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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS DEGEN TO INTERROGATORIES OF
ADVO AND THE ALLIANCE OF NONPROFIT MAILERS
(ADVO/USPS-T41-2, REDIRECTED FROM WITNESS TAKIS,
AND ANM/USPS-T12-1-7)

The United States Postal Service hereby provides responses of witness Degen to the following interrogatories of the Alliance of Nonprofit Mailers and ADVO: ANM/USPS-T12-1-7 and ADVO/USPS-T41-2 (redirected from witness Takis), filed on September 17, 1997.


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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 1, 1997

**Response of United States Postal Service Witness Degen
to Interrogatories of Alliance of Nonprofit Mailers**

ANM/USPS-T12-1. Please refer to your response to TW/USPS-T12-2, where you acknowledge that the MODS number and the observed activity may be inconsistent. What was the total number of tallies for which the recorded IOCS activity did not correspond to the MODS number for which the sample employee was clocked in?

ANM/USPS-T12-1 Response.

It is not possible to provide the requested information, since the activities defined in questions 18 and 19 do not directly correspond to MODS numbers. My response to TW/USPS-T12-2 (especially part c) indicates that IOCS data collectors are instructed not to guess the employee's clocked-in MODS number based on the observed activity. This provides consistency with the MODS-based operation definitions. Please see USPS-T-12 at pages 6-7.

**Response of United States Postal Service Witness Degen
to Interrogatories of Alliance of Nonprofit Mailers**

ANM/USPS-T12-2. Please refer to your Attachment 1 to response to NAA/USPS-T12-2. For the years 1990-1995 please provide the total number of IOCS tallies, broken down by the number of (i) direct, (ii) mixed items, (iii) identified mixed containers, (iv) non-identified mixed containers and (v) not-handling tallies corresponding to the totals shown at the bottom of Attachment 1.

ANM/USPS-T12-2 Response.

The following table contains the requested breakdown of IOCS mail processing tallies for 1993-1995. The definition of mail processing is consistent with Attachment 1 to my response to NAA/USPS-T12-2. I cannot produce the requested breakdown for earlier years because of differences in the formulation of IOCS questions 21 and 24 prior to 1993.

**Breakdown of Mail Processing Tallies, 1993-1995
(BY 1996 definition of mail processing)**

Year	Direct	Mixed Item	Mixed Identified Container	Mixed Unidentified Container	Not-handling	Total
1993	95,425	6,794	11,589	7,485	90,660	211,953
1994	92,827	8,194	9,766	7,171	95,469	213,427
1995	91,470	8,165	10,023	7,975	90,607	208,240

Response of United States Postal Service Witness Degen
to Interrogatories of Alliance of Nonprofit Mailers

ANM/USPS-T12-3. Please refer to Attachment 1 to your response to OCA/USPS-T12-14. That attachment shows the following data entries for Bulk Nonprofit Other:

<u>MODS 1 and 2</u>	<i>Amount</i> <u>(BNP-Other)</u>
Express	107
Manp	181
Mecparc	369
Priority	169
Spbs Prio	108
Bus Reply	99
INTL	329
LD41	364
LD42	63
LD 48 Exp	14
LD 48 oth	503
LD48_SSV	31
LD 49	1,532
Registry	5
1 Bulk pr	449
1 SCAN	87

- (a) Please describe what each MODS operation listed here entails.
- (b) Please explain how and why Bulk Nonprofit Other is charged with costs for the MODS numbers shown.
- (c) Do such cost entries represent (i) actual tallies, (ii) the result of a distribution process such as LIOCATT, or (iii) something else?

ANM/USPS-T12-3 Response.

