

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 UNITED STATES POSTAL SERVICE WITNESS  
L. PAUL LOETSCHER TO INTERROGATORIES OF TIME WARNER, INC.  
(TW/USPS-T32-1-5)  
(June 3, 2005)

The United States Postal Service hereby provides the responses of witness  
L. Paul Loetscher (USPS-T-32) to the following interrogatories of Time Warner, Inc.,  
filed on May 20, 2005:

TW/USPS-T32-1-5

The interrogatories are stated verbatim and are followed by the responses.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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Brian M. Reimer

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3037, Fax -5402

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
INTERROGATORY OF TIME WARNER, INC.

**TW/USPS-T32-1** In Excel spreadsheet "Periodicals Control LR.xls," contained in LR-K-92, you carry out a transformation of a table of Periodicals mail preparation characteristics developed in Docket No. R2000-1, to a table meant to approximate the corresponding FY2004 mail preparation characteristics.

- a. Please confirm that the above is an accurate summary of a function performed by spreadsheet "Periodicals Control LR.xls." If not confirmed, please provide a more accurate description.
- b. Please confirm that the R2000-1 Periodicals data on which your transformation starts are shown in cells G19:N49 of worksheet LR-I-87 in the above mentioned Excel spreadsheet. If not confirmed, please explain.
- c. Please confirm that the only FY2004 data applied in the transformation are: (1) the FY2004 outside county volume in each of the seven presort/auto/non-auto based rate categories; and (2) the percent of outside county volume entered on pallets. If not confirmed, describe any other FY2004 data that you use. Please note that the question refers only to the transformation of R2000-1 data to FY2004, not the subsequent LR-K-92 transformations to account for the test year impact of skin sack elimination and the L008 labeling list.
- d. Please confirm that the R2000-1 data were based on a data collection performed in FY98, controlled to be consistent with FY98 billing determinant data. If not confirmed, when was it conducted?
- e. In the original FY98 data collection, precisely what criteria were used to determine whether a mail piece would be defined as machinable or non-machinable? Please state also whether those criteria are the same as those that apply today for AFSM-100 machinability. If they are not the same, please state whether you made any attempt to adjust the original data accordingly and, if you did make such an adjustment, explain how and where (in which spreadsheet) it was done.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
INTERROGATORY OF TIME WARNER, INC.

**Response to TW/USPS-T32-1 (continued)**

- e. In the FY98 study the machinability standards applicable to the FSM 881 as described in DMM issue 52 section C820 were used to determine piece machinability. The DMM machinability criteria in effect when the previous study was conducted differ from the current DMM machinability standards. For example Periodicals flats can weight up to 20 ounces under the current machinability standards where previously the weight restriction was 16 ounces. In the development of the estimates provided in LR-K-92 no attempt was made to adjust the LR-I-87 data for changes in the flats machinability standards.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
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**TW/USPS-T32-2** LR-K-91 describes a Periodicals data collection that included: (1) mail.dat files on 733 publications with circulation over 15,000; and (2) a separate data collection for publications with circulation under 15,000, which involved counts and observations of sampled flats, bundles, sacks and pallets from a total of 343 sampled publications.

- a. Please confirm that the above is a correct summary description of the data collection documented in LR-K-91. If not confirmed, please make the necessary corrections.
- b. Please confirm that all the results of this data collection that are applied in the current rate filing, including LR-K-92, are contained in the Excel spreadsheet "Tables.xls," filed with LR-K-91. If not confirmed, please identify all other tabulations of mail characteristics data used by you or any other USPS witness that are from the data collection described in LR-K-91 but cannot be derived from the data in "Tables.xls."
- c. Were the specific applications that you describe the only reasons for the data collection effort described in LR-K-91? If not, please describe all other applications the data collection was intended for, whether or not they are included in the present rate filing.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
INTERROGATORY OF TIME WARNER, INC.

**Response to TW/USPS-T32-2 (continued)**

- c. The data collection effort described in LR-K-91 was part of an effort intended to measure numerous preparation characteristics of Periodicals Mail. These preparation characteristics include, but are not limited to, the distribution of Periodicals Mail across container type (pallet, sack, or tray), the distribution across container presort level, the distribution of pieces across bundle presort levels, the distribution of container sizes by type and presort level, the distribution of bundle sizes by bundle presort level, the entry profile of containers by container type and container presort level and piece machinability characteristics. The only application of this data included in the present rate filing is the information included in LR-K-91. It is my understanding that the specific uses of the data collection effort have not yet been determined.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
INTERROGATORY OF TIME WARNER, INC.

