

Before The  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 1997

Docket No. R97-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE  
WITNESS MODEN TO INTERROGATORIES OF  
DIRECT MARKETING ASSOCIATION  
(DMA/USPS-T4-28(B)-(F), 30(A)-(D), (F)-(I), 31, 32, 34, 36 & 38)

The United States Postal Service hereby provides the response of witness Moden to the following interrogatories of Direct Marketing Association: DMA/USPS-T4-28(B)-(F), 30(A)-(D), (F)-(I), 31, 32, 34, 36 & 38, filed on August 26, 1997. Interrogatories DMA/USPS-T4 - 27, 28(A), 29, 33, 35, 37 were redirected to witness Alexandrovich.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Scott L Reiter

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September 9, 1997

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MODEN  
TO THE INTERROGATORIES OF THE DIRECT MARKETING ASSOCIATION**

DMA/USPS-T4-28. Please identify, describe and produce all studies or reports conducted since 1988 by the USPS concerning:

- a. the general nature and quantification of mail processing peak load and premium pay costs and the attribution of such costs to mail classes, including:
  - i) whether specific amounts of premium pay costs can be causally related to particular classes of mail.
  - ii) whether specific amounts of overtime costs are causally related to particular classes of mail.
  - iii) whether mail processing capacity is less or greater than demand at particular time intervals, both for total demand and pref mail demand.
- b. the flexibility of mail processing labor capacity, including the use and flexibility of both regular and supplemental staff (including Part Time Flexible employees) and limitations on labor flexibility such as advance notice requirements, restrictions on the use of supplemental labor and limits on overtime (whether due to collective bargaining agreements or otherwise).
- c. mail deferral patterns, including the frequency, length and extent of mail deferral by class and the reasons for such deferral.
- d. mail arrival patterns, including fluctuations in arriving mail volumes by sub-class, by hour, Tour, day, week and AP.
- e. the relationship between mail arrival rates, peak processing requirements and staffing patterns (including staff levels and composition).
- f. the relative productivities of manual, mechanized and automated processing and how such productivity varies with fluctuating mail volumes.

**Response:**

- a. Redirected to witness Alexandrovich.
- b. A 1991 report entitled "Modeling Postal Service Mail Processing and Delivery Operations" is being filed as LR-H-255. I am not aware of any other reports or studies on this subject.

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- c. I am unable to provide you with mail deferral patterns dating back to 1988. See DMA/USPS-T4-21(a) for more information on how deferred mail is tracked at the national level and the extent to which mail has been deferred recently. Also, see DMA/USPS-T30-5(a) for reasons as to why mail may be deferred or may not meet service standards.
- d. I am not aware of any such study.
- e. I am not aware of any such study.
- f. Productivities are described in the flow models provided in this case. See LR-H-113, the testimony of witnesses Danial, Hatfield, and Seckar, and corresponding flow model testimony in prior cases. See the testimony of witness Bradley on *how productivity varies with fluctuating mail volume.* °

**RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS MODEN  
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DMA/USPS-T4-30. Please respond to the following by providing separate answers for (1) nonpref mail in general and (2) Standard (A) in particular:

- a. Please describe the Postal Service's current service standards including when such standards require this mail to be processed.
- b. Please identify, describe, and produce any reports or studies concerning the overall service performance of nonpref mail including the percentage of nonpref mail that meets its service standards and the number of days by which various classes within nonpref mail are delayed beyond their service standards.
- c. Please describe the consequences when nonpref mail does not meet its service standards.
- d. Please confirm that service standards do not require that USPS process nonpref mail during premium pay hours. If not confirmed, please explain fully.
- e. Please confirm that the deferrability of nonpref mail lowers peak load costs. If not confirmed, please explain fully.
- f. Please provide a profile of mail processing of nonpref mail by hour, Tour, day, week and AP.
- g. Please explain whether nonpref is routinely deferred to level workloads, including the degree to which it is deferred beyond the peak period in which First Class mail must be processed to meet its service standards.
- h. Please describe, identify, and produce all studies and reports analyzing the extent to which nonpref mail processed during premium pay periods reflects processing voluntarily deferred to those periods.
- i. Please describe, identify, and produce all studies and reports analyzing the extent to which nonpref mail is not responsible for mail processing overtime costs and premium costs related to non-processing functions (such as delivery unit costs).