- a. Please see Table 4, USPS-T-12, and pages I-12 to I-37, LR-H-146.
- b. For the MODS pools shown, Bulk Nonprofit Other will receive a distribution of volume-variable costs if there are direct tallies with Bulk Nonprofit Other activity codes associated with the cost pool, or if costs associated with mixed-mail tallies were distributed to Bulk Nonprofit

Response of United States Postal Service Witness Degen
to Interrogatories of Alliance of Nonprofit Mailers

Other activity codes. Since LD48 Oth represents labor in support of other customer services activities, not-handling-mail tallies in LD48 Oth will be distributed to Bulk Nonprofit Other in proportion to the relevant direct and distributed mixed-mail costs in several Function 4 cost pools. Please see LR-H-146, part II, for details of the distribution key formation process. Some of the above pools have associations with particular subclasses or special services, however, the distribution keys are based on all of the tallies associated with the cost pool. Please note that 83.4 percent of the costs in your excerpt from Attachment 1 to my response to OCA/USPS-T12-14 are in cost pools which do not have associations with specific subclasses or special services, specifically Manp, Mecparc, BusReply, LD41, LD42, LD48 Oth, LD48_SSv, LD49, 1BulkPr, and 1SCAN.

- c. I assume that by "actual tallies" you mean direct tallies. There are direct tallies with Bulk Nonprofit Other activity codes associated with all of the above cost pools except SPBS Prio, LD48 Exp, Registry, and 1SCAN. For those four cost pools, the presence of volume-variable costs distributed to Bulk Nonprofit Other, totaling \$214,000, is the result of the mixed-mail distribution procedure used in the formation of the distribution keys.

**Response of United States Postal Service Witness Degen
to Interrogatories of Alliance of Nonprofit Mailers**

ANM/USPS-T12-4. For Base Year 1996, what was total number of direct IOCS tallies for Standard A Regular Rate (a) automation and (b) presort categories?

ANM/USPS-T12-4 Response.

The following table contains the requested information.

Category (activity codes)	Number of Tallies	Number of Mail Processing Tallies (LIOCATT definition)
Standard (A) Regular Automation (X345)	2,082	1,269
Standard (A) Regular Presort (X340)	16,460	11,093
Total	18,542	12,362

Response of United States Postal Service Witness Degen
to Interrogatories of Alliance of Nonprofit Mailers

ANM/USPS-T12-5. For Base Year 1996, what was total number of direct IOCS tallies for Standard A Nonprofit (a) automation and (b) presort categories?

ANM/USPS-T12-5 Response.

There are no IOCS activity codes for Standard (A) Nonprofit automation rate mail. The requested information for Standard (A) Nonprofit presort tallies is in the table below.

Category (activity codes)	Number of Tallies	Number of Mail Processing Tallies (LIOCATT definition)
Standard (A) Nonprofit Presort (X350)	4,483	3,033

Response of United States Postal Service Witness Degen
to Interrogatories of Alliance of Nonprofit Mailers

ANM/USPS-T12-6. For Base Year 1996, what was the total number of direct IOCS tallies for Standard A Regular Rate ECR mail?

ANM/USPS-T12-6 Response.

The requested information is in the table below.

Category (activity codes)	Number of Tallies	Number of Mail Processing Tallies (LIOCATT definition)
Standard (A) Regular ECR (X310)	6,344	1,986

**Response of United States Postal Service Witness Degen
to Interrogatories of Alliance of Nonprofit Mailers**

ANM/USPS-T12-7. For Base Year 1996, what was the total number of direct IOCS tallies for Standard A Nonprofit ECR mail?

ANM/USPS-T12-7 Response.

The requested information is in the table below.

Category (activity codes)	Number of Tallies	Number of Mail Processing Tallies (LIOCATT definition)
Standard (A) Nonprofit ECR (X330)	549	236

**Response of United States Postal Service Witness Degen
to Interrogatories of Advo, Inc.
(Redirected from Witness Takis)**

ADVO/USPS-T41-2. Please refer to witness Takis's workpapers, Section IV.A, page 1.

- (a) For the facer/canceler operation cost pool ("CANCEL"), do the volume variable costs by subclass/category shown on page 1 include allocations of mixed-mail and not-handling-mail costs?**
- (b) For the facer/canceler operation cost pool, please provide the following breakdowns of volume variable costs, separately for each subclass/category shown on page 1 of Takis's workpaper:**
 - (1) Direct-item costs excluding costs for counted mixed-mail items;**
 - (2) Counted mixed-mail item costs;**
 - (3) Uncounted mixed-mail item costs;**
 - (4) Mixed-mail identified container costs;**
 - (5) Mixed-mail unidentified container costs;**
 - (6) Not-handling-mail costs;**
 - (7) Any other cost elements not included in 1-6 above (please specify).**

ADVO/USPS-T41-2 Response.

