	5102	36409	\$2903	19703	16037	275	34595	1822(1217
BMC 05	2665	2074	2672	2787	15431	3035	13932	87761	1177
BMC 06	2876	18585	12260	17656	28397	1071	18421	\$791	10353
BMC 07	675	4973	\$5687	33056	17301	999	34668	1069	465
BMC 08 (2356	5509	8405	19526	12309	484 [26423	20749	6554
BMC 09	2095	29156	48541	56822	11941	1263	4975	1323	3386
BMC 10	2961	27126	3256	16509	6710	419	14385	1563/	2113
BMC 11	7071	10283	13988	96934	18648	3333	27652	.2884 j	5992

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GFY-2000 VOLUMES BY ORIG-DEST BMC COMBINATIOns FOR ZONE-RATED PARCEL POST -- INTER-BMC 2 09:06 Monday, August 27, 2001

]				DEST_BMC				
	ASF 01	ASF 02	ASF 03	ASF 04	ASF 05	ASP 06	ASF 07	ASF 08	ASP 09
	EST_VOL	BST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL
	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME
ORIG_BMC									
BMC 12	851	27747	4585	30235	23972	571	19111	1694	1 26781
BMC 13	3059	27190	39837	179821	49900	3563	28841	14663	5397
BMC 14	1223	6251	25726	12434	7874	1656	20446	1053	1796
BMC 15	3828	13419	6535	65755	30939	1799	12843	42285	1325
BMC 16	4'93	2927	2383	3007	20908	964	2077	796	104
BMC 17	254	7744	3020	15059	12298	64	12396	6554	2552
BMC 18	8045	26542	15578	72393	36321	16669	15215	3448	1693
BMC 19	20606	37583	65957	189186	73923	10907	47985	12042	4544
BMC 20	60300	20541	4210	58377	28326	755	57196	6656	0
BMC 21	11792	4017	75279	209747	89259	6620	15155	9564	1576
A11	164985	354468	448550	1268921	602009	69459	523129	251666	82316

(Continued)

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GFY-2000 VOLUMES BY ORIG-DEST BMC COMBINATIONS FOR ZONE-RATED PARCEL POST -- INTER-BMC 09:06 Monday, August 27, 2001

