

DOCKET SECTION

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

RECEIVED

OCT 24 4 53 PM '97

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

COMPELLED RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-8)

Pursuant to Presiding Officer's Ruling No. R97-1/45, the United States Postal Service hereby provides its compelled response to the interrogatory OCA/USPS-8 of the Office of the Consumer Advocate.

The 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



Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2999; Fax -5402
October 24, 1997

COMPELLED RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA\USPS-8. Please refer to the following Postal Service library references:

H-2 – H-6
H-8
H-11
H-13 – H-24
H-27 – H-37
H-39 – H-47
H-50 – H-53
H-63 – H-70
H-84
H-87 – H-88
H-90 – H-103
H-123
H-127
H-129
H-145
H-177 – H-178
H-186
H-192 – H-193
H-196

- a. For each of the above library references, please confirm that the library reference is not referred to in the testimony of any Postal Service witness in this docket. If you do not confirm, please provide a cross walk between each library reference and each portion of testimony that refers to the library reference.
- c. For each of the above library references, please identify the witnesses that rely on the library reference.
- d. For each of the above library references, please identify the witnesses who contributed to the creation of the library reference. If a witness did not create the entire library reference, please identify the portions of the library reference created by the witness.

RESPONSE:

H-2 USPS Cost and Revenue Analysis, FY 1996

- a. Not confirmed. The testimony of Witness Alexandrovich makes reference to the FY 1996 CRA on pages 3 and 4. The CRA is filed every year pursuant to the Commission's periodic reporting rules.
- c. None.
- d. None.

H-3 Development of Cost Segments and Components Report, FY 1996 Final Adjustment Report, FY 1996

- a. Not confirmed. This library reference is cited in Table USPS-WP-41C (pages 28 and 29) accompanying the workpapers of witness Takis. The Cost Segments and Components Report (CRA) is filed every year pursuant to the Commission's periodic reporting rules.
- c. None.
- d. None.

H-4 Base Year/Roll Forward, Input Data Files

- a. Confirmed. Please note, however, that this library reference consists of the files used to execute the base year/roll forward cost model and has traditionally been filed as part of the routine rate case documentation.
- c. See response to (a) above. The information contained in this library reference is used in the Postal Service's cost model and, in that manner, relates to the testimonies of Witnesses Alexandrovich and Patelunas. Also, the information is required by Rule 54.
- d. Witness Patelunas.

H-5 Base Year/Roll Forward, Processing Documentation Reports

- a. Confirmed. Please note, however, that this library reference consists of hard copy of the processing used in the execution of the base year/roll forward cost model and has traditionally been filed as part of the routine rate case documentation.
- c. See response to (a) above. The information contained in this library reference shows the processing steps in the Postal Service's cost model and, in that manner, relates to the testimonies of Witnesses Alexandrovich and Patelunas. Also, the information is required by Rule 54.
- d. Witness Patelunas.

H-6 Base Year/Roll Forward, CD-ROMs

- a. Confirmed. Please note, however, that this library reference consists of the electronic version of the files which make up the base year/roll forward cost model and a machine-readable version has traditionally been filed as part of the routine rate case documentation.
- c. See response to (a) above. This is the Postal Service's cost model and thus underlies the costs presented in the testimonies of Witnesses Alexandrovich and Patelunas.
- d. Witness Patelunas.

H-8 Roll Forward Test Year Volume Variable Cost Footnotes

- a. Confirmed.
- c. None. This information contained in this library reference is furnished to supplement the requirements of Rule 54 and has traditionally been filed as part of the routine rate case documentation.
- d. Witness Patelunas.

H-11 Estimated Functional Accrued Costs by Subfunctions and Cost Categories

- a. Confirmed.
- c. None. This information contained in this library reference is required by Rule 54 and has traditionally been filed as part of the routine rate case documentation.
- d. Witness Patelunas.