**TW/USPS-T32-3** Please consider the R2000-1 Periodicals mail characteristics data that are the subject of Interrogatory TW/USPS-T32-1, as tabulated in cells G19:N49 of worksheet LR-I-87 in Excel spreadsheet "Periodicals Control LR.xls." Additionally, please consider the information on worksheet "Ave Bundles" in the same Excel spreadsheet, which contains two tables titled: "LR-I-87 Regular Rate & Nonprofit Periodicals Mail Characteristics, Pieces by Container Type and Package Type;" and "LR-I-87 Regular Rate & Nonprofit Periodicals Mail Characteristics, Package Count by Container Type and Package Type."

- a. In the case of Periodicals for which mail.dat files are available, is there any part of the mail characteristics data referred to above whose FY2004 equivalent cannot be obtained from a suitably selected set of mail.dat files? If yes, please describe the type of information that mail.dat files in your opinion could not provide.
- b. In the case of Periodicals with circulation under 15,000 per issue, for which you conducted a separate data collection with the survey instruments described in LR-K-91, is there any part of the mail characteristics data referred to above whose FY2004 equivalent could not be extracted from your new data collection effort? If yes, please describe all the information you believe the new data collection could not have provided and any change in survey instruments that would have been needed to capture that information.
- c. Why, when you had collected much newer data both on large and small publications that would appear to include all the mail characteristics data presented in LR-K-92, did you choose instead to just modify the FY98 data, collected before the AFSM-100, before any AFSM-100 scheme based labeling list and before all the new discounts introduced in R2001-1 and later, so as to match a few numbers from the FY2004 billing determinants?
- d. Did you use the mail.dat files you collected to derive estimates of the number of pieces per package for different package presort levels, container presort levels, container type or any other characteristics? If yes, please provide that information, or indicate where it is included in the present rate filing.
- e. Does the Postal Service have an updated set of mail characteristics data, based either on the data collection you describe in LR-K-91 or on another data collection performed later than FY98? If yes, please provide copies of such information.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
INTERROGATORY OF TIME WARNER, INC.

**Response to TW/USPS-T32-3 (continued)**

- f. Does the Postal Service plan to develop an updated set of mail characteristics data, with a level of detail equal to or better than the data from LR-I-87, based either on the data collected in LR-K-91 or on another new data collection? If yes, when is such information expected to be available?

**RESPONSE:**

- a-b. As mentioned in my response to TW/USPS-T32-2 part c, the intent of the data collection efforts described in LR-K-91 was to begin to collect data to produce estimates of the preparation characteristics similar to those presented in "Periodicals Control LR.xls". Mail.dat files are constructed to record all the necessary information needed to measure the type of information measured in previous mail characteristics studies. However some of the information needed to produce accurate estimates of all the information measured in previous studies are not required for verification, the current system's intended purpose. At this time it has not been determined if the mail.dat files collected through PostalOne are sufficient to accurately measure items such as piece machinability. The FY 2004 equivalent information was collected with the survey instrument described in LR-K-91.

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**Response to TW/USPS-T32-3 (continued)**

- c. At the time the current rate filing was being prepared estimates of the containerization and package preparation characteristics were under review by the Postal Service and have not yet been finalized. Since neither the preparation estimates themselves nor the cost estimates derived from these data were to be used to support pricing initiatives or rates, the decision was made to divert resources from the production of the preparation characteristics estimates to the production of estimates of the distribution of the number of pieces in Periodicals sacks. The sack size distribution was needed to obtain estimates of the cost reductions resulting from the enforcement of a 24-piece minimum on Periodicals sacks.
- d-f. Yes, we used the data collected to produce estimates of the number of pieces per package for different presort levels, container presort levels, and container type. Since neither the preparation estimates themselves nor the cost estimates derived from these data were to be used to support pricing initiatives or rates they are not included in the present filing. The estimates are still work product and under review by the Postal Service. I do not know when this review will be completed.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
INTERROGATORY OF TIME WARNER, INC.