**Response:**

- a. See sections 458.0 through 458.345 of the Postal Operations Manual (POM 7)

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filed in Docket No. MC96-3 as USPS LR-SSR-161, and the National Five-Digit Zip Code and Post Office Directory, Volume 3, page 10-3.

- b. I am not aware of any studies or reports describing the overall service performance of nonpref mail.
- c. I am not certain what you mean by the term "consequences" in this context.  
*When mail does not meet its service standards, customers are disappointed.*
- d. Not confirmed. When nonpref mail is mixed with pref mail (e.g. in DPS operations), the nonpref mail must be processed during premium pay hours so that the intermingled pref mail can meet pref service standards.
- e. *Redirected to witness Alexandrovich.*
- f. Nonpref is processed primarily during Tour 2. I am not aware of any studies or reports providing the requested profile.
- g. Nonpref can be and is deferred to level workloads. It is rarely processed on Tour 1 unless it is mixed with pref mail.
- h. I am not aware of any such studies or reports.
- i. I am not aware of any such studies or reports.

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DMA/USPS-T4-31. Please respond to the following interrogatories with respect to *pref mail in general*:

- a. Please describe the Postal Service's current service standards including when such standards require this mail to be processed.
- b. Please identify, describe, and produce any reports or studies concerning the overall service performance of pref mail including the percentage of pref mail that meets its service standards and the number of days by which various classes within pref mail are delayed beyond their service standards.
- c. Please describe the consequences when pref mail does not meet its service standards.
- d. Please confirm that service standards require pref mail to be processed at night and on Sundays.
- e. Please provide a profile of mail processing of pref mail by hour, Tour, day, week and AP.

**Response:**

- a. See sections 453 of the Postal Operations Manual (POM 7) filed in Docket No. MC96-3 as USPS LR-SSR-161, and the National Five-Digit Zip Code and Post Office Directory, Volume 3, page 10-3.
- b. See attached.
- c. See my response to DMA/USPS-T4-30(c).
- d. To meet service standards, a portion of pref mail must be processed at night and on Sundays.
- e. I am not aware of any such profile.

