

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSE OF POSTAL SERVICE WITNESS STEVENS
TO INTERROGATORIES OF THE OCA (OCA/USPS-T15-7 - 9)
(June 1, 2005)

The United States Postal Service hereby provides the response of witness Stevens to the following interrogatories of the OCA, filed on May 18, 2005: OCA/USPS-T15-7 - 9.

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

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, Fax -5402
June 1, 2005

RESPONSE OF POSTAL SERVICE WITNESS DENNIS P. STEVENS
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE.

OCA/USPS-T15-7. Please refer to your testimony at page 3, lines 12-14. You indicate that invalid or error scan pairs accounted for 9.7% loss of time from the total of all scan sequences.

- a. Your testimony seems to indicate that for the volume of mail analyzed you are unable to account for 9.7% of the time. Is this correct? If not, please explain in detail.
- b. Assuming that you are unable to account for 9.7% of the time to deliver the mail on the routes studied, have you performed or are you aware of any analysis of the impact of this lack of information on the volume variability calculations? If so, please provide such analysis. If not, why not?

Response:

- a. This is not correct. The proposed methodology for calculating volume variable city carrier street time costs accounts for all carrier time. Recall that the methodology proceeds in four steps. First, the total accrued street time is determined. Second, time pool proportions are applied against total accrued street time to form cost pools. Third, variabilities are applied to the cost pools to find volume variable costs. Fourth, a distribution key is used to distribute volume variable costs to classes and subclasses. The 9.7% error rate applies to the database that was used to form the proportions. Your question implies that the 9.7% was not used in forming the proportions. The 9.7% error rate actually represents time (from invalid scan sequences) that cannot be assigned to a time pool using the algorithm determined prior to the data collection and is set aside. It was anticipated that the incidence of invalid scan sequences would be relatively small with minimum impact on the conclusions derived from the

RESPONSE OF POSTAL SERVICE WITNESS DENNIS P. STEVENS
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE.

- valid sequences. We feel strongly that the low 9.7% error rate supports our contention. By setting the 9.7% aside, we infer that the distribution of the invalid sequences are congruent to the valid sequences; therefore, the proportions used to create the cost pools with or without the invalid scans are the same. The final calculated proportions add up to 100%. All street time is accounted for.
- b. No such analysis has been performed nor is it needed. The variabilities are estimated for only two of the time pools, regular delivery time and parcel/accountable delivery time. Both variabilities are based upon econometric equations which are estimated on a sample of the data. The sample is sufficiently large to permit reliable estimation of both equations as indicated by their goodness of fit statistics.

RESPONSE OF POSTAL SERVICE WITNESS DENNIS P. STEVENS
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE.

OCA/USPS-T15-8. The purpose of this interrogatory is to clarify the delineation of ZIP Codes and column headings. These questions relate to databases in USPS LR-K-78, USPS LR-K-79, USPS LR-K-80, and USPS LR-K-81.

- a. Please refer to USPS LR-K-81. There are four databases in the library reference: Timepool MDATA, PA Volume MDATA, LFVolume MDATA, and Density MDATA. Did witness Bradley obtain this data from any of your work? If the answer is yes, please identify the originating and destination databases. If your answer is no, please explain in detail.
- b. Please refer to the four databases in USPS LR-K-81, the databases used by witness Bradley in his analysis. Please trace the ZIP Codes between any of your databases and the databases used by witness Bradley. For example, the ZIP Codes for AI161ZIPS.PRN and PA159.PRN do not seem to dovetail with any of the ZIP Codes used in USPS LR-K-81. Please explain.
- c. In the case of USPS LR-K-79, do the values in the variable "Mask" in MDCD.WEIGHTS.MASKZIPS.DATA correspond to ZIP Codes in any databases in USPS LR-K-80 or USPS LR-K-81? Please explain in detail, providing a mapping of ZIP Codes to all other databases referenced in the introduction to this interrogatory.
- d. Column B of COSTPOOL2.FINAL.xls appears to provide ZIP Codes. Please provide a mapping of the ZIP Codes onto other databases mentioned in the heading to this interrogatory.
- e. In USPS LR-K-79, for the database MDCD.ARCHIVE.SUBSET.V4MASK, please provide a mapping of the ZIP Codes to other databases referenced in the heading to this interrogatory.
- f. In USPS LR-K-79, for the database MDCD.ARCHIVE.SUBSET.V4MASK, please provide column headings for the variables.
- g. In USPS LR-K-79, for the database MDCD.SCAN6, please provide column headings.

Response:

- a. Yes, Witness Bradley uses COSTPOOL2.FINAL.XLS to generate Timepool MDATA: PA159.PRN to generate PA Volume MDATA; and

RESPONSE OF POSTAL SERVICE WITNESS DENNIS P. STEVENS
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE.

AL161ZIPS.PRN to generate LFVolume MDATA. Density MDATA does not rely on any data that I produce, rather on census data.

- b. Please refer to the response to OCA/USPS-T15-4.
- c. Please refer to the response to OCA/USPS-T15-4.
- d. Please refer to the response to OCA/USPS-T15-4.
- e. Please refer to the response to OCA/USPS-T15-4.
- f. Please refer to the following excerpt from CPFINAL.SAS from USPS LR-K-79 for the column headers.

```
          DATA MDCD;          DESCRIPTION
INFILE DATACOLL;
INPUT
  @1 DATE MMDDYY8.   Date for scan
  @10 RTEZIP 7.2     ZIP for route
  @18 SCANZIP 7.2   Scanned ZIP
  @28 ROUTENO $2.   Route number
  @30 EMP $4.       Employee code
  @34 CTIME $8.     Time of scan
  @42 ONFRAME 1.    Whether the route is on the city carrier frame
  @43 DELMODE $1.   Delivery mode for route
  @44 BARCODE 3.    Barcode
  @47 BCURB 5.     Possible business curblin deliveries
  @52 BNDCBU 5.    Possible business NDCBU deliveries
  @57 BCENT 5.     Possible business centralized deliveries
  @62 BOTHR 5.     Possible business other deliveries
  @67 RCURB 5.     Possible residential curblin deliveries
  @72 RNDCBU 5.    Possible residential NDCBU deliveries
  @77 RCENT 5.     Possible residential centralized deliveries
  @82 ROTH 5.      Possible residential other deliveries
  @87 ROUTE $8.;    Full route number
```

- g. Column 1 – barcode 1 number identifier; Column 2 – barcode 2 number identifier; column 3 – assigned time pool.

RESPONSE OF POSTAL SERVICE WITNESS DENNIS P. STEVENS
TO INTERROGATORIES OF OFFICE OF THE CONSUMER ADVOCATE.

OCA/USPS-T15-9. On page 2 of “City Carrier Street Time Survey—Time Pool Datasets,” USPS LR-K-79, you reference the file ACTIVITY.DEFINITIONS.DOC. There does not appear to be such a named file. Please provide the file or indicate where it may be found.

Response:

ACTIVITY.DEFINITIONS.DOC is the Appendix in USPS-LR-K-79, starting at page 7.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
June 1, 2005