- a. Yes. The costs for the "CANCEL" cost pool in witness Takis's workpapers, Section IV.A 1, are identical to the distributed volume-variable costs from Table 5 of my testimony, USPS-T-12, for the "1CancMPP" cost pool. Please note that facer/canceler work only constitutes a portion of this cost pool; see LR-H-146, page I-19 for brief descriptions of the associated MODS operation numbers,**
- b. The requested breakdown is provided in Attachment 1 to this response.**

Subclass or Special Service	Direct Handling Piece	Direct Handling Item (excl. Counted)	Direct Handling Item (Counted)	Direct Handling Container	Mixed Items	Mixed Identified Containers	Mixed Undetermined Containers	Not-Handling	Class-specific mixed mail	Total
First-Class Mail Letters & Parcels /1	60,311	14,139	76	288	2,699	9,345	6,933	63,815	120	157,526
Postal Cards /2	0	37	0	0	0	0	0	26	5	64
Private Postcards /2	1,450	358	5	0	54	78	61	1,360	3	3,368
Postnet Cards /2	43	32	0	0	12	14	14	78	0	193
Priority Express	2,570	112	74	36	77	446	546	2,620	12	6,494
Magnets	0	0	0	0	0	0	0	0	0	0
Second-Class Mail Within County	0	2	2	0	1	1	3	4	1	12
Outside County Regular Rate Pub	75	279	28	0	146	96	141	519	107	1,391
Nonprofit Pub Classroom Pub	37	0	6	0	4	10	17	49	10	132
Third-Class Mail Single Piece Rate	436	66	0	0	0	53	38	403	11	1,007
Bulk Rate - Reg CR	219	114	0	0	15	44	61	307	8	768
Bulk Rate - Reg Other	569	437	0	29	104	198	309	1,115	30	2,789
Bulk Rate - Nonprofit CR	40	0	0	0	0	1	5	31	1	76
Bulk Rate - Nonprofit Other	209	308	0	0	30	76	84	478	13	1,199
Fourth-Class Mail Parcels Zone Rate	363	39	0	0	11	58	75	371	1	918
Bound Printed Matter	72	0	0	0	9	9	13	65	0	160
Spec 4th Cl. Rate	77	0	0	0	9	9	13	67	0	167
Library Rate	38	36	0	0	9	16	14	77	0	190
US Postal Service Free Mail International	431	211	0	0	49	111	86	602	0	1,490
US Postal Service	76	0	0	0	15	15	12	70	0	172
Special Services Registry Certified Insurance COD	0	0	0	0	0	0	15	0	0	15

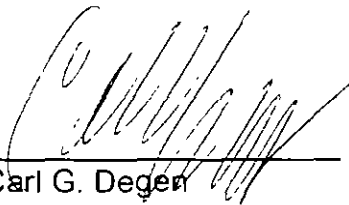
Direct	Direct Handling Item	Direct Handling Item (Counted)	Direct Handling Container	Mixed Items	Mixed Identified Containers	Mixed Unidentified Containers	Not-handling	Class-specific	Total
0	0	0	0	0	0	0	0	0	0
1,278	255	0	0	0	46	59	51	0	0
Special Handling	Special Delivery	Other Special Services							

Notes

1/ Combined into First-Class Letters & Parcels line in Tables' worksheets, Section IV.A.1

2/ Combined into First-Class Postcards line in Tables' worksheets, Section IV.A.1

I, Carl G. Degen, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information, and belief.

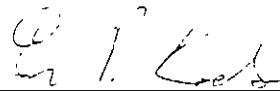


Carl G. Degen

10-1-97
Date

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.



Eric P. Koetting

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October 1, 1997