

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 NATIONAL NEWSPAPER ASSOCIATION  
NNA/USPS-T1-11-26  
(July 10, 2006)

The United States Postal Service hereby provides the responses of witness Martin Czigler to the following interrogatories of the National Newspaper Association: NNA/USPS-T1-11-26, filed on June 26, 2006.

Each interrogatory is stated verbatim and followed by the response:

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-11.** At page 4 of your testimony, at line 6, you state that “Appendix D (of USPS-LR-L-9) documents the Within County Periodicals’ edits...” In Appendix D of USPS-LR-L-9, you explain that the purpose of Appendix D “is to describe the process of verifying IOCS Within-County Periodicals tallies.” Please explain fully, why it was necessary in this rate proceeding to verify IOCS Within-County tallies in the ways that are set forth in Appendix D. In addition, please explain why the USPS did not find it necessary to use similar methods to verify IOCS tallies for other sub-classes in this case.

**RESPONSE:**

The Within-County Periodicals edit checks are necessary since it is not possible to distinguish Within-County from Outside-County Periodicals solely by observation of markings and/or other physical characteristics of the mailpiece. Other subclasses of mail can be successfully identified based solely on observable mailpiece characteristics. Please see also Docket No. R94-1, USPS-ST-12; PRC Op., Docket No. R94-1 at V-72 to V-73.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-12.** At page 4 of your testimony, at line 6, you state that “Appendix D (of USPS-LR-L-9) documents the Within County Periodicals’ edits...” In Appendix D of USPS-LR-L-9, at page D-3, you state “The manual check of IOCS Periodicals tallies uses a variety of criteria to determine the appropriate subclass.” With respect to each criterion used in the manual checking process to determine the appropriate subclass, please explain why each criterion was needed.

**RESPONSE:**

The manual checks are needed to determine whether a Periodicals mailpiece is consistent with the Within-County eligibility criteria from DMM 707 11.3.1 when mailing statement data indicating whether Within-County copies of the title were mailed are not available .

The specific criteria and reasons are:

- i) Destination county different from origin county: piece ineligible for Within-County rates;
- ii) Circulation less than 10,000 copies: DMM 707 11.3.1 eligibility criterion;
- iii) Local appeal of publication content: indicates probability of meeting 50 percent Within-County circulation requirement for pieces with circulation greater than 10,000 copies;
- iv) Title identified as Within-County during the previous two years: assume eligibility status of title is unchanged.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
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**NNA/USPS-T1-13.** At page 4 of your testimony, at line 6, you state that “Appendix D (of USPS-LR-L-9) documents the Within County Periodicals’ edits...” In Appendix D of USPS-LR-L-9, at page D-3, you state “For FY 2005, 174 out of a total of 7,671 Periodicals tallies required manual checks.” With respect to this statement, please explain fully how it was determined that exactly 174 Periodicals tallies required manual checks while 7,497 Periodicals tallies did not require manual checks.

**RESPONSE:**

The subclass of the 174 tallies could not be resolved automatically by the programs described in USPS-LR-L-9, Appendix D.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-14.** At page 4 of your testimony, at line 6, you state that “Appendix D (of USPS-LR-L-9) documents the Within County Periodicals’ edits...” In Appendix D of USPS-LR-L-9, at page D-3, you state “For FY 2005, 174 out of a total of 7,671 Periodicals tallies required manual checks.” With respect to this statement, please confirm that these 7,671 tallies represent the final number of tallies for all Periodicals in BY 2005 that was [sic] used by the Postal Service to determine IOCS-based cost calculations for Periodicals in this case. For any answer, other than a confirmation, please provide the correct final Periodicals tally count and an explanation as to how to derive that count using the IOCS Base Year 2005 data that was included in USPS-LR-L-9.

**RESPONSE:**

Not confirmed. There are 7,681 direct Periodical tallies. Ten tallies did not initially receive the additional checking described in LR-L-9, Appendix D.

However, subsequent checking of the ten generated no subclass changes.

The direct Periodical tallies can be identified by selecting those records from the IOCS dataset where the activity code f262 is one of the Periodical activity codes (1211, 1212, 2211, 2212, 3211, 3212, 4211, 4212) and the record is not derived from a mixed-mail tally (Q24 = ‘--’). For example, the following SAS code counts the number of direct Periodical tallies:

```
libname IOCSDat "E:\IOCSDData";
title 'Count Direct Periodical Tallies';
proc sql;
    select count(f262) as N
    from IOCSDat.prcsas05
    where substr(f262,2,2) = '21'
           and '1' <= substr(f262,1,1) <= '4'
           and Q24 = '--';
quit;
```

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**NNA/USPS-T1-15.** In Appendix D of the IOCS Computer and Statistical Documentation provided in USPS-LR-L-9, at page D-11, you list the following output files; **hqtal2005new.dat, tally\_change.05, changed.cts, summ2005.rpt and summ2005.csv.** Please provide each of these output files in electronic form and furnish all results produced by or in each of these files in both electronic and hardcopy form.

**RESPONSE:**

The requested files are provided in Library Reference USPS-LR-L-156, "Material in Response to NNA/USPS-T1-15, 25-26".

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-16.** In USPS-LR-L-9, the Postal Service has provided a workbook entitled “hand 2005” [sic] that appears to relate to the IOCS In County Verification of tally counts for FY 2005. In this workbook, please explain fully what is meant by an “original” tally count for Within County of 238 tallies and what is meant by a “final” tally count for Within County of 341 tallies as shown in the “Final Counts” spreadsheet contained in “hand 2005.”

**RESPONSE:**

The workbook entitled “hand2005.xls” inadvertently provided summary documentation from preliminary, not final, datasets. The documentation in LR-L-9 will be revised. There is no change in the subclass assigned to any tally, therefore there are no changes in costs.