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ASF 10 ASF 11 BHC 01 BHC 02 BHC 03 BHC 04 BHC 05 BHC 05<			· · · · · · · · · · · · · · · · · · ·							
ASF 10 ASF 11 BMC 01 BMC 02 BMC 03 BMC 04 BMC 05 BMC 05 BMC 05 BMC 07 EST_VOL		1				DEST_BMC				
BET_VOL BST_VOL BST_VOL BST_VOL BST_VOL EST_VOL EST_VOL <t< th=""><th></th><th>ASF 10</th><th>ASF 11</th><th>BMC 01</th><th>BMC 02</th><th> BMC 03</th><th>BMC 04</th><th>BMC 05</th><th> BMC 06</th><th>BMC 07</th></t<>		ASF 10	ASF 11	BMC 01	BMC 02	BMC 03	BMC 04	BMC 05	BMC 06	BMC 07
VOLLME VOLME V	×	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL
NLG_BWC 0 294 1466 2603 1766 4730 5388 1158 1162 SF 01 0 0 2837 737 0 7247 392 0 944 SF 02 0 0 2837 737 0 7247 392 0 944 SF 03 0 8636 100659 18525 5127 102378 15523 2336 3766 SF 04 2427 7275 20229 211 12994 20425 5755 541 569 P 05 3474 36225 5935 7491 6479 22632 26109 26498 2069 P 07 6315 1412 3935 4436 470 8519 13100 554 525 P 07 0106 3043 242 7470 1315 46651 564 746 F 09 313 0 0 1868 984 2012 69263 3465 1965 11 10 0 901 13704 11		VOLUME	VOLUME	VOLUMB	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME
SF 01 0 294 1406 2603 1766 4730 5386 1158 1162 SF 02 0 0 2837 737 0 7247 392 0 944 SF 03 0 8436 10869 18525 5127 102378 15523 2336 3766 SF 04 2427 7275 20229 211 1294 20425 5755 541 563 SF 04 2427 7275 20229 211 1294 20425 5755 541 565 SF 05 3474 36225 5935 7491 6479 22632 26109 26498 30694 SF 06 0 1209 661 642 39125 6480 20100 1521 698 SF 06 0 106 3043 242 7470 1315 46651 504 746 SF 08 0 106 0 14370 11231 10301 15020 1162 90608 51514 SF 08 0 31	ORIG_BMC					[
SP 02 0 0 2837 737 0 7247 392 0 944 SP 03 0 8636 10869 18525 5127 102978 15523 2336 3766 SP 04 2427 7275 20229 211 12994 20425 5755 541 566 SP 05 3474 36225 5935 7491 6479 22632 26109 26498 b0694 SP 06 0 1209 661 642 39125 6480 20100 1521 698 SP 07 6315 1412 1995 4436 470 8519 13130 524 929 SP 08 0 106 3043 242 7470 1315 46651 504 746 SP 09 313 0 0 188 0 947 1403 9226 0 SP 10 0 901 13704 11231 10001 15020 1162 90608 51514 SP 01 0 3326 75966	ASF 01	0	294	1406	2603	1766	4730	5388	1150	1 1626
SP 03 0 8636 10869 18525 5127 102978 15523 2336 3766 SP 04 2427 7275 20229 211 12994 20425 5755 541 565 SP 05 3474 36225 5935 7491 6479 22632 26109 26498 30694 SP 06 0 1209 661 642 39125 6480 20100 1521 698 SP 07 6315 1412 1935 4436 470 8519 1310 524 923 SP 08 0 1066 3043 242 7470 1315 46651 504 7466 SP 09 313 0 0 188 0 947 1403 9206 0 SP 10 0 901 13704 11231 10100 15020 1162 90608 51514 SP 01 0 0 688 984 2012 69263 3465 1965 11 SC 02 13320 9603 <td< td=""><td>ASF 02</td><td> 0</td><td>0</td><td>2837</td><td>737</td><td>0</td><td>7247</td><td>392</td><td>0</td><td>948</td></td<>	ASF 02	0	0	2837	737	0	7247	392	0	948
SF 04 2427 7275 20229 211 12994 20425 5755 541 565 SP 05 3474 36225 5935 7491 6479 22632 26109 26498 10694 SP 06 0 1209 661 642 39125 6480 20100 1521 698 SP 07 63135 1412 1935 4436 470 8519 13130 524 923 SF 08 0 106 3043 242 7470 1315 46651 504 746 SF 09 313 0 0 188 0 947 1403 9206 0 SF 10 0 901 13704 11231 10301 15020 1162 90608 51514 SF 11 0 0 688 964 2012 69263 3465 1965 11 SC 01 2322 1083 0 33326 75968 <td< td=""><td>ASP 03</td><td> 0</td><td>8636</td><td>10869</td><td>18525</td><td>5127</td><td>102978</td><td>15523</td><td>2336</td><td>3768</td></td<>	ASP 03	0	8636	10869	18525	5127	102978	15523	2336	3768
BP 05 3474 36225 5935 7491 6479 22632 26109 26498 b0694 BP 06 0 1209 661 642 39125 6480 20100 1521 699 BP 07 6315 2412 1995 4436 470 8519 13130 524 923 SF 08 0 106 3043 242 7470 1315 46651 504 746 SF 08 0 106 3043 242 7470 1315 46651 504 746 SF 08 0 901 13704 11231 10301 15020 1622 90608 51514 SF 10 0 901 13704 11231 10301 15020 1622 90608 51514 SF 11 0 0 688 944 2012 69263 3465 1965 311 SC 02 13320 9603 17534 0 32921 218113 10540 24605 53766 SC 03 9645 6682 </td <td>ASF 04</td> <td>2427</td> <td>7275</td> <td>20229</td> <td>211</td> <td>12994</td> <td>20425</td> <td>5755</td> <td>541</td> <td>569</td>	ASF 04	2427	7275	20229	211	12994	20425	5755	541	569
SP 06 0 1209 661 642 39125 6480 20100 1521 698 SP 07 6315 1412 1935 4436 470 8519 13130 524 925 SP 08 0 106 3043 242 7470 1315 46651 504 746 SP 09 313 0 0 188 0 9477 1403 9206 0 SP 0 0 901 13704 11231 10301 15020 1162 90608 51514 SP 10 0 0 6688 984 2012 69263 3465 1965 11 C01 232 1083 0 33326 75968 67129 55936 32117 38145 C02 13320 9603 17534 0 32921 218113 10540 24605 53786 C03 9645 6682 78645 21955 0 62488 71857 29428 42154	ASF 05	3474	36225	5935	7491	6479	22632	26109	26498	10694
SP 07 6315 1412 1915 4436 470 8519 13130 524 923 SF 08 0 106 3043 242 7470 1315 46651 504 746 SF 08 0 313 0 0 168 0 947 1403 9206 0 SF 09 313 0 0 13704 11231 10301 15020 1162 90608 51514 SF 10 0 901 13704 11231 10301 15020 1162 90608 51514 SF 11 0 0 688 984 2012 69263 3465 1965 11 SC 01 2322 1083 0 33326 75968 67129 55936 32117 38145 SC 02 13320 9603 17534 0 32921 218113 10540 24605 53766 SC 03 9645 8682 78645 21955 0 62488 71857 29420 42154 SC 04 <	ASP 06	0	1209	661	642	39125	6480	20100	1521	698
SF 0B 0 106 3043 242 7470 1315 46651 504 7466 SF 09 1313 0 0 188 0 947 1403 9206 0 SF 10 0 901 13704 11231 10301 15020 1162 90608 51514 SF 11 0 0 688 984 2012 69263 3465 1965 11 NC 01 232 1083 0 33326 75968 67129 55936 32117 38145 NC 02 13320 9603 17534 0 32921 218113 10540 24605 53766 NC 03 9645 8682 78645 21955 0 62488 71857 29428 42154 NC 04 20352 106489 23484 133945 52981 0 32937 70462 85272 NC 05 10959 2074 112940 6495 128586 77455 0 34324 43242 NC 05 10959 <	ASP 07	6315	1412	1935	4436	470	8519	13130	524	929
SP 09 313 0 0 188 0 947 1403 9206 0 SF 10 0 901 13704 11231 10301 15020 1162 90608 51514 SF 11 0 0 688 984 2012 69263 3465 1965 11 SF 11 0 0 688 984 2012 69263 3465 1965 11 SC 01 232 1083 0 3326 75968 67129 55936 32117 38145 SC 02 13320 9603 17534 0 32921 218113 10540 24605 53786 SC 03 9645 6652 78645 21955 0 62488 71857 29428 42154 SC 04 20352 106489 23484 133945 52981 0 32937 70462 85272 SC 05 10959 2074 112940 6495 128588 77455 0 34324 43242 SC 06 62598 661	ASF OB	0	106	3043	242	7470	1315	46651	504	746
R 10 0 901 13704 11231 10301 15020 1162 90608 51514 SF 11 0 0 688 984 2012 69263 3465 1965 11 SF 11 0 0 688 984 2012 69263 3465 1965 11 SF 11 0 0 33326 75968 67129 55936 32117 38145 SC 02 13320 9603 17534 0 32921 218113 10540 24605 53766 SC 02 9645 8682 78645 21955 0 62488 71857 29428 42154 SC 03 9645 8682 78645 21955 0 62488 71857 29428 42154 SC 04 20352 106489 23484 133945 52981 0 32937 70462 85272 SC 05 10959 2074 112940 6495 128588 77455 0 34324 43242 C 06 62598 6615 <td>ASF 09</td> <td>(313)</td> <td> 0</td> <td>.0</td> <td>168</td> <td>0</td> <td>947</td> <td>1403</td> <td>9206</td> <td>0</td>	ASF 09	(313)	0	.0	168	0	947	1403	9206	0
3F 11 0 0 688 994 2012 69263 3465 1965 11 NC 01 232 1083 0 33326 75968 67129 55936 32117 38145 NC 02 13320 9603 17534 0 32921 218113 10540 24605 53786 NC 03 9645 8682 78645 21955 0 62488 71857 29428 42154 NC 04 20352 106489 23484 133945 52981 0 32937 70462 85272 NC 05 10959 2074 112940 6495 128586 77455 0 34324 43242 NC 05 10959 2074 112940 6495 128586 77455 0 34324 43242 NC 06 62598 6615 46070 33281 21233 150931 43441 0 241118 NC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 NC 08	ASF 10	0	901	13704	11231	10301	15020	1162	90608	51514
NC 01 232 1083 0 33326 75968 67129 55936 32117 38145 NC 02 13320 9603 17534 0 32921 218113 10540 24605 53786 NC 03 9645 8682 78645 21955 0 62488 71857 29428 42154 NC 04 20352 106489 23484 133945 52981 0 32937 70462 85272 NC 05 10959 2074 112940 6495 128588 77455 0 34324 43242 NC 05 62598 6615 46070 33281 21233 150931 43441 0 241118 NC 06 62598 6615 46070 33281 21233 150936 53242 328408 0 NC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 NC 08 51696 14670 26199 25427 9111 71483 34596 352336 185657	ASF 11	0	0	688	984	2012	69263	3465	1965	11
RC 02 13320 9603 17534 0 32921 218113 10540 24605 53786 RC 03 9645 8682 78645 21955 0 62488 71857 29428 42154 RC 04 20352 106489 23484 133945 52981 0 32937 70462 85272 RC 05 10959 2074 112940 6495 128586 77455 0 34324 43242 RC 06 62598 6615 46070 33281 21233 150931 43441 0 241118 RC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 RC 08 51696 14670 26199 25427 9111 71403 34596 352336 105657 RC 09 43513 5518 28374 43366 29698 193032 45517 293133 369324 RC 10 32283 8370 22159 118491 14145 78181 21372 59896 245719	BMC 01	232	1083	0	33326	75968	67129	55936	32117	38145
KC 03 9645 8682 78645 21955 0 62488 71857 29428 42154 KC 04 20352 106489 23484 133945 52981 0 32937 70462 85272 KC 05 10959 2074 112940 6495 128588 77455 0 34324 43242 KC 06 62598 6615 46070 33281 21233 150931 43441 0 241118 KC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 KC 08 51696 14670 26199 25427 9111 71493 34596 352336 185657 KC 09 43513 5516 28374 43366 29698 193032 45517 293133 369324 KC 10 32283 8370 22159 118491 14145 78181 21372 59896 245719 KC 11 70063 10246 106424 68125 81541 144390 215903 80095 80896	BMC 02	13320	9603	17534	0	32921	218113	10540	24605	53786
NC 04 20352 106489 23484 133945 52981 0 32937 70462 85272 NC 05 10959 2074 112940 6495 128588 77455 0 34324 43242 NC 06 62598 6615 46070 33281 21233 150931 43441 0 241118 NC 06 62598 6615 46070 33281 21233 150936 53242 328408 0 NC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 NC 08 51696 14670 26199 25427 9111 71483 34596 352336 185657 NC 09 43513 5518 28374 43366 29698 193032 45517 293133 369324 NC 10 32283 8370 22159 118491 14145 78181 21372 59896 245719 NC 11 70063 10246 106424 68125 81541 144390 215903 80095 80	BMC 03	9645	8682	78645	21955	0	62488	71857	29428	42154
IC 05 10959 2074 112940 6495 128588 77455 0 34324 43242 IC 06 62598 6615 46070 33281 21233 150931 43441 0 241118 IC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 IC 08 51696 14670 26199 25427 9111 71483 34596 352336 185657 IC 09 43513 5518 28374 43366 29698 193032 45517 293133 369324 IC 10 32283 8370 22159 118491 14145 78181 21372 59896 245719 IC 11 70063 10246 106424 68125 81541 144390 215903 80095 80896	BMC 04	20352	106489	23484	133945	52981	0	32937	70462	85272
C 06 62598 6615 46070 33281 21233 150931 43441 0 241118 IC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 IC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 IC 08 51696 14670 26199 25427 9111 71483 34596 352336 185657 IC 09 43513 5518 28374 43366 29698 193032 45517 293133 369324 IC 10 32283 8370 22159 118491 14145 78181 21372 59896 245719 IC 11 70063 10246 106424 68125 81541 144390 215903 80095 80896	BMC 05	10959	2074	112940	6495	128588	77455	0	34324	43242
IC 07 45331 9114 87882 99331 34002 150936 53242 328408 0 IC 08 51696 14670 26199 25427 9111 71483 34596 352336 185657 IC 09 43513 5518 28374 43366 29698 193032 45517 293133 369324 IC 10 32283 8370 22159 118491 14145 78181 21372 59896 245719 IC 11 70063 10246 106424 68125 81541 144390 215903 80095 80896	BMC 06	62598	6615	46070	33281	21233	150931	43441	0	241118
C 08 51696 14670 26199 25427 9111 71483 34596 352336 185657 IC 09 43513 5518 28374 43366 29698 193032 45517 293133 369324 IC 10 32283 8370 22159 118491 14145 78181 21372 59896 245719 IC 11 70063 10246 106424 68125 81541 144390 215903 80095 80896	BMC 07	45331	9114	87882	99331	34002	150936	53242	328408	0
C 09 43513 5516 28374 43366 29698 193032 45517 293133 369324 IC 10 32283 8370 22159 118491 14145 78181 21372 59896 245719 IC 11 70063 10246 106424 68125 81541 144390 215903 80095 80896	BMC 08	51696	14670	26199	25427	9111	71483	34596	352336	185657
C 10 32283 8370 22159 118491 14145 78181 21372 59896 245719 C 11 70063 10246 106424 68125 81541 144390 215903 80095 80896	BMC 09	43513	5518	28374	43366	29698	193032	45517	293133	369324
C 11 70063 10246 106424 68125 81541 144390 215903 80095 80896	BMC 10	32283	8370	22159	118491	14145	78181	21372	59896	245719
	BMC 11	70063	10246	106424	68125	81541	144390	215903	80095	80896