H-14 – H-23 IOCS Documentation

- a. Confirmed.
- c. Each of these library references is clearly titled so as to indicate its relation to the IOCS, one of the Postal Service's ongoing data collection systems. Generally speaking, they provide the documentation of IOCS system required by the Commission's rules, as well as listings and/or machine-readable versions of computer code, input and output data, etc. None of these library references contains studies or analyses that draw conclusions which are relied upon by any witness, but, obviously, the output of these data systems provide information which is ultimately relied upon by almost every postal witness.
- d. Because they relate to an ongoing data collection system, none of these library references appears to have been prepared specifically for this proceeding. Many were created over substantial periods of time. It is possible, however, that some of witnesses sponsoring testimony in this proceeding on data collection systems may have, over the years, contributed to some degree to the creation of some of this documentation.

H-24 IOCS Tally Analysis Documentation

- a. Not confirmed. As has traditionally been the case, the information contained in this library reference is used as part of the manual inputs to the base year.

Accordingly, this library reference is cited on pages 106.1 through 122.1 of Alexandrovich (USPS-T-5) Workpaper A-1.

- c. See response to (a) above and response to this question with respect to H-14 – H-23 above.
- d. See response to this question with respect to H-14 – H-23 above.

H-27 – H-31, H-34 – H-37 Carrier Cost Systems Documentation

- a. Confirmed.
- c. Each of these library references is clearly titled so as to indicate its relation to the carrier cost systems, which are part of the Postal Service's ongoing data collection systems. Generally speaking, they provide the documentation of the carrier cost systems required by the Commission's rules, as well as listings and/or machine-readable versions of computer code, input and output data, etc. None of these library references contains studies or analyses that draw conclusions which are relied upon by any witness, but, obviously, the output of these data systems provide information which is ultimately relied upon by almost every postal witness.
- d. Because they relate to an ongoing data collection system, none of these library references appears to have been prepared specifically for this proceeding. Many were created over substantial periods of time. It is possible, however, that some of witnesses sponsoring testimony in this proceeding on data collection systems may have, over the years, contributed to some degree to the creation of some of this documentation.

H-32 City Carrier Distribution Key Development Source Code and Program Outputs

- a. Confirmed. Please note, however, that the information in this library reference is used in Alexandrovich (USPS-T-5) Workpaper B-7 and has traditionally been filed as part of the routine rate case documentation.
- c. See response to (a) above and to this question with respect to H-24 – H-31, H-34 – H-37.
- d. See response to this question with respect to H-24 – H-31, H-34 – H-37 above.

H-33 Rural Carrier Distribution Key Development Source Code and Program.

- a. Not confirmed. This library reference is cited on Worksheets 10.1.1 and 10.2.1 of Alexandrovich (USPS-T-5) Workpaper B-10 and has traditionally been filed as part of the routine rate case documentation.
- c. See response to (a) above and to this question with respect to H-24 – H-31, H-34 – H-37.
- d. See response to this question with respect to H-24 – H-31, H-34 – H-37 above.

H-39 – H-42, H-44, H-45, H-47 RPW Documentation

- a. Confirmed.
- c. Each of these library references is clearly titled so as to indicate its relation to the RPW, one of the Postal Service's ongoing data collection systems. Generally speaking, they provide the documentation of RPW system required by the Commission's rules, as well as listings and/or machine-readable versions of computer code, input and output data, etc. None of these library references contains studies or analyses that draw conclusions which are relied upon by any witness, but, obviously, the output of these data systems provide information which is ultimately relied upon by almost every postal witness.

- d. Because they relate to an ongoing data collection system, none of these library references appears to have been prepared specifically for this proceeding. Many were created over substantial periods of time. It is possible, however, that some of witnesses sponsoring testimony in this proceeding on data collection systems may have, over the years, contributed to some degree to the creation of some of this documentation.

H-43 Lotus 123 Spreadsheet – RPW Adjustment System

- a. Not confirmed. This library reference is cited in witness Crum's Exhibit 281.
- c. See response to (a) above and to this question with respect to H-39 – H-42, H-44, H-45, H-47.
- d. See response to this question with respect to H-39 – H-42, H-44 – H-47.