The “Original” tally count of 387 (originally 341) in cell D42 is the number of tallies identified as potential Within County Periodicals following the process described in LR-L-9, Appendix B, Part 2, section 6.8. This identifies potential Within County tallies where the destination county matches the county of original entry of the Periodical. The “LRCA” tally count of 193 (originally 238) in cell D41 is the number of Within County Periodicals tallies identified following the process described in LR-L-9, Appendix D.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-17.** In USPS-LR-L-9, the Postal Service has provided a workbook entitled “hand 2005” [sic] that appears to relate to the IOCS In County Verification of tally counts for FY 2005. In this workbook, specifically in the “Final Counts” spreadsheet, the USPS reports that in a file known as “incty.tally,” there were 126 tallies at one time and 128 tallies at another time. Moreover, at page D-5 of Appendix D, the USPS reports that the output file “incty.tally” was “Verified as Within-County Periodicals tallies.” With respect to this file, please explain how these tally counts were verified, why these “Verified” tallies changed over time and which of the two values represents the final tally count for Within County tallies in this file.

**RESPONSE:**

As reflected in the response to NNA/USPS-T1-16, the workbook entitled “hand2005.xls” will be revised .

The count of 129, originally 128, listed in cell D16 in sheet “Final Counts” of workbook “hand2005.xls” is the number of tallies identified by the recode.f program where PostalOne! reported a positive volume at Within County rates in the same county as the destination of the periodical. The recode.f program is included in LR-L-9, Appendix H. The count of 127, originally 126, listed in cell D17 is the number from those 129 that were identified as potential Within County periodicals following the process described in LR-L-9, Appendix B, part 2, section 6.8, based on the periodical’s county of original entry.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-18.** In USPS-LR-L-9, the Postal Service has provided a workbook entitled “hand 2005” [sic] that appears to relate to the IOCS In County Verification of tally counts for FY 2005. In this workbook, specifically in the “Master” spreadsheet, the USPS reports eight examples of “Inconsistent Tallies.” These eight tallies do not include Pub. No. 680720, Westmoreland News. However, in the next spreadsheet, “Further Checks,” the USPS reports the Westmoreland News as one of five examples of “Inconsistent Tallies.” Please explain fully how the USPS adjusted inconsistent tallies in this analysis and how it could add a new Inconsistent Tally as part of its checking process outlines in “hand 2005.”

**RESPONSE:**

As reflected in the response to NNA/USPS-T1-16, the workbook entitled “hand2005.xls” will be revised.

Westmoreland News was inadvertently included among the inconsistent tallies. Later processing with a more complete database eventually enabled this tally to be verified automatically.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-19.** In USPS-LR-L-9, the Postal Service has provided a workbook entitled “hand 2005” that appears to relate to the IOCS In County Verification of tally counts for FY 2005. In this workbook, various spreadsheets indicate whether a change in classification was made as between In-County and Outside County publications. For each spreadsheet provided in the “hand 2005” [sic] workbook, please provide the number of Within County and Outside County changed entries and the number of entries in each group that “stays same” as a result of this process. In addition, please provide the final number of changed and unchanged entries for Within County and Outside County Periodicals that were used by the USPS in subsequent IOCS calculations.

**RESPONSE:**

As reflected in the response to NNA/USPS-T1-16, the workbook entitled “hand2005.xls” will be revised.

Sheet “Final Counts” provides the number of Within County and Outside County Periodicals resolved by each of the verification processes, the status of these tallies before any of these verification processes, and the number of changes. This includes counts for the manual verification processes in the workbook “hand2005.xls”, which are summarized in the sheet “Master”. In particular, the information requested is listed in “Final Counts” in the following sections:

inconsistent

incty.octy.hc.nc

incty.box11.hc.nc

incty.nopb.hc.nc

octy.box11.hc.nc

badissn.dat

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-20.** In USPS-LR-L-9, the Postal Service has provided a PC SAS data file for its IOCS Base Year 2005 data. In that data file, it appears that 7,541 “Y” answers were recorded in response to the question Q23E06, “Is Mail Piece a Periodical?” [sic] Please reconcile this count with the count of 7,671 Periodicals tallies that is referenced in Appendix D, at page D-3. Please explain fully why the USPS added 130 tallies where the Mail Piece was not characterized as a Periodical.

**RESPONSE:**

There are 7,681 direct Periodical tallies rather than 7,671; see the response to NNA/USPS-T1-14.

In addition to answering “Y” at Q23E06, Periodicals may also be identified by answering option ‘G’, “Periodicals” at questions Q23G01 or Q23G01A. 540 tallies recorded ‘G’ for question Q23G01, while 17 had ‘G’ recorded for Q23G01A. All of these ‘G’ tallies were subject to verification before being treated as Periodicals in the final analysis. Tallies that are not verified as Periodicals based on the additional information such as ISSN, Publication number or title are assigned to non-Periodical activity codes, for example. See LR-L-9, Appendix B, Part 2, and program ALB078S7 in Appendix H. Table 1 provides a reconciliation of the counts.

Table 1: Counts of Periodical Responses to Q23E06,Q23G1,Q23G1A

	<b>Number of tallies</b>	<b>Number of Periodicals</b>	<b>Number not Periodicals</b>
Q23E06 = 'Y'	<b>7541</b>	7164	377
Q23G01 = 'G'	540	500	40
Q23G01A = 'G'	17	17	0
Total	8098	<b>7681</b>	417

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-21.** In USPS-LR-L-9, the Postal Service has provided a PC SAS data file for its IOCS Base Year 2005 data. In the data field labeled “Edited Activity Code” (F244) it appears