

DOCKET SECTION

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

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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 NIETO TO INTERROGATORY OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
REDIRECTED FROM WITNESS DEGEN  
(OCA/USPS-T12-50(C)(i))

The United States Postal Service hereby provides the response of witness Nieto to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T12-50(c)(i), filed on September 9, 1997, and redirected from witness Degen.


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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 3, 1997

RESPONSE OF POSTAL SERVICE WITNESS NIETO TO INTERROGATORIES  
OF THE OFFICE OF THE CONSUMER ADVOCATE

**OCA/USPS-T12-50.** Please refer to your response (September 2, 1997) to POIR No. 2, question 1.

- a. Attachment 1 presents nominal Standard (B) Library rate (LR) unit costs. Show the derivation of the Segment 14 unit costs for each year, FY 1990 through FY 1996.
  - i. For each figure used in the derivation, provide a citation to source documents used and furnish copies of such documents if they are not already on file with the Commission.
  - ii. State which postal data systems generated the information used to derive the segment 14 unit costs.
- b. Present the same information requested in part a. (including subparts i. and ii.) of this interrogatory for each of the remaining cost segments in Attachment 1 (for LR mail).
- c. In the last paragraph of your response, you conclude that: "Library rate costs, like Classroom, suffer from some instability due to the small volume and the nature of the IOCS sampling procedure." Please address the same issues, i.e.,
  - i. "the small volume [of LR mail] and the nature of the . . . sampling procedure" with respect to the data systems noted in subpart a.ii. of the instant interrogatory (for segment 14);
  - ii. the number of tallies involved in generating segment 14 costs for LR mail;
  - iii. whether tallies "occurr[ed] in proportion to volume" in segment 14 data collection;
  - iv. provide "tallies per dollar of unit cost" for segment 14 costs.

**Response to OCA/USPS-T12-50.**

- a. Answered by witness Degen.
- b. Answered by witness Degen.
- c.
  - i. For segment 14 costs, the Transportation Cost System (TRACS) is used to allocate transportation costs to the various classes and subclasses of mail for the following components: Commercial Air, Network Air, Freight Rail, Passenger Rail, and Highway (Intra-SCF, Inter-SCF, Intra-BMC, and Inter-BMC). TRACS develops distribution keys to reflect the proportions of the subclasses of mail using that transportation. TRACS

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samples various movements of transportation, and then takes random samples of mail from that movement. Low volume in a particular subclass would result in increased variance in the distribution keys since it is likely that fewer movements and fewer containers sampled would contain Library Rate mail.

ii. Answered by witness Degen.

iii. Answered by witness Degen.

iv. Answered by witness Degen.

## DECLARATION

I, Norma B. Nieto, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Norma B. Nieto

Dated: 10-3-97

### 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.

  
Anne B. Reynolds

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