

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY
Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN
TO INTERROGATORIES REDIRECTED FROM OTHER WITNESSES
(DMA/USPS-T14-51 AND
UPS/USPS-T14-58 FROM WITNESS BRADLEY AND
ADVO/USPS-T41-7 & 8 FROM WITNESS TAKIS)

The United States Postal Service hereby provides the response of witness Moden to the following interrogatories, filed on September 17, 1997: DMA/USPS-T14-51 and UPS/USPS-T14-58 redirected from witness Bradley; and ADVO/USPS-T41-7 & 8 redirected from witness Takis.

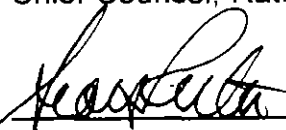
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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October 1, 1997

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN
TO THE INTERROGATORIES OF THE DMA
REDIRECTED FROM WITNESS BRADLEY**

DMA/USPS-T14-51. Please refer to page 25 of your direct testimony, Library Reference H-148 at page H148-4, and your response to DMA/USPS-T14-26a, all of which emphasize the "great value" MODS brings to your econometric analysis because it is an "operational data set.. used for management decisions." Please list all Postal Service planning and management functions or decisions you are aware of which rely, or have relied, on MODS data, and describe the role(s) MODS data plays (or played) in each.

Response:

See Section B "Uses of MODS Data" on pages 16 and 17 of my testimony.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN
TO THE INTERROGATORIES OF UPS
REDIRECTED FROM WITNESS BRADLEY**

UPS/USPS-T14-58. You have used "total pieces handled" as the basic measure of volume in your cost analysts.

(a) With respect to First Class letters, Priority Mail, and Parcel Post, what is the minimum number of "handlings" as counted in your analyses that a particular item might experience between its initial drop-off at a postal facility and its delivery to its final destination? What is the maximum number of handlings?

(b) Has the number of times a piece is handled increased or decreased over time? Why? If the number of times a piece is handled has increased over time, what is the impact of this change on the relationship between pieces delivered and costs? If the number of times a piece is handled has decreased over time, what is the impact of this change on the relationship between pieces delivered and costs?

(c) Does the number of times a piece is handled increase or decrease with volume?

Response:

- a. The minimum would be one for each. For example, some trayed, prebarcoded mail might be finalized to a high volume destination in a single pass on a BCS Outgoing Primary scheme. The maximum number of planned distribution piece handlings would be 6 for letters, 4 for Priority Mail, and 5 for parcels.
- b. Increased due to Delivery Point Sequencing and the fewer stackers (and thus reduced depth of sort per handling) on automated equipment compared to the Multi-Position Letter Sorting Machines they have largely supplanted. However, automated handlings are much more efficient and I am told the increased handlings are much more than offset by the reduced staffing costs in automated operations compared to their mechanized predecessors.
- c. In the short run there would not be any change with volume. Longer term, if the volume increase was concentrated in a few destinations, sort schemes might be changed to finalize more mail in the primary, reducing the average number of handlings.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MODEN
TO THE INTERROGATORIES OF ADVO
REDIRECTED FROM WITNESS TAKIS**

ADVO/USPS-T41-7. At page 59 of his testimony (USPS-T-14), witness Bradley states that "[s]imilarly, the variability for the canceling activity reflects its pivotal role and [sic] the primary gateway activity for each night's sorting." At page 57, Bradley states that "[m]uch mail processing must be done within strict time limits set by dispatch times."

- (a) Do you agree that the canceling activity plays a "pivotal role" as "the primary gateway activity for each night's sorting"? If not, please explain why you disagree with witness Bradley and what relative role you believe the canceling operation plays in preparing for each night's sorting activities.
- (b) Is the staffing of personnel in the facer/canceler operation affected in any way by the fact that nearly all of the volume processed in this operation is First Class Mail? Explain your answer.
- (c) Do First Class delivery standards, or efforts by management to achieve high delivery performance or meet performance targets for First Class Mail, play any part in staffing decisions for this operation? Explain your answer.
- (d) Is the staffing of personnel in the facer/canceler operation affected in any way by the need to process First Class mail within strict time limits to meet critical dispatch times? Explain your answer.

Response:

- a. Yes.
- b. Yes. First Class mail is not deferrable and must meet tight service requirements. For example, mail destined for local delivery must be completely sorted overnight and dispatched to local delivery units for delivery the next day. As I discussed on page 22 of my testimony, "the first evidence of the night's volumes and arrival times are seen in these operations [cancellation / mail preparation] and they are critical to the success of the night's processing." Thus it is difficult to forecast mail arrivals for this

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operation, but critical to have staff processing that mail as soon as it is available.

As a result , the staffing plan for the operation may accept a greater risk that workers will briefly run out of mail to process.

c. See part b.

d. See part b.

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ADVO/USPS-T41-8. Witness Bradley also cites volume peaking patterns as a factor that may affect volume variability (see, e.g., his statement on volume peaking characteristics in platform activities, USPS-T-14 at 62). With respect to the facer/canceler operation:

- (a) Do volumes entering the facer/canceler operation exhibit any peaking characteristics? Please generally describe the peaking patterns by tour and, within tours, by time of day.

- (b) Does the fact that originating First Class Mail comprises nearly all of the volume entering the facer/canceler operation have any effect on peaking patterns in this operation? In your response, please generally describe the peaking patterns of originating First Class Mail, and describe the extent to which First Class volumes cause or contribute to peaking patterns in this operation.

Response:

- a. Yes. Facer/canceller processing peaks early in tour 3, typically between 5 and 7 p.m. depending on local collection schedules and transportation times.

- b. Yes. Current peaking patterns were described in a. Since virtually all mail that has to be faced and canceled is First Class, that class is the key contributor to the peaking pattern described in a.

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: 10/1/97

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

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