**TW/USPS-T32-4**

- a. Please consider the Periodicals volume from Periodicals with mailed circulation of 15,000 or more per issue. Roughly what portion of that volume is today documented by mail.dat files?
- b. Please consider the Periodicals volume from Periodicals with mailed circulation between 5,000 and 15,000 pieces per issue. Roughly what portion of that volume is today documented by mail.dat files?
- c. Is it fair to say that for the portion of the Periodicals mail volume that is documented by mail.dat files, collection of mail characteristics data today is simply a matter of downloading a suitable set of electronic files that already are being submitted on a regular basis? Please explain any negative answer.

**RESPONSE:**

- a. In February 2005 roughly 60 percent of FY 2004 volume of publications with mailed circulation over 15,000 pieces was submitted by publications that had at least one mail.dat submitted to PostalOne.
- b. In February 2005 roughly 2.5 percent of FY 2004 volume of publications with mailed circulation between 5,000 and 15,000 pieces was submitted by publications that had at least one mail.dat submitted to PostalOne.
- c. The mail.dat files available to the Postal Service are obtained through the portion of PostalOne designed to allow electronic submission of mailing documentation in lieu of hardcopy documentation. Although the availability of these files is likely to increase the accuracy and reduce the cost of future mail characteristics estimates, the vast number of files submitted and the complexity of the files makes production of mail characteristics from these data anything but simple.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
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**Response to TW/USPS-T32-4 (continued)**

The system collecting the mail.dat files was designed to provide acceptance clerks at detached mail units with documentation of a mailing or portion of a mailing for verification purposes and eliminate the need for large hardcopy reports. The system was not specifically intended to enable the production of mail characteristics reports, nor was the system designed to replace or eliminate the need for postage statements. As such, additional analysis is needed to be performed on submitted mail.dat files in order to produce reliable mail characteristic estimates.

The mail.dat files submitted to PostalOne are not required to document the actual physical preparation of a mailing. Although the majority of mail.dat files record the actual physical preparation of the mailing, a few customers will provide a "logical" description of the mailing. These "logical" files document the mailing for verification purposes and ignore height and weight restrictions on bundles and containers. This means a presort location with 50 pounds of mail can be recorded in the mail.dat as a single bundle weighing 50 pounds even though the mailer is likely to have prepared 3 separate bundles each weighing less than the 20 piece package maximum. To produce mail characteristics estimates the files reporting logical containers and packages need to be identified and treated appropriately so that estimates of container and package sizes are not biased.

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**Response to TW/USPS-T32-4 (continued)**

In addition to the logical/physical distinction other nuances of the files make the production of mail characteristics estimates a challenging task. Currently the Postal Service receives thousands of mail.dat files each month for most classes of mail. Files are obtained from multiple locations, various platforms and software vendors. A subtle variation in the presentation of information in a particular field requires modification of the software used to produce estimates. Submitted files are often updated as a result of changes in the customer's drop-shipping decisions and address lists. As a result each update must be paired with the original and the relevant fields changed. These and other data issues serve to make the production of mail characteristics estimates from these data, while possible, a difficult task.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO  
INTERROGATORY OF TIME WARNER, INC.

**TW/USPS-T32-5** Please consider the Periodicals entry point data that you presented as LR-J-114 in Docket No. R-2001-1.

- a. In the case of Periodicals for which mail.dat files are available, is there any part of the entry point data referred to above whose FY2004 equivalent cannot be obtained from a suitably selected set of mail.dat files? If yes, please describe the parts of the entry point information that mail.dat files in your opinion could not provide.
- b. In the case of Periodicals with circulation under 15,000 per issue, for which you conducted a separate data collection with the survey instruments described in LR-K-91, is there any part of the entry point data referred to above whose FY2004 equivalent could not be extracted from your new data collection effort? If yes, please describe all the entry point information you believe the new data collection could not have provided and any change in survey instruments that would have been needed to capture that information.
- c. Have you or anyone else working for the Postal Service developed updated entry point data based on the data collection described in LR-K-91 or any other data collection conducted later than R2001-1? If yes, please describe the information developed in the manner indicated and provide copies. If no, are there any current plans to develop such updated information?

**RESPONSE:**

- a-b. The data needed to develop equivalent estimates to those provided in LR-J-114, principally the entry facility ZIP code and container destination ZIP code, can be obtained from mail.dat files and were collected by the survey instrument described in LR-K-91.
- c. The Postal Service is currently in the process of developing entry point information similar to what was produced in LR-J-114; however, this task has not yet been completed.

## **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.

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Brian M. Reimer

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-3037, FAX: -5402  
June 3, 2005  
Brian.M.Reimer@usps.gov