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

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
THE ASSOCIATION OF ALTERNATE POSTAL SYSTEMS
REDIRECTED FROM WITNESS MOELLER
(AAPS/USPS-T36-7-11)

The United States Postal Service hereby provides responses to the following

interrogatories of the Association of Alternate Postal Systems: AAPS/USPS-T36-7-

11, filed on September 17, 1997, and redirected from witness Moeller.

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

Anthony F. Alverno

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2997; Fax -5402
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AAPS/USPS-T36-7. Please refer to Library Reference H-182, the study of Standard mail unit cost by weight increment.

     a).   At Page 3, the report states that carrier street costs are "distributed to weight increment in proportion to mail volume." Does this mean that the study assumes that all carrier street costs are piece related, not weight related? If not please explain.

     b).   If the response to part (a) is in the affirmative, please provide the basis for the assumption that carrier street costs are entirely piece related.

RESPONSE:

a and b).   See response to NAA/USPS-T36-17.

AAPS/USPS-T36-8. Assume that on day on a carrier delivers 500 identical Standard
pieces each weighing 1 ounce, for a total of 31.25 pounds, and on day two he delivers
500 Standard pieces each weighing 7 ounces, for a total of 218.75 pounds. Assume
further that all other mail to be delivered is identical. Will there be any difference in
carrier street costs on the two days? Please explain.

RESPONSE:

In interests of simplicity, let us further assume that both the one ounce pieces and the

seven ounce pieces are the same shape, say flats. Also assume that the carrier has no

other mail on these two days, and that the 500 pieces on each day are addressed to

the same 500 stops. Route time is the same on both days, since the carrier must

traverse the same route on both days. Access time is the same, since the carrier

deviates from the route to the same set of delivery points on both days. Elemental load

time is the same, since the carrier is loading the same number of flat shaped pieces at

each stop on each day. Other load time is the same, because the same set of delivery

points is accessed on both days. Street support time will vary slightly between the

days. For mounted routes, this time will vary because more time will be spent loading

the vehicle, since presumably the 219 pounds of mail will fill more tubs than the 31

pounds of mail. However, this additional time will be restricted to the time required to

load the additional tubs from a rolling container to the back of an adjacent vehicle. For

park and loop and foot routes, preparing mail at either the vehicle or relay boxes may

also vary, if the additional weight is concentrated in a particular swing, requiring the

carrier to break the swing into two or more segments. However, given the assumption

in the hypothetical that on each day the 500 pieces are delivered to 500 stops, it is

unlikely that any swing for a typical route would need to be broken into more segments.

If the assumption that no other mail is delivered on the route is changed so that 500

pounds of other mail are delivered on each day, the effect of additional loading time and

additional preparation time at the vehicle/relay box will be even smaller than before,

since the total weight delivered on the route will change by a much smaller percentage.

AAPS/USPS-T36-9. Please refer to Library Reference H-182, the study of Standard mail unit cost by weight increment. At page 2, it states that "all other costs were distributed in proportion to pieces." Please describe the major costs contained in "all other costs" and, for each, explain why they were distributed in proportion to pieces.

RESPONSE:

These costs consist of costs in cost segments 1, 2, 4, 9, 11, 12, 13, 15, 16, and 18

which were not completely accounted for by the use of piggyback factors. Most of cost

for these segments is represented by use of piggyback factors in the labor cost

segments (3, 6, 7, 8, and 10), and thus is distributed in proportion to the direct cost of

these segments. The remaining costs (about 3% of total attributable costs for

enhanced carrier route, and 1% of total attributable costs for regular) are distributed in

proportion to pieces because it was found in the study that the majority of costs in mail

processing appeared to be piece-related rather than weight-related.

UNITED STATES POSTAL SERVICE RESPONSE TO INTERROGATORIES OF
ALTERNATE POSTAL SYSTEMS REDIRECTED FROM WITNESS MOELLER

AAPS/USPS-T36-10. Please refer to Library Reference H-182, the study of Standard mail unit cost by weight increment. At Table 1 for Carrier Route mail, it shows that, for example, the attributable cost for a 13-ounce piece is the same as for a 1-ounce piece, that cost per piece declines from 1 ounce to 3 ounces, that a 4-ounce piece cost 39% more than either a 3-ounce piece or a 5-ounce peice, that a 9-ounce piece costs 14% less than an 8-ounce peice, etc. In your view, does a study that produces these results need any improvement? If so, what improvements do you suggest? If not, do you believe that these results are accurate?

RESPONSE:

See generally response to NAA/USPS-T36-22. Please note that the study presented in

Library Reference H-182 was not intended to measure specific cost relationships

between individual weight cells, but rather to provide the overall relationship between

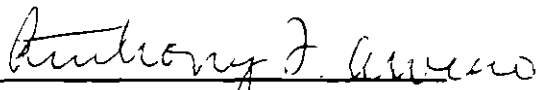weight and cost for Standard Mail (A).

AAPS/USPS-T36-11. Please explain how the LIOCATT cost for carrier casing is developed for use in Library reference H-182. Does the result assign greater unit costs as weight increases?

RESPONSE:

See Library Reference H-182 at Appendix B. The process described assigns costs to

weight increment in the following manner. For each IOCS observation of city carrier

casing time, the weight of piece the carrier was handling when observed is recorded.

This weight is used to assign the cost of each city carrier direct IOCS tally to weight

increment. Thus, there is no explicit system to "assign greater unit costs as weight

increases," but rather costs were assigned to the weight increments in which the pieces

observed during the IOCS reading belong.

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.

Anthony F. Alverno

Anthony F. Alverno

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
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