H-46 Revenue, Pieces, and Weight System (RPW), Listing of Output Data

- a. Not confirmed. This library reference is cited in USPS-T-22, witness Treworgy's Input Sheet B-6, footnote 4.
- c. See response to (a) above and to this question with respect to H-39 – H-42, H-44, H-45, H-47.
- d. See response to this question with respect to H-39 – H-42, H-44, H-45, H-47.

H-50 – H-53, H-63 – H-70 CODES Documentation for Costing Systems

- a. Confirmed.
- c. Each of these library references is clearly titled so as to indicate its relation to one of the Postal Service's ongoing data collection systems. Generally speaking, they provide the documentation of those systems required by the Commission's rules, as well as listings and/or machine-readable versions of computer code, input and output data, etc. None of these library references contain studies or analyses that draw conclusions which are relied upon by any witness, but,

obviously, the output of these data systems provide information which is ultimately relied upon by almost every postal witness.

- d. Because they relate to the Postal Service's ongoing data collection systems, none of these library references appear to have been prepared specifically for this proceeding. Many were created over substantial periods of time. It is possible, however, that some of witnesses sponsoring testimony in this proceeding on data collection systems may have, over the years, contributed to some degree to the creation of some of these library references.

H-87 Transportation Model in Machine-Readable Format (CD-ROM)

- a. Confirmed. Please note, however, that the output from this model is contained in Alexandrovich (USPS-T-5) Workpaper B-14. The model in machine-readable format has traditionally been filed as part of the routine rate case documentation.
- c. See response to (a) above and the response to this question with respect to H-50 – H-53, H-63 – H-70.
- d. See the response to this question with respect to H-50 – H-53, H-63 – H-70.

H-84, H-90 – H-103 Various Data Systems Documentation

- a. Confirmed.
- c. Each of these library references is clearly titled so as to indicate its relation to one of the Postal Service's ongoing data collection systems. Generally speaking, they provide the documentation of those systems required by the Commission's rules, as well as listings and/or machine-readable versions of computer code, input and output data, etc. None of these library references contain studies or analyses that draw conclusions which are relied upon by any witness, but, obviously, the output of these data systems provide information which is ultimately relied upon by almost every postal witness.

- d. Because they relate to the Postal Service's ongoing data collection systems, none of these library references appear to have been prepared specifically for this proceeding. Many were created over substantial periods of time. It is possible, however, that some of witnesses sponsoring testimony in this proceeding on data collection systems may have, over the years, contributed to some degree to the creation of some of these library references. With respect to H-84, witness Nieto was principally responsible for its production.

H-88 National Agreements: Rural Letter Carriers; 1993-95 American Postal Workers Union, AFL-CIO; National Association of Letter Carriers, AFL-CIO

- a. Confirmed.
- c. See response to part (a) above.
- d. This library reference contains three of the Postal Service's national agreements with its labor unions. The contents of this library reference were obviously not created specifically for this proceeding. It is provided as background information for the convenience of the Commission and participants. As in past cases, such agreements are occasionally requested in discovery or cited in interrogatory responses.

H-123 Derivation of Before Rates Fixed Weight Price Indices for Priority Mail, Express Mail and United Parcel Service: Ground Service—Spreadsheets

- a. Confirmed. Please note, however, that the information contained in this library reference is used by Witness Musgrave (USPS-T-8) in the development of his volume forecasts.
- c. See response to (a) above.
- d. Witness Musgrave.

H-127 Equipment and Facility Related Costs

- a. Not confirmed. This library reference is cited on pages 138.1, 140.1, 142.1 and 144.1 of Alexandrovich (USPS-T-5) Workpaper A-1 and has traditionally been filed as part of the routine rate case documentation. Please note, also, that witness Smith's testimony, USPS-ST-45, incorporates LR H-77, which, at page 204, cites LR H-127.
- c. See response to (a) above.
- d. Witness Smith.