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GFY-2000 VOLUMES BY ORIG-DEST BMC COMBINATIONS FOR ZONE-RATED PARCEL POST -- INTER-BMC 4 09:06 Monday, August 27, 2001

		•••••••			DEST_BMC			••••	
-	ASP 10	ASF 11	BMC 01	BMC 02	BMC 03	BMC 04	BMC 05	BMC 06	BMC 07
	BST_VOL	EST_VOL	EST_VOL	BST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL
	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME
ORIG_BMC									
BMC 12	29014	5112	30393	58167	27485	85723	45053	69284	108873
BMC 13	60006	19983	226771	171927	119681	229793	106463	265012	218607
BMC 14	4134	3864	94306	36592	66996	104878	45956	19021	13292
BMC 15	8844	4399	17378	15925	19895	76201	40882	40149	50043
BMC 16	17947	5098	9451	58333	17409	42007	74062	59001	66021
BMC 17	111769	20080	41639	20204	30531	67583	55537	315242	177731
BMC 18	3483	40854	41470	18846	30176	62247	53910	56834	32728
BMC 19	68119	71680	23391	28083	44294	124577	67163	37964	73498
BMC 20	1427	3016	38306	16547	9300	37485	21037	11229	16776
BMC 21	75649	65438	39100	18951	9118	34824	28956	171486	88982
A11	752913	478046	1173223	1074607	940817	2339012	1263438	2484887	2303367

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GFY-2000 VOLUMES BY ORIG-DEST BMC COMBINATIONS FOR ZONE-RATED PARCEL POST -- INTER-BMC 5 09:06 Monday, August 27, 2001

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	BMC 08	BMC 09	BMC 10	BMC 11	BMC 12	BMC 13	BMC 14	BMC 15	BMC 16
	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL	EST_VOL
	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME	VOLUME
ORIG : #C									
ASF 01	3533	2035	-1380	914	3557	464	102	5586	1 363
ASF 02	3062	576	. 0	1199	3078	5173	965	6231	C
ASF 0]	6837	3140	20392	8974	6343	10056	24762	2652	1618
ASF 04	11639	8355	518	29904	4514	8247	27007	2006B	2487
ASF 05	20900	23093	4637	5924	10832	21339	2781	15717	6475
ASP 06	3935	5716	1709	36584	4457	4359	2889	3702	1073
ASF 07	1359	5235	16034	۵	410	5889	7167	4623	5639
ASF 08	586	1437	18486	2295	7152	899	2152	841	2234
ASF 09	20174	4533	1135	3450	18269	101	0	850	54825
ASF 10	121448	50762	14343	36192	37318	43576	9824	14075	12681
ASF 11	7153	17082	302	9428	6318	2590	1581	2618	1719
BMC 01	57119	50155	24498	287795	77417	113289	63267	26916	35014
BMC 02	52030	21856	78749	88746	90474	70056	32494	19965	58872
BMC 03	24830	36256	11988	156899	25099	52417	73754	11116	18031
BMC 04	84640	100308	69408	48250	75783	67120	93362	50556	19312
BMC 05	55760	27664	27992	423065	28224	76993	31246	24955	134577
BMC 06	137075B	812228	60151	157332	55988	193376	30550	41383	96078
BMC 07	399967	405255	220026	, 133487	306198	181396	45775	58426	91891
BMC 08	0]	200173	49617	40591	158017	80518	36073	30016	30912
BMC 09	595458	0	89836	161512	143403	134614	13170	45529	67831
BMC 10	61069	128150	10	135503	255588	123617	11111	59523	49394
BMC 11	131396	94427	109636	0	69469	267632	102680	34574	218404

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........ GFY-2000 VOLUMES BY ORIG-DEST BMC COMBINATIONS FOR ZONE-RATED PARCEL POST -- INTER-BMC 09:06 Monday, August 27, 2001

	-	-			DEST_BMC				
	BMC 08	BMC 09	BMC 10	BMC 11	BMC 12	BMC 13	BMC 14	BMC 15	BMC 16
•	EST VOL	EST VOL	EST_VOL	EST VOL	BST_VOL	EST VOL	EST_VOL	EST VOL	EST_VOL
	NOLUME	NOLUME	VOLUME	VOLUME	VOLUMB	VOLUME	NOLUME	NOLUME	VOLUME
ORIGBMC									
BMC 12	222125	84465	179470	112662	0	82083	46730	15542	1 75709
BMC 13	1 343927	278694	142728	341650	117529	0	114942	76538	397500
BHC 1/	30604	34399	13248	89049	29462	35727	0	16091	27619
BMC 15	49816	40178	56076	25636	56208	25679	12853	0	27982
	69026	58644	42586	114265	51765	137933	16278	10862	0
	615406	222700	66175	78697	107255	100208	14540	28002	51192
	31338	65333	10725	144TEE	34868	27978	73366	22571	32866
BMC 19	109531	45789	52278	15089	16065	16509	51475	226774	48438
8946 20	1 47482	15360	10044	55307	9257	48536	26447	10699	3276
RMC 21	211684	260849	28099	104736	67693	189893	12408	16095	55415
	1 4808862	3104875	1452266	2798309	1967036	2158447	1015084	991698	1630426

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GFY-2000 VOLUMES BY ORIG-DEST BMC COMBINATIONS FOR ZONE-RATED PARCEL POST -- INTER-BMC 7 09:06 Monday, August 27, 2001

•••••••••••••••••••••••••••••••			DEST_BHC			******
	BMC 17	BMC 18	BMC 19	BMC 20	BMC 21	A11
(EST_VOL	EST_VOL	EST_VOL	EST_VOL	est_vol	EST_VOL
·	VOLUME	VOLUME	VOLUME	VOLUME	VOLUMB	volume
ORIG_BMC						
ASF 01	237	9597	2362	35040	0	142857
ASF 02	4304	899	10793	3890	378	55917
ASF 03	3705	11602	13943	4696	12990	336690
ASF D4	3000	10827	24704)765B	11121	309707
ASF 05	24435	22334	81939	9766	17633	477644
ASF 06	4493	3156	2072	726	4079	179333
ASF 07	3210	594	25087	56121	2713	178204
ASF 08	7445	2567	2587	602	6509	133270
AST 09	6780	0	3020	6072	2193	135986
ASF 10	133553	5797	19641	8544	59117	796178
ASF 11	270	12347	12743	11728	4213	211296
BMC 01	28042	27202	38914	12746	51547	1266110
BMC 02	41270	B695	54686	27019	39210	1154578
BMC 03	21592	39164	45974	27756	67873	1019644
BMC 04	52852	34522	143737	45122	53400	1632357
BMC 05	60241	24694	25712	42478	B1439	1612651
BMC 06	475084	16660	93619	30550	376047	4530509
BMC 07	184960	27870	88626	91292	286434	3478742
5MC 08	407421	16945	106099	24086	139491	2193449
вмс оя	212075	12795	92472	64755	162688	2963428
BMC 10	35488	7538	48606	22356	141380	1788522
8MC 11	174600	23709	177758	63592	164134	2676479

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GFY-2000 VOLUMES BY ORIG-DEST BMC COMBINATIONS FOR ZONE-RATED PARCEL POST -- INTER-BMC 09:06 Monday, August 27, 2001

	1		DEST_BMC			1
	BMC 17	BMC 18	BMC 19	BMC 20	BMC 21	A11
	EST_VOL	EST_VOL	est_vol	EST_VOL	EST_VOL	EST_VOL
	VOLUME	VOLUME	VOLUMB	VOLUME	VOLUMB	VOLUME
ORIG_BMC	1	1				1
BMC 12	130203	18754	86307	44887	87208	179087
BMC 13	1 151930	62799	143748	136084	451870	453045
BMC 14	31971	34935	25802	46925	33518	91684
BMC 15	38562	14904	424262	162145	31614	1418359
BMC 16	36887	7794	30672	31659	140811	112717
BMC 17	0	13811	64899	44153	84458	239174
BMC 18	48004	0	43462	26574	46635	1033240
BMC 19	85735	32790	0	165023	57253	214154
BMC 20	41863	13029	85849	0	29972	877227
BMC 21	99787	11735	23868	21989	0	2089784
A11	2550079	530073	2043983	1306034	2647818	45580803

