

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS
MARTIN CZIGLER TO INTERROGATORIES OF VALPAK DIRECT MARKETING SYSTEMS,
INC. AND VALPAK DEALERS' ASSOCIATION, INC.,
REDIRECTED FROM WITNESS VAN-TY-SMITH
VP/USPS-T11-1-6

The United States Postal Service hereby provides the responses of witness Martin Czigler to the following interrogatories of the Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.: NNA/USPS-T1-1-10, filed on June 20, 2006.

Each interrogatory is stated verbatim and followed by the response:

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 5, 2006

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MARTIN CZIGLER TO VALPAK INTERROGATORY,
REDIRECTED FROM WITNESS VAN-TY-SMITH**

VP/USPS-T11-1.

- a. Please confirm that when a carrier who is casing addressed ECR flat mail in the office is tallied by the IOCS, the carrier is recorded as casing ECR flats. If you do not confirm, please explain what would be recorded in the IOCS tally.
- b. Please refer to USPS-T-44, page 13, lines 15-19, where witness Coombs describes the practice of collating two sets of ECR saturation flats. When a carrier who is collating saturation ECR flats is the subject of an IOCS tally, does the tally indicate that the carrier was collating flats, or does the tally indicate that the carrier was casing flats? (*i.e.*, when a carrier is collating, is the tally essentially identical to the tally in preceding part a, or do IOCS tallies distinguish between (i) collating and (ii) casing of flats?)

RESPONSE:

- a. Confirmed. IOCS will record casing activity in response to question Q16F3a as option: B. Sequencing / Casing Mail.
- b. IOCS will also record collating activity in response to question Q16F3a as option: B. Sequencing / Casing Mail, identical to the casing activity in part (a).

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MARTIN CZIGLER TO VALPAK INTERROGATORY,
REDIRECTED FROM WITNESS VAN-TY-SMITH**

VP/USPS-T11-2.

- a. When a carrier who is casing DALs in the office is tallied by the IOCS, is the carrier recorded as casing a flat, or a DAL? Please explain your answer.
- b. If your answer to preceding part a is to the effect that the tally is recorded as a flat, does the tally contain any information that could be used to indicate that the carrier in fact was casing a DAL instead of the host flat piece? Please explain your answer.
- c. When a DAL is the subject piece of an IOCS tally, does the tally contain any information that the host flat piece, whose basic characteristics such as weight and shape are recorded, is unaddressed? Please explain your answer.

RESPONSE:

- a. If the employee is handling a DAL, In-Office Cost System (IOCS) records the following:
 - i) the shape of the DAL itself in response to question Q23A1, e.g.:
A. Card;
 - ii) that it is a DAL in response to Q23B1, "Detached Address Label";
 - iii) the shape of the DAL host piece in response to Q23B2.The costs are assigned to the shape of the host piece; if the host piece is unavailable, the costs are assigned to flats. See USPS-LR-L-21, Handbook F-45, Chapter 8.1 and USPS-LR-L-9, IOCS Statistical and Computer Documentation, Appendix B, Part 2, section 6.0.
- b. Yes, see the response to part (a)
- c. No, IOCS does not record whether the host piece is addressed or not.

**RESPONSE OF UNITED STATES POSTAL SERVICE
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VP/USPS-T11-3. Please refer to your responses to preceding interrogatories, VP/USPS-T11-1 and 2.

- a. If IOCS tallies of city carriers do not distinguish between collating flats and casing flats, and also do not distinguish between casing flats and casing DALs, then:
 - (i) With respect to carrier activities associated with saturation flats, how accurate is a profile that is developed from a compilation of IOCS tallies?
 - (ii) Witness Kelley develops estimates of the volumes of DALs and flats that, respectively, are cased and collated. How accurate are such estimates when they are based on or derived from IOCS tallies that do not explicitly identify or distinguish between such activities?
- b. When one cannot tell from IOCS tallies whether carriers were (i) collating flats in lieu of casing flats, or (ii) casing DALs in lieu of casing flats, please describe how one develops a meaningful estimate of the coefficient of variation, or any other pertinent measure of dispersion and statistical uncertainty for the volume of saturation flats that carriers actually case.

RESPONSE:

- a.
 - i) IOCS tallies do distinguish between handling DALs and handling flats, Standard ECR saturation flats in particular; see the response to VP/USPS-T11-2. Tallies do not distinguish between collating and casing. IOCS provides no estimates of volumes, whether DALs or flats. It does provide an accurate estimate of the labor costs associated with employee activities, including sequencing and casing of saturation flats. An approximate CV for these costs, based on the GVF approach, is 8.7 percent.
 - ii) My understanding is that such estimates are based on IOCS data that are available; that is, they do not distinguish between casing and collating, and they do distinguish between DALs and flats. However, I have not studied witness Kelley's estimates in detail.

**RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS MARTIN CZIGLER TO VALPAK INTERROGATORY,
REDIRECTED FROM WITNESS VAN-TY-SMITH**

- b. N/A. See the response to part (a).

**RESPONSE OF UNITED STATES POSTAL SERVICE
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VP/USPS-T11-4.

- a. For letter-shaped pieces that are DPS'd on Delivery Bar Code Sorter ("DBCS") equipment, please describe how the Postal Service determines the volumes of each subclass that are run through the DBCS.
- b. If DALs should in fact sometimes be DPS'd on DBCS equipment, and a DAL were the subject of an IOCS tally taken during the DPS operation, would it be recorded as a letter or as a flat?
 - (i) If a DAL were to be recorded as a flat, would not it be somewhat anomalous for the IOCS tally to indicate that a flat was being processed on a letter sorting machine? Please explain why or why not.
 - (ii) Does the Postal Service have an edit procedure for IOCS tallies that attempts to find and either delete or somehow correct those IOCS tallies that appear on their face to be anomalous? Please explain your answer.
- c. Please refer to the testimony of witness McCrery, USPS-T-42, page 12, line 27 to page 13, line 1.
 - (i) Assuming that a significant number of DALs in fact are DPS'd on DBCS equipment (as indicated by witness McCrery), do you know of any way that IOCS tallies can be used to estimate the volume of DALs that are DPS'd? If so, please explain.
 - (ii) If your answer to preceding part (i) is negative, what data, or information sources, could the Postal Service use to estimate the volume of DALs that are DPS'd?

RESPONSE:

- a. [Redirected for response by the United States Postal Service.]
- b. Information on the shape of the DAL is recorded, but the costs of the tally are assigned to the shape of the DAL's host piece, if available. If not available, the cost is assigned to flats. Rather than being anomalous, the assignment is by design.
 - i) N/A.
 - ii) N/A.
- c.
 - i) No.
 - ii) I have not studied the matter.

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REDIRECTED FROM WITNESS VAN-TY-SMITH**

VP/USPS-T11-5. Does the Postal Service have any plans to change the IOCS so as to distinguish or otherwise identify DALs explicitly when they are the subject of an IOCS tally that is taken on letter-shaped pieces being DPS'd?

- a. If so, please indicate when the IOCS will begin to record such information.
- b. If not, please refer to USPS-T-42, page 12, lines 27-28 (which says that DALs are often transported back to the plant for DPS processing) and explain how the IOCS can be used to estimate either the cost or volume of DALs that are DPS'd (or the proportion of DPS'd letter shaped pieces that are DALs).

RESPONSE:

- a. IOCS already distinguishes such DALs by asking question Q23B1, "Detached Address Label". See the response to VP/USPS-T11-2, part (a).
- b. N/A.