# Service Performance Trend

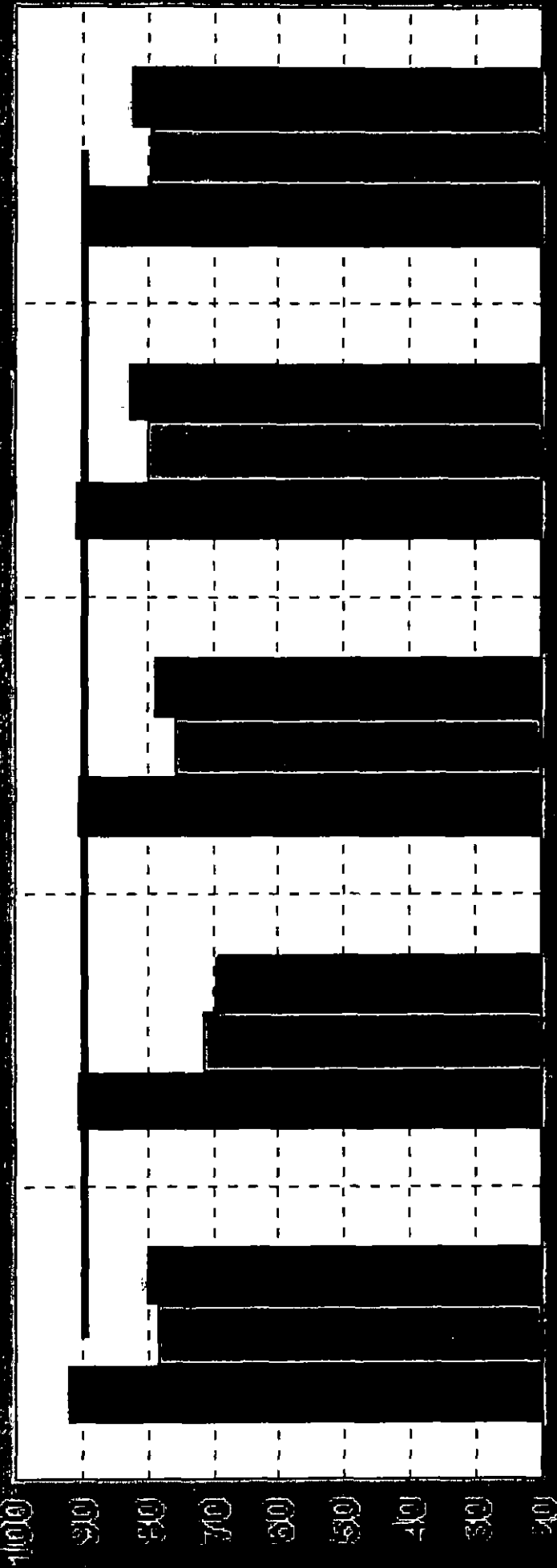
Stamped/Metered First-Class

Destinations

NATIONAL

Monday  
Tuesday  
Wednesday

% DELIVERED ON TIME



	P005FY07	P002FY07	P001FY07	P004FY06	P003FY06
Overnight	92.15	90.75	90.77	91.21	90.41
Three-Day	80.20	70.03	79.01	82.82	82.44
Three-Day Priority	80.75	71.74	75.90	80.25	80.04

Source: Price/Waterhouse

DATE - 08/06/07

EXPRESS MAIL - AM NETWORK - SERVICE PERFORMANCE

	FY		PQ 1	PQ 2	PQ 3	PQ 4
NATIONAL TOTAL	97		95.5	91.3	95.6	
	96		95.8	90.2	95.5	96.0
	95		95.6	93.3	96.0	95.8



## PRIORITY MAIL SERVICE REPORT

## NATIONAL SUMMARY

STAMPED AND METERED COMPOSITE -- IDENTIFIED AND NON-IDENTIFIED

SERV COMM	FY	PO			
		01	02	03	04
		% ON TIME	% ON TIME	% ON TIME	% ON TIME
-----					
1 DAY	95	82	81	86	86
	96	85	83	87	89
	97	86	85	87	.
2 DAY	95	79	72	80	82
	96	80	67	79	82
	97	78	65	77	.
3 DAY	95	80	67	84	87
	96	82	71	79	82
	97	79	66	79	.

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DMA/USPS-T4-32. Please describe, identify and produce any reports or studies conducted by the USPS concerning (i) the relative percentages of pref and nonpref mail being processed during a lull in a Tour when peak capacity is not being reached and (ii) the relative percentages of pref and nonpref mail processed during the peak period of mail processing.

**Response:**

I am not aware of any such reports or studies.

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DMA/USPS-T4-34. Please describe:

- a. The maximum percentage of the regular work force that may consist of part time workers at any given time.
- b. The minimum daily tour for both full time and part time workers.
- c. The premium that must be paid for processing mail between 6 p.m. and 6 a.m.
- d. The premium that must be paid for processing mail on Sunday.

**Response:**

- a. See Article 7 in the NALC Agreement and the APWU Agreement in, both LR-H-88, and in the NPMHU Agreement in LR-H-253.
- b. See Article 8 in the above referenced agreements.
- c. See Article 8.7 in the above referenced agreements.
- d. See Article 8.6 in the above referenced agreements.

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DMA/USPS-T4-36. Does the USPS, either at the national, regional or local levels, schedule deliveries of Standard (A) mail in order to level mail processing volumes? If "yes," please explain the extent of such scheduling.

**Response:**

Assuming you mean delivery by a Postal carrier, no.

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DMA/USPS-T4-38. Please provide the relative percentages of mail processed, by sub-class, on (i) automated machines, (ii) mechanized machines, and (iii) manually.

**Response:**

I am not aware of any operational data on automated, mechanized or manual volumes by sub-class, but it is my understanding that such estimates could be derived from the In Office Cost System.

DECLARATION

I, Ralph J. Moden, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information and belief.

Ralph J. Moden

Dated: 9/9/97

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

A handwritten signature in black ink, appearing to read "Scott L. Reiter", written over a horizontal line.

Scott L Reiter

475 L'Enfant Plaza West, S.W.  
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September 9, 1997