H-129 DPS Volumes and Savings by Subclass and Category

- a. Not confirmed. This library reference is cited on page 132.1 of Alexandrovich (USPS-T-5) Workpaper A-1, on page 5A of Hume Workpaper 1, on page 2 column 6, and page 3, column 3, of witness Hatfield's Exhibit 25A, page 2, column 6, and has been incorporated into the testimony of witness Smith (USPS-ST-45)
- c. See response to (a) above.
- d. Witness Smith.

H-145 FY 1996 Billing Determinants

- a. Not confirmed. This library reference is referred to *passim* (by name, if not by number) in the testimony, exhibits, appendices, and/or workpapers of numerous witnesses, including the forecasting witnesses, the pricing witnesses, and, in some instances, the cost study witnesses, such as witnesses Daniel, Seckar, and Crum. This is a long-standing, standard use of this information.
- c. As implied by the fact that the Commission's periodic reporting rules require the Postal Service to furnish billing determinant information on an annual basis, such information is a fundamental building block of ratemaking. Therefore, many

witnesses rely on the billing determinant information contained in LR-H-145. Because of the fundamental nature of this information, many of the witnesses incorporated the billing determinant information they needed into their workpapers, testimony, etc., long before the actual library reference was compiled and given a number. It perhaps should be noted that the FY 1996 Billing Determinants report was filed as a library reference in this case, rather than merely being lodged with the Commission pursuant to the periodic reporting rules, as a convenience to the parties.

- d. The pricing witnesses contributed to the creation of the billing determinants report. In general, the pricing witness contributed to the portion regarding the subclasses or services which are the subjects of their testimony.

LR-H-177 Variance Estimation Programs

- a. Confirmed.
- b. This library reference contains the variance estimation programs for the Domestic Probability Subsystem of the Revenue, Pieces and Weight System, and the Carrier Cost Systems. Generally speaking, it provides source code and machine-readable copies of the programs used to compute the variances related to the estimates produced by these systems. It does not contain studies or analysis that draws conclusions which are relied upon by any witnesses, but, obviously, the output of the Postal Service's data systems provide information which is ultimately relied upon by almost every postal witness. This material was filed as a library reference with the request to be helpful and as a convenience to the parties, with the expectation that were it not so provided, the OCA, based on its past practice, would immediately request it in discovery.

- d. The portions of this library reference which refer to the RPW System were prepared by witness Pafford; the portions of this library reference which refer to the Carrier Cost Systems were prepared by witness Harahush.

LR-H-178 Special Quarterly Volume and Revenue Detail Data

- a. Confirmed.
- c. Witnesses Tolley and Thress use data reported in LR-H-178 to construct their FWIs (fixed-weight price indices). See pages 6-7 of LR-H-171 and pages 2-3 of LR-H-172.
- d. Witnesses Fronk and Moeller contributed to the creation of this library reference.

H-186 Standard (A) Summary by Shape and Ounce Increment (Rule 54(l)(2))

- a. Confirmed.
- c. None. This library reference was produced and filed solely to satisfy Rule 54(l)(2).
- d. Witness McGrane.

H-192 Rural Carrier Average Allowance per Route

- a. Not confirmed. This library reference is cited on Worksheets 10.1.1 and 10.2.1 of Alexandrovich (USPS-T-5) Workpaper B-10 and has traditionally been filed as part of the routine rate case documentation.
- c. See response to (a) above.
- d. None.

H-193 Rural Letters/Flats Adjustment

- a. Confirmed. Please note, however, that this library reference is referred to by witness Smith at page i-5 of LR H-129, which is incorporated into USPS-ST-45. Also, the information from this library reference forms the basis for Worksheet

10.0.3 of Alexandrovich (USPS-T-5) Workpaper B-10 and has traditionally been filed as part of the routine rate case documentation.

- c. See response to (a) above.
- d. None.

H-196 Rule 54(a)(1) Alternate Commission Cost Presentation (Base Year) (2nd Revised)

- a. Confirmed. This library reference was filed pursuant to revised Rule 54(a)(1).
- c. None.
- d. Witness Patelunas.

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", is written over a solid horizontal line.

Scott L. Reiter

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
October 24, 1997