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1	ASP 01	208,648	0.69	
2	ASF 02	178,755	0.59	
3	ASP 03	204,767	0,68	
4	ASF 04	365,951	1.21	
5	ASE 05	337,152	1.11	
6	ASF 06	130,053	0.43	
7	ASF 07	423,198	1.40	
8	ASF 08	411,242	1.36	
9	ASP 09	11,857	0.04	
10	ASF 10	391,329	1.29	
11	ASF 11	170,561	0.56	
12	BMC 01	343,350	1.13	
13	BMC 02	809,131	2.67	
14	BMC 03	836,488	2.76	
15	BMC 04	3,463,363	11.45	
16	BMC 05	1,190,835	3.94	
17	BHC 06	1,152,047	3.81	
18	BMC D7	1,454,036	4.81	
19	BMC 08	1,710,122	5,65	
20	BMC 09	1,082,095	3.58	
21	BMC 10	891,816 -	2.95	
22	BMC 11	1,375,805	4.55	
23	BMC 12	1,005,372	5.97	
24	BMC 13	1,266,834	4.19	
25	BMC 14	703,578	2.33	
26	BMC 15	724,026	2.39	
27	BMC 16	713,94B	2,36	

GFY-2000 INTRA-BMC ZONE-RATE PARCEL POST VOLUMES BY BMC/ASF

Obs

No. 1

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BMC/ASF

GFY-00 Volume PERCENT TOTAL VOLUME 09:06 Monday, August 27, 2001 9

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UPS/USPS-T25-58

GFY-2000 INTRA-BMC ZONE-RATE PARCEL POST VOLUMES BY BMC/ASF

09:06 Monday, August 27, 2001 10

Obs	BMC/ASF	GFY-00 Volume	PERCENT TOTAL VOLUME
28	BMC 17	2,437,187	8.06
29	BMC 18	386,043	1.20
30	BMC 19	1,692,988	5.60
31	BMC 20	2,238,415	7.40
32	BMC 21	1,142,137	3.78
33	ALL	30,253,129	100.00

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UPS/USPS-T25-58

GFY-2000 DEST-BMC ZONE-RATE PARCEL POST VOLUMES BY BMC/ASF

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09:06 Monday, August 27, 2001 11

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	Obs	BMC/ASF	GFY-00 Volume	PERCENT TOTAL VOLUME
•	1	ASF 01	394,117	0.20
	2	ASF 03	1,247,684	0.62
	:3	ASP 04	3,267,990	1.62
	. 4 -	ASF 05	2,187,485	1.09
	5	ASP 06	168,382	0.08
	6	ASP 08	776,566	0.39
	7	ASF 10	3,025,473	1.50
	8	ASF 11	1,050,519	0.52
	9	BMC 01	5,019,757	2.49
	10	BMC 02	5,459,647	2.71
	11	BMC 03	2,891,608	1.44
	12	BMC 04	12,402,829	6.16
	13	BMC 05	6,306,435	3.13
	14	BMC 06	10,498,208	5.21
	15	BMC 07	7,663,382	3.81
	16	BMC 08	23,207,623	11.53
	17 -	BHC - 09	10,008,382	4.97
	18	BMC 10	8,041,154	3.99
	19	BMC 11	10,750,207	5.34
	20	BMC 12	12,173,226	6.05
	21	BMC 13	9,136,888	4.54
	22	BMC 14	4,755,592	2.36
	23	BMC 15	5,004,452	2.49
	24	BMC 16	11,081,542	5.50
	25	BMC 17	15,194,505	7.55
	26	BMC 18	2,233,510	1.11
	27	BMC 19	10,376,414	5.15

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UPS/USPS-T25-58

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GPY-2000 DEST-BMC ZONE-RATE PARCEL POST VOLUMES BY BMC/ASF

Obs	BMC/ASP	GFY-00 Volumb	PERCENT TOTAL VOLUME
28	BMC 20	5,051,932	2.51
29	BMC 21	11,964,354	5,94
30	ALL	201339863	100.00

09:06 Monday, August 27, 2001 12

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UPS/USPS-T25-58

UPS/USPS-T25-59.

Refer to your response to interrogatory UPS/USPS-T25-15.

- (a) Describe what specific MODS operation or cost pool was used to derive the productivity of the NMO Distribution at Sectional Center Facilities ("SCFs").
- (b) Explain why it is appropriate to apply the productivity of this MODS operation or cost pool to be the productivity of the NMO distribution at SCFs.

RESPONSE:

(a). It is my understanding that the productivity is from the MODS costpool

MODS ManP.

(b). It is my understanding that the majority of sorting that occurs in the MODS

costpool ManP is the sortation of nonmachinable and nonmachinable oversize parcels.

UPS/USPS-T25-60. Refer to your response to interrogatory UPS/USPS-T25-5(f)

- (a) Explain what the term "secondary" means when referring to "secondary operations."
- (b) With respect to the MODS "LD43" pool, why would "platform work involving unloading truck from BMC or plant" not be a MODS "1PLATERM" pool cost?
- (c) With respect to the MODS "LD43" pool, why would platform work involving "getting mail to incoming secondary operations" not be a MODS "1PLATFRM" pool cost?

RESPONSE:

(a). It is my understanding that the term "secondary operation" refers to a

specific sort level. It is further my understanding that incoming secondary sort for

parcels at a MODS facility would be sorting parcels to 5-digits.

(b). I do not have any additional information beyond what I provided in

UPS/USPS-T25-5.

(c). I do not have any additional information beyond what I provided in

UPS/USPS-T25-5.

UPS/USPS-T25-61.

Refer to your response to interrogatory UPS/USPS-T25-5(f). With respect to the Non-MODS "ALLIED" pool, why would "manual distribution of parcels or NMOs to carrier route or in some cases to 5-digit zone" not be a Non-MODS "MANP" cost?

RESPONSE:

I do not have any additional information beyond what I provided in response to

UPS/USPS-T25-5(f).

UPS/USPS-T25-62.

Refer to your response to interrogatory UPS/USPS-T25-5(f). With respect to the Non-MODS "MANP" pool, why would there be manual distribution of parcels "in some cases to 5-digit zone"?

RESPONSE:

I do not have any additional information beyond what I provided in response to

UPS/USPS-T25-5(f).

UPS/USPS-T25-63.

Refer to your response to interrogatory UPS/USPS-T25-5(f). With respect to the MODS "1POUCHING" pool, why is there "manual distribution of sacks and parcels to rolling stock by 5-digit or zone, possibly using conveyor belts," taking place at MODS facilities for Parcel Post?

RESPONSE:

It is my understanding that this could refer to irregular shaped parcels and

nonmachinable outsides being sorted to 5-digits. I do not have any other information

beyond this and the response to UPS/USPS-T25-5(f).

UPS/USPS-T25-64.

Refer to your response to interrogatory UPS/USPS-T25-5(f). With respect to the MODS "1SACK_H" pool, why is there "manual distribution of sacks (of parcels) to 5-digit or zone, possibly using conveyor belts," taking place at MODS facilities for Parcel Post?

RESPONSE:

I do not have any more information beyond what is provided in response to

UPS/USPS-T25-5(f).

UPS/USPS-T25-65.

Refer to your response to interrogatory UPS/USPS-T25-5(f). With respect to the MODS "MANP" pool, why would manual distribution of parcels or sacks in "some cases to carrier route" not be a MODS "LD43" pool cost?

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RESPONSE:

I do not have any additional information beyond what is provided in response to

UPS/USPS-T25-5(f).

UPS/USPS-T25-66.

Refer to your response to interrogatory UPS/USPS-T25-12. Provide your precise definition for the terms "SCF," "AO," and "DDU" as they are used in your models. Describe how your definitions differ from those used by other Postal Service witnesses.

RESPONSE:

In preparing these cost models I have used the nomenclature that has been used by previous witnesses in previous cases. For purpose of the cost models discussed in USPS-T-25 and LR-J-64, the terms associate office (AO) or delivery unit (DU) refer to what the public normally refers to as a "Post Office". It is the facility that the general public enters mail and the facility where the carrier stations are located. I do not know how every other witness uses this term, but other terms for this type of facility are carrier station or post office.

For the purposes of the cost models discussed in USPS-T-25 and LR-J-64, the term Sectional Center Facility (SCF) refers to what I also call a plant. It represents any facility between the AO and the BMC, in which originating Parcel Post is simply crossdocked and destination nonmachinable Parcel Post is sorted to 5-digits. There are instances where Auxiliary Service Facilities (ASFs) perform the roles of SCFs/plants. I do not know how other witnesses use this term, however, it is my understanding that not all plants are SCFs.

For the purposes of the cost models discussed in USPS-T-25 and LR-J-64, the term Bulk Mail Center (BMC) refers to a facility that sorts machinable parcels to 5-digits and sorts nonmachinable parcels to 3-digits. For purposes of the cost models in LR-J-64, this encompasses the 21 BMCs and the $o_{1} = 1$ when they perform the function of a

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO INTERROGATORIES OF UNITED PARCEL SERVICE BMC. I do not know how every other witness uses this term; however, some witnesses

probably use the term BMC to refer only to the 21 BMCs.

UPS/USPS-T25-67.

Refer to your response to interrogatory UPS/USPS-T25-37.

(a) Confirm that, in the Parcel Post rate design, Witness Kiefer uses the Parcel Post transportation-related costs per cubic foot by rate category and zone that you derive in library reference USPS-LR-J-64, Attachment B, page 15, to calculate the transportation-related costs per piece by rate category, zone and weight in library reference USPS-LR-J-106, WP-PP-15. If not confirmed, explain.

(b) Confirm that the Parcel Post "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, reflect the Test Year Before Rates volume totals by rate category projected by Witness Tolley, as spread to weight cell and zone in library reference USPS-LR-J-106, WP-PP-9. If not confirmed, explain.

(c) Confirm that the Parcel Post "TY03" cubic feet by rate category and zone in library reference USPS-LR-J-64, Attachment B, page 6, reflect the Test Year Before Rates mix of volume by rate category. If not confirmed, explain.

(d) Confirm that the Parcel Post "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, do not reflect the Base Year mix of volume by rate category. If not confirmed, explain.

(e) Confirm that the Parcel Post Test Year Before Rates transportation related costs shown in library reference USPS-LR-J-64, Attachment A, page 8, of \$387,206,000 in Cost Segment 14, and \$69,555,000 plus piggyback of 1.516 in Cost Segment 8, for a total of \$493,258,000, are prior to final adjustments contained on page USPS-T-25, Table X-1. If not confirmed, explain.

(f) Confirm that in library reference USPS-LR-J-65, Attachment I, final adjustments are derived for the Parcel Post Test Year Before Rates costs in Cost Segment 14 and Cost Segment 8 as a result of the change in mix among rate categories in Parcel Post from the Base Year to the Test Year Before Rates. If not confirmed, explain.

(g) Confirm that the final adjustments for Parcel Post in Cost Segment 8 shown on Table X-1 of USPS-T-25 (revised 11/27/01) should be modified slightly to match those shown in library reference USPS-LR-J-64, Attachment I, page 16.

(h) Confirm that the Parcel Post final adjustments are negative \$78,356,000 for Cost Segment 14 and negative \$11,784,000 for Cost Segment 8 for the Test Year Before Rates. If not confirmed, explain.

- (i) Confirm that the total Parcel Post Test Year Before Rates transportation related costs, after final adjustments, are:
 - (i) \$308,850,000 for Cost Segment 14,
 - (ii) \$58,171,000 for Cost Segment 8,
- (iii) \$88,187,000 for Cost Segment 8, after application of the 1.516 piggyback factor.
 - (iv) For a total of \$397,037,000. If not confirmed, explain.

(j). Confirm that Parcel Post Unit Cost per Cubic foot estimates for transportation costs presented in Table IV-3 of USPS-T-25, page 20, when multiplied by the "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, will yield a total cost of \$493,258,000. If not confirmed, explain.

(k) Confirm that Parcel Post Unit Cost per Cubic foot estimates for transportation costs presented in Table IV-3 of USPS-T-25, page 20 when multiplied by the "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, should yield a total cost of \$397,037,000 (i.e., after application of final adjustments). If not confirmed, explain.

(I) Confirm that in library reference USPS-LR-J-64, Attachment A, page 1, the Parcel Post Base Year volume mix shares by rate category are applied to the Test Year modeled mail processing cost per piece estimates by rate category to derive the weighted average modeled Test Year costs to compare to the Test Year Before Rates CRA Costs per piece for Mail Processing. If not confirmed, explain.

Confirm that, in this calculation, the Test Year Before Rates CRA costs per piece for mail processing costs used are not net of the final adjustments for mail processing presented in USPS-T-25, Table X-1. If confirmed, explain why this is so. If not confirmed, explain.

(m) Confirm that, in a manner similar to that used in library reference USPS-LR-J-64, Attachment A for mail processing, Parcel Post transportation-related costs per cubic feet should be derived with the Test Year Before Rates cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, reflecting the Base Year mix. If not confirmed, explain.

(n) Confirm that the Parcel Post transportation-related costs per cubic foot by rate category and zone in library reference USPS-LR-J-64, page 15, and applied by Witness Kiefer in the Parcel Post rate design, would be approximately 20% lower if a Base Year mix was used in deriving the Test Year Before Rates cubic feet by rate

(o) Provide a calculation of Parcel Post transportation-related costs per cubic foot by rate category and zone using a Base Year mix of the Test Year Before Rates cubic feet by rate category and zone in library reference USPS-LR-J-64, Attachment B, page 6.

(a). It is my understanding that witness Kiefer uses the Parcel Post transportation cost per cubic foot estimates developed in LR-J-64, Attachment B in his development of Parcel Post rates. I do not know the specifics of his methodology.

(b)&(c). Confirmed that the Parcel Post "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, reflect the TYBR volumes as spread to weight cell and zone in library reference USPS-LR-J-106, WP-PP-9. It is my understanding that witness Kiefer develops these distributions using TYBR rate category volumes and Base Year billing determinants.

(d). Confirmed that the Parcel Post "TY03" cubic feet by rate category and zone shown in library reference USPS-LR-J-64, Attachment B, page 6, do not reflect the Base year volume distributions by rate category; however, they do reflect the Base Year volume distribution of weight and zone within each rate category.

(e). I will assume for the purpose of answering this interrogatory that you meant to refer to Attachment B. I can confirm that the Parcel Post transportation and vehicle service driver costs used in the Parcel Post transportation model are TYBR costs before final adjustments. However, the numbers used in this interrogatory for cost segment 8 and total transportation costs are not correct, probably due to rounding. The correct value for piggybacked cost segment 8 is \$106,051, 780, and for total transportation costs is \$493,258,780.

(f). I will assume for the purpose of answering this interrogatory that you meant to refer to LR-J-64. Attachment I. Confirmed. However, final adjustments are not

limited to the change in volume mix between base year and TYBR. Final adjustments are calculated for FY 2001, FY 2002, FY 2003-TYBR, and FY 2003-TYAR.

(g). Confirmed.

(h). Not Confirmed, however the difference appears to be due to rounding. The TYBR Parcel Post final adjustments shown in LR-J-64 are negative 78,355,771 for cost segment 14 and negative 11,784,381 for cost segment 8.

(i). I will assume for the purpose of answering this interrogatory that you are referring to the CRA costs shown in LR-J-64, Attachment I, page 3 net of the final adjustments shown on LR-J-64, Attachment I, page 16 - revised November 27, 2001.
Parts (i) ~ (iii) are not confirmed, however, the difference appears to be due to rounding. The appropriate values for each subpart are the following:

(i) \$308,850,229

(ii) \$58,170,619 and

- (iii) \$ 88,186,658
- (iv) for a total of \$397,036.89.

These values are simply the results of subtracting one number from another, and does not imply that these are the "CRA costs" used by other witnesses in the rate case.

(j). I will assume for the purpose of answering this interrogatory that the beginning of this interrogatory starts with the words "Confirm that Parcel Post" and not "For a Total of ". Not Confirmed, however the difference appears to be due to rounding. The purpose of the Parcel Post transportation model is to distribute \$493,257,780 to the Parcel Post rate categories. Therefore by the nature of the design, the product of the

estimated cost per cubic feet and the cubic feet per rate category should and does equal \$493,257,780.

(k). Not confirmed. No cost model results are net of final adjustments. This is due to the fact that cost model results are a necessary input to the final adjustments model.

(I). Confirmed,

(i). Confirmed. No cost model results are net of final adjustments. This is due to the fact that cost model results are a necessary input to the final adjustments model.

(m). Not Confirmed. The Parcel Post mail processing model shown in LR-J-64, Attachment A uses Base Year percentages to weight the modeled costs. The Parcel Post transportation model shown in LR-J-64 uses actual volumes (not percentages), and therefore a TYBR distribution was needed. The only TYBR Parcel Post volume distribution available was the one developed by witness Keifer in LR-J-106.

(n)&(o). I will assume for the purpose of answering these subparts of this interrogatory the following:

- this interrogatory is referring to the total unit cost per cubic foot estimates shown on LR-J-64, Attachment B, page 15, and
- by "using Base Year Mix" refers to estimating TYBR Parcel Post rate category volumes by multiplying the total TYBR Parcel Post volume estimate by the Base Year "percent of volume by rate category".

Confirmed that using the Base-Year volume mix to estimate a TYBR volume mix in the Parcel Post transportation model results unit cost per cubic foot estimates that are

approximately 20% lower than shown on LR-J-64, Attachment B, page 15. The

	LR-1-64.	UPS/USPS-T25-	% Difference
	Attachment B.	67 (o)	
	Dage 15		
Inter-BMC			
Zone 1/2	\$3,8862	\$3.1604	-18,7%
Zone S	\$4.3193	\$3.4681	-19.7%
Zone 4	\$5.0302	\$3.9731	-21.0%
Zопе 5	\$6.0749	\$4.7154	-22.4%
Zone 6	\$7.2589	\$5,5565	-23.5%
Zone 7	\$8.5874	\$6.5003	-24.3%
Zone 8	\$11.7360	\$8,7372	-25.6%
Intra-BMC			
Local Zone	\$1.8724	\$1.5390	-17.8%
Zone 1/2	\$3.4900	\$2.8633	-18.0%
Zone 3	\$3.4900	\$2.8633	-18.0%
Zone 4	\$3.4900	\$2,8633	-18.0%
Zone 5	\$3.4900	\$2.8633	-18.0%
DBMC			
Zone 1/2	\$1.3055	\$1.0813	-17.2%
Zone 3	\$2.7885	\$2.2758	-18.4%
Zone 4	\$4.0958	\$3.3288	-18.7%
Zone 5	\$9.8154	\$7.9359	-19.1%
DSCF	\$0.8060	\$0.6792	-15.7%
DDU	\$0,1390	\$0,1171	-15.7%

following table shows this comparison.

UPS/USPS-T33-15.

Refer to library reference USPS-LR-J-106 and library reference USPS-LR-J-64, Attachment A, page 1.

. . . .

- (b) Confirm that the Postal Service proposes for the first time in this docket to apply a CRA multiplier to the derivation of the Parcel Post DBMC destination entry, DSCF destination entry, DDU destination entry, OBMC presort and BMC presort worksharing mail processing cost avoidances. If not confirmed, explain in detail.
- (c) Confirm that application of a CRA multiplier increases the amount of these worksharing cost avoidances by 28.6%. If not confirmed, explain in detail.
- (d) Confirm that the DDU destination entry mail processing cost avoidance in comparison to DBMC destination entry would decline from \$1.133 to \$0.881, or 25 cents per piece if the CRA multiplier were not applied. If not confirmed, explain in detail.
- (e) Confirm that the DBMC destination entry mail processing cost avoidance in comparison to intra-BMC would decline by from 73.4 cents to 57.1 cents, or 16 cents per piece if the CRA multiplier were not applied. If not confirmed, explain in detail.
- (f) Confirm that, in total, the mail processing cost avoided by a DDU destination entry parcel in comparison to an intra-BMC parcel would decline by 41 cents if the CRA multiplier were not applied.
- (g) How confident are you that use of the new CRA multiplier provides a conservative estimate of the Parcel Post DBMC destination entry, DSCF destination entry, DDU destination entry, OBMC presort, and BMC presort worksharing cost avoidances? Explain the basis for your answer.

RESPONSE:

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(b). Please see response to UPS/USPS-T25-5.

(c). Not confirmed. Please see errata filed on November 27, 2001. The impact of the

proportional CRA adjustment factor is to increase the modeled cost avoidances by

approximately 23 percent. However, It should be noted that the purpose of the CRA adjustment factors is to make the cost estimates more accurate by tying modeled costs to CRA unit costs.

(d). Not confirmed. Please see errata filed on November 27, 2001. The weighted average (machinable and non-oversize nonmachinable) estimated mail processing cost avoidance of DDU compared to DBMC is 108.4 cents. The weighted average *modeled* cost avoidance (not including the impact of the CRA adjustment factors) is 88.1 cents. The difference between the estimated cost avoidance and the modeled cost avoidance is 20.3 cents.

(e). Not confirmed. Please see errata filed on November 27, 2001. The weighted average (machinable and non-oversize nonmachinable) estimated mail processing cost avoidance of DBMC compared to intra-BMC is 73.9 cents. The weighted average *modeled* cost avoidance (not including the impact of the CRA adjustment factors) is 60.0 cents. The difference between the estimated cost avoidance and the modeled cost avoidance is 13.9 cents.

(f). Not confirmed. Please see errata filed on November 27, 2001. The weighted average (machinable and non-oversize nonmachianble) estimated mail processing cost avoidance of DDU compared to intra-BMC is 182.3 cents. The weighted average *modeled* cost avoidance (not including the impact of the CRA adjustment factors) is

148.1 cents. The difference between the estimated cost avoidance and the modeled cost avoidance is 34.2 cents.

(g). The use of CRA adjustment factors to tie modeled costs to CRA costs is not new. The only "new" aspect of the CRA adjustment factors for Parcel Post is the use for the first time in the estimation of BMC presort, DSCF, and DDU cost avoidances. Since both the proportional and fixed CRA adjustment factors are used to tie modeled costs back to CRA costs, the purpose is to make the modeled costs more accurate. There is no reason to believe that this leads to overstating the true cost savings.

UPS/USPS-T33-35.

Refer to your response to interrogatory UPS/USPS-T33-1(c), (f), and (i) where costs for the 3-pound Destination Delivery Unit ("DDU") destination entry parcel are referred to as "unadjusted."

. . . .

(c) Confirm that the final adjustments for Parcel Post adjust Test Year Parcel Post costs for the differing volume mix by rate category from the Base Year to the Test Year. If not confirmed, explain.

(d) Confirm that, in adjusting Parcel Post costs, the final adjustments use Witness Eggleston's Parcel Post mail processing and transportation cost estimates by rate category derived in library reference USPS-LR-J-64, Attachment A and B. If not confirmed, explain.

RESPONSE:

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(c). Confirmed that the purpose of the final adjustments is to account for

changes in costs due to changes in the mix of mail below the CRA/rollfoward

categories. Final adjustments calculate this "cost adjustment" between the base year

and the following years: FY 2001, FY 2002, FY 2003 - test year before rates (TYBR),

and FY 2003- test year after rates (TYAR).

(d). Confirmed that the Parcel Post mail processing unit costs and the Parcel

Post transportation costs estimated in LR-J-64 are used as inputs to the final

adjustments model. However, it should be noted that the final adjustment model adjusts

the cost estimates using the ratio of the "final adjustment" piggyback factor and the

"special studies" piggyback factor.
RESPONSE OF WITNESS JENNIFER L. EGGLESTON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 2, QUESTION 4

POIR-2-4.

The Parcel Select volumes for zones 3, 4, and 5 in witness Eggleston's LR-J-64, file 2ptran.xls, page TYBR Pieces, do not match the volumes for Parcel Select zones 3, 4, and 5 in witness Keifer's LR-J-106. For example, for 10 pounds in zone 3 witness Eggleston has 541,479 pieces; witness Keifer has 559,470. Please reconcile these differences.

RESPONSE:

The volume distribution in LR-J-106 is the distribution that should be used in any further analysis. The discrepancy is due to the fact that the Parcel Select volume distribution in LR-J-106 was updated late in the preparation of the rate case. At the time of the update, work further upstream (i.e. cost studies, final adjustments) were already completed. It was deemed unnecessary and unduly burdensome to go back and update this work, given that the impacts on the cost models and final adjustments are minimal (see Attachments A and B). The only notable change in the cost estimates that results from using the updated TYBR volume distribution is the transportation cost estimate for DBMC Parcel Post, zone 5. The impact of this cost estimate should be minimal since DBMC zone 5 volume is only 0.1 percent of total DBMC volume.

POIR-2, QUESTION 4 ATTACHMENT A

Parcel Post Cost per Cubic Foot Transportation Costs Comparison of Results using different TYBR volume distributions (For POIR-2, question # 4)

	PP Tran Costs per Cubic Foot (with different TYBR volume dist)				
Zone	LR-J-64	LR-J-106	Difference		
Inter-BMC					
1-2	\$3.8911	\$3.8862	-\$0.0049		
3	\$4.3242	\$4.3193	-\$0.0049		
4	\$5.0351	\$5.0302	-\$0.0049		
5	\$6.0798	\$6.0749	-\$0.0049		
6	· \$7.2637	\$7.2589	-\$0.0049		
7	\$8.5923	\$8.5874	-\$0.0049		
8	\$11.7408	\$11.7360	-\$0.0049		
Intra-BMC					
Local	\$1.8751	\$1.8724	-\$0.0027		
1-2	\$3.4950	\$3.4900	-\$0.0050		
3	\$3.4950	\$3.4900	-\$0.0050		
4	\$3.4950	\$3.4900	-\$0.0050		
5	\$3.4950	\$3.4900	-\$0.0050		
DBMC					
1-2	\$1.3061	\$1.3055	-\$0.0006		
3	\$2.8166	\$2.7885	-\$0.0281		
4	\$4.1497	\$4.0958	-\$0.0539		
5	\$7.8329	\$9.8154	\$1.9826		
DSCF Costs	\$0.8070	\$0.8060	-\$0.0011		
DDU Costs	\$0.1392	\$0.1390	-\$0.0002		

POIR-2, QUESTION 4 ATTACHMENT B

Summary of Final Adjustments by Cost Segment (000s) Comparison of Results using different TYBR volume distributions (For POIR-2, question # 4)

	2001	2002	BR 2003	AR 2003
LR-J-64 - TYBR				
Parcel Post Trans (c/s 14)	(18,709)	(53,098)	(78,379)	(87,901)
Parcel Post VSD (c/s 8)	(4,615)	(8,596)	(11,787)	(12,552)
Parcel Post Total (all cost segments)	(46,573)	(113,312)	(163,429)	(184,187)
Total For All Classes	(317,387)	(484,812)	(600,902)	(632,695)
LR-J-106 -TYBR				
Parcel Post Trans	(18,740)	(53,097)	(78,356)	(87,875)
Parcel Post VSD (c/s 8)	(4,624)	(8,599)	(11,784)	(12,547)
Parcel Post Total (all cost segments)	(46,613)	(113,313)	(163,403)	(184,157)
Total For All Classes	(317,428)	(484,814)	(600,876)	(632,664)
Difference				
Parcel Post Trans	(31)	1	23	26
Parcel Post VSD (c/s 8)	(9)	(2)	3	5
Parcel Post Total (all cost segments)	(40)	(1)	26	31
Total For All Classes	(40)	(1)	26	31

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6, QUESTION 5

POIR-6-5.

5. Please refer to tables 1 and 2 below developed from library references [J-64] and J-67 respectively.

Table 1					
Calculation of Average Miles by Zone for Intra-BMC Based on Cubic Feet					
			Calculated		
Zone	Cubic Foot Miles	Cubic Feet	Average Miles		
1&2	584,284,055	9,828,355	59		
3	537,344,068	1,854,169	290		
4	190,345,923	368,076	517		
5	11,733,951	35,365	332		
Total	1,323,707,997	12,085,964	110		

Table 2					
Calculation of Average Miles by Zone for Intra-BMC Based on Pounds					
			Calculated		
Zone	Pound Miles	Pounds	Average Miles		
1&2	5,263,305,736	104,961,556	50		
3	4,507,932,484	20,436,937	221		
4	1,652,490,845	4,116,997	401		
5	96,525,028	125,528	769		
Total	11,520,24,093	129,641,018	89		

Please explain why the average miles for zone 5 in Table 1 are less than the average miles for zone 4 in Table 1, and less than half the average miles for zone 5 in Table 2.

RESPONSE:

It is my understanding that the data in Table 1 are from LR-J-64, Attachment B, page 6.

It is not appropriate to use the data shown in Table 1 to calculate average miles per

zone. The reason is that the data shown in the table are from two different fiscal years.

The cubic feet shown in Table 1 are the estimated TYBR cubic feet (FY 2003). The

cubic foot miles shown in Table 1 are BY 2000 cubic foot miles (from LR-J-67). Since

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFER L. EGGLESTON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 6, QUESTION 5

these data are from different years, they cannot be used to estimate average miles per

zone. However, Table 2 uses the data from LR-J-67 appropriately.

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS JENNIFED L. EGGLESTON TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 7, QUESTION 1

1. Using Plant Verification Drop Ship can a mailer have a mailing of 50 parcel post pieces verified at an origin office, transport the pieces to several different DDUs and pay the DDU rate even though there are less than 50 pieces for each DDU?

RESPONSE:

Yes. DMM § E751.1.2c states the following:

c. Pieces must be part of a single mailing of 50 or more pieces that are eligible for and claimed at any Parcel Post rate. When Parcel Post mailings are submitted under PVDS procedures, mailers may use the total of all line items for all destinations on a PVDS register or PVDS postage statement to meet the 50-piece minimum volume requirement for destination entry rate mailings. This means that a mailer may enter fewer than 50 pieces at an individual destination, provided there is a total of at least 50 Parcel Post pieces for all of the entry points for that single mailing job listed on the PVDS register or PVDS postage statement.

In addition, it is my understanding that there is no requirement on the minimum

number of pieces at each destination facility for DDU Parcel Post.

United States Postal Service

Thomas W. Harahush (USPS-T-5)

 According to documentation in Library Reference J-12, the "sampling frame, or City Master Frame, is extracted from the Address Management System (AMS) II database, which contains a list of all city carrier routes." Please describe how the eight (8) route types used in the city carrier analysis are determined from information in the Address Management System data base.

RESPONSE:

During sample selection, each route is assigned to one of ten different route types. Then the sample file is distributed to the field and, when conducting the test, the data collector is instructed to check that the route type is correct. If incorrect, the data collector selects the correct route type from a list of 31 different route types (see USPS-LR-J-14, page 3-14 for a listing of the 31 route types). Finally, during quarterly processing after the data are transmitted to the mainframe computer, the 31 route types are aggregated into eight route types used in the city carrier analysis. The algorithms used during sample selection and quarterly processing are described below.

Sample Selection Algorithm

During sample selection, the decimal fraction of business deliveries is computed by dividing the business deliveries by the total of business and residential deliveries. If the decimal fraction of business deliveries is greater than or equal to 0.7, the route is classified as a business route. If the decimal fraction of business deliveries is less than 0.7, the route is classified as a residential route.

Auxiliary business routes are classified as route type 1551, business 1-trip foot auxiliary, if the delivery mode is foot, or as route type 1552, business 1-trip motorized auxiliary, otherwise.

Non-auxiliary (regular) business routes are classified as route type 1500, business 1-trip foot regular, if the delivery mode is foot, or as route type 1502, business 1-trip motorized regular, otherwise.

Auxiliary residential routes are classified as route type 1557, residential foot auxiliary, if the delivery mode is foot; as route type 1571, residential park and loop auxiliary, if the delivery mode is park and loop; or as route type 1573, residential curb auxiliary, otherwise.

Non-auxiliary (regular) residential routes are classified as route type 1540, residential foot regular, if the delivery mode is foot; as route type 1560, residential park and loop regular, if the delivery mode is park and loop; or as route type 1562, residential curb regular, otherwise.

Quarterly Processing Algorithm

During quarterly data processing, the 31 route types received from the field are converted to route categories using the following algorithm.

If the route type is 1500, business one trip foot regular; 1504, business two trip foot regular; 1551, business one trip foot auxiliary; 1553, business two trip foot auxiliary; 1720, business two man foot regular; 1730, business three man foot regular; 1740, business four man foot regular; or 1750, business five or more man foot regular; then the route category is business foot.

If the route type is 1502, business one trip motorized regular; 1506, business two trip motorized regular; 1552, business one trip motorized auxiliary; or 1554, business two trip motorized auxiliary; then the route is business motorized.

If the route type is 1770, residential two man foot regular; 1780, residential three man foot regular; 1790, residential four man foot regular; 1540, residential foot regular; or 1557, residential foot auxiliary; then the route is residential foot.

If the route type is 1560, residential park and loop regular; or 1571, residential park and loop auxiliary; then the route is residential park and loop.

If the route type is 1562, residential curb regular; or 1573, residential curb auxiliary; then the route is residential curb.

If the route type is 1810, mixed two man foot regular; 1820, mixed three man foot regular; 1830, mixed four man foot regular; 1840, mixed five or more man foot

regular; 1559, mixed foot auxiliary; or 1620, mixed foot regular; then the route category is mixed foot.

If the route type is 1575, mixed park and loop auxiliary; or 1640, mixed park and loop regular; then the route is mixed park and loop.

If the route type is 1577, mixed curb auxiliary; or 1542, mixed curb regular; then the route is mixed curb.

4. Please provide sample frame and selection information for the City Carrier Cost System sample for FY2000 that is similar to what is provided in Docket R97-1, Supplemental Testimony of witness Harahush, USPS-ST-49, "TABLE 1: City Carrier System – Universe Size and Sample Size by Stratum".

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				Route				Effective
Postal		No of Routes	Delivery	Delivery	Sample	Sampling	Effective	Sampling
Quarter	Stratum	in Universe	Days	Days	Size	Rate	Sample	Rate
1	BAE	4,409	69	304,221	120	0.000394	114	0.000375
	BFL	38	69	2,622	1	0.000381	0	0.000000
	RAE	148,399	69	10,239,531	1,682	0.000164	1,667	0.000163
	RFL	13,494	69	931,086	140	0.000150	140	0.000150
2	BAE	4,236	68	288,048	113	0.000392	109	0.000378
	8FL	39	68	2,652	1	0.000377	1	0.000377
	RAE	148,607	68	10,105,276	1,694	0.000168	1,673	0.000166
	RFL	13,381	68	909,908	136	0.000149	135	0.000148
3	BAE	4,177	72	300,744	-119	0.000396	115	0.000382
	BFL	43	72	3,096	1	0.000323	1	0.000323
	RAE	148,871	72	10,718,712	1,679	0.000157	1,657	0.000155
	RFL	13,401	72	964,872	145	0.000150	144	0.000149
4	BAE	4078	93	379,254	153	0.000403	152	0.000401
	BFL	46	93	4,278	1	0.000234	1	0.000234
	RAE	149,709	93	13,922,937	2,250	0.000162	2,224	0.000160
	RFL	13,425	93	1,248,525	187	0.000150	185	0.000148

United States Postal Service

Philip A. Hatfield (USPS-T-18)

PSA/USPS-T18-1. Please refer to Table USPS-T-18G in your testimony.

- (a) Please confirm that while the FedEx Rollforward Adjustment reduces FY 2002 costs for transporting First-Class Mail by \$91 million, it increases FY 2002 costs for transporting Priority Mail by more than \$110 million. If not confirmed, please provide the correct figures.
- (b) Please explain in detail all reasons why the FedEx Rollforward Adjustment reduces FY 2002 costs for First-Class Mail. For each reason, please quantify the dollar amount by which it changes FY 2002 costs for First-Class Mail.
- (c) Please explain in detail all reasons why the FedEx Rollforward Adjustment increases FY 2002 costs for Priority Mail. For each reason, please quantify the dollar amount by which it changes FY 2002 costs for Priority Mail.
- (d) Please confirm that the FY 2002 Fed Ex Rollforward Adjustments are rolled forward to the Test Year. If not confirmed, please explain fully.

RESPONSES:

- (a) Confirmed.
- (b) As shown in Table USPS-T-18G, the overall net decrease in First-Class Mail purchased transportation costs of \$90.9 million is comprised of three distinct items: air transportation (-\$101.1 million), ground handling (\$9.7 million), and additional highway transportation (\$0.5 million). Of the three items, the only one that tends to decrease First-Class Mail costs is air transportation. The net decrease in air transportation costs is also comprised of various factors that, taken individually, would tend to both increase and decrease First-Class Mail costs. Because these factors are inter-related, no analysis has been done to

separate or quantify their individual impact. The factors that contribute to the decrease in First-Class Mail air transportation costs are described below.

The FedEx Rollforward Adjustment reduces FY2002 costs for First-Class Mail because the costs assigned to First-Class Mail in the FedEx scenario are lower than the costs that would have been incurred to move the same volume of First-Class Mail under the *status quo* scenario. This result is caused by two factors. The first factor is the difference in total cost for FedEx transportation relative to the transportation it replaces. As described on page 3 of testimony, the cost to move a given amount of mail on FedEx is less than the cost to move an equivalent amount of mail on *status quo* air transportation.

The second factor is a difference in distribution methodology. In the *status quo* scenario, the majority of air transportation costs are distributed to the classes and subclasses of mail using weight-based distribution keys. FedEx day turn network costs are distributed to the classes and subclasses of mail using a cube-based distribution key. Because First-Class Mail tends to be relatively dense compared to the other classes and subclasses of mail that are transported via air, its share of weight-related costs is greater than its share of cube-related costs. Therefore, the cost to move First-Class Mail on the FedEx day turn network is less than the cost to move the equivalent volume of First-Class Mail on air transportation in the *status quo* scenario.

(c) As shown in Table USPS-T-18G, the overall net increase in Priority Mail purchased transportation costs of \$110.1 million is comprised of three distinct items: air transportation (\$65.2 million), ground handling (\$42.6 million), and additional highway transportation (\$2.3 million). The reasons why ground handling and additional highway transportation increase Priority Mail costs are fully explained in my testimony on pages 30-31. The net increase in air transportation costs is also comprised of various factors that, taken individually, would tend to both increase and decrease Priority Mail costs. Because these factors are inter-related, no analysis has been done to separate or quantify the their individual impact. The factors that contribute to the increase in Priority Mail air transportation costs are described below.

The FedEx Rollforward Adjustment increases FY2002 costs for Priority Mail because the costs assigned to Priority Mail in the FedEx scenario are higher than the costs that would have been incurred to move the same volume of Priority Mail under the *status quo* scenario. For Priority Mail, there are two factors that contribute to this result. The first is related to the difference in distribution methodology described in PSA/USPS-T-18-1b. In the *status quo* scenario, the majority of air transportation costs are distributed to the classes and subclasses of mail using weight-based distribution keys. FedEx day turn network costs are distributed to the classes and subclasses of mail using a cube-based distribution

key. Because Priority Mail tends to be relatively less dense than the other classes and subclasses of mail that are transported via air, its share of weightrelated costs is less than its share of cube-related costs.

The second factor that contributes to the increase in Priority Mail air transportation costs is related to the network premiums in the *status quo* scenario. For certain types of air transportation in the *status quo* scenario (Eagle Network and Western Network), Priority Mail received a relatively low transportation cost (passenger air equivalent cost) because of the network premiums assigned to Express Mail. In the FedEx scenario, these premiums no longer exist and Priority Mail receives its share of FedEx day turn network costs based on the cubic feet of Priority Mail to be transported. Therefore, the cost to transport Priority Mail on the FedEx day turn network are higher than the costs to move the equivalent volume of Priority Mail on air transportation in the *status quo* scenario.

(d) Assuming your question refers to "rolling forward" FY2002 FedEx costs to the test year, confirmed. It is my understanding that witness Patelunas (USPS-T-12)
"rolled forward" the FY2002 FedEx costs using my incremental FY2003 adjustments described on pages 35-36 and shown in my Table USPS-T-18H.

PSA/USPS-T18-2. Please identify, describe, and quantify all cost reductions from the Fed Ex contract that will not be fully realized by the Test Year. Please also provide all underlying calculations.

RESPONSE:

The analysis described in my testimony includes all cost reductions associated with purchased transportation that are expected to occur in FY2002 and FY2003 as a result of the FedEx transportation agreement. While it is expected that the FedEx transportation agreement will continue to provide cost savings over the *status quo*

scenario beyond the test year, these cost savings are not considered in my testimony.

UPS/USPS-T18-1. Refer to page 13 of your testimony, Table USPS-T-18A.

- (a) What portion of the \$146,185,000 in "Other" costs for the Eagle Network are considered network premium costs under the PRC-approved costing methodologies? Explain fully if your answer is anything less than 100 percent of the costs.
- (b) Confirm that these premium costs are considered product-specific to Express Mail. If not confirmed, explain.

RESPONSE:

(a), (b) The results shown in Tables USPS-T-18A and USPS-T-18B have been

calculated using the current USPS costing methodology, which is different from the

PRC-approved costing methodology. This same analysis has been conducted using

the PRC costing methodology and is presented in USPS-LR-J-99. Tables 110 and 111

of USPS-LR-J-99 show total status quo costs by cost pool and class/subclass of mail.

The Express Mail costs for both the Eagle and Western cost pools include all network premium costs.

UPS/USPS-T18-2. Refer to page 13 of your testimony, Table USPS-T-18A.

- (a) What portion of the \$27,484,000 in "Other" costs for the Western Network are considered network premium costs under the PRC-approved costing methodologies? Explain fully if your answer is anything less than 100 percent of the costs.
- (b) Confirm that these premium costs are considered product-specific to Express Mail. If not confirmed, explain.

RESPONSE:

(a), (b) Please see response to UPS/USPS-T18-1.

UPS/USPS-T18-3. Refer to page 14 of your testimony, Table USPS-T-18B.

- (a) What portion of the \$146,112,000 in "Other" costs for the Eagle Network are considered network premium costs under the PRC-approved costing methodologies? Explain fully if your answer is anything less than 100 percent of the costs.
- (b) Confirm that these premium costs are considered product-specific to Express Mail. If not confirmed, explain.

RESPONSE:

(a), (b) Please see response to UPS/USPS-T18-1.

UPS/USPS-T18-4. Refer to page 14 of your testimony, Table USPS-T-18B.

- (a) What portion of the \$27,471,000 in "Other" costs for the Western Network are considered network premium costs under the PRC-approved costing methodologies? Explain fully if your answer is anything less than 100 percent of the costs.
- (b) Confirm that these premium costs are considered product-specific to Express Mail. If not confirmed, explain.

RESPONSE:

(a), (b) Please see response to UPS/USPS-T18-1.

UPS/USPS-T18-7. Explain where the \$292,373,000 in "Other Adjustments" on page 13 of your testimony, Table USPS-T-18A, is found in library reference USPS-LRJ-49, spreadsheet "Prg_01_s.XLS."

RESPONSE:

The \$292,373,000 in "Other Adjustments" from Table USPS-T-18A is not found in

library reference USPS-LR-J-49, spreadsheet "Prg_01_s.xls." This figure was

developed based on the analysis described in my testimony on pages 7-8 and 12 and is

shown in USPS-LR-J-94, Table 109. The inputs used to develop this figure are taken

from witness Patelunas (Exhibit USPS-T-12A).

UPS/USPS-T18-8. Explain where the \$309,508,000 in "Other Adjustments" on page 14 of your testimony, Table USPS-T-18B is found in library reference USPS-LR-J-49, spreadsheet "Prg_01_s.XLS."

RESPONSE:

Please see response to USP/USPS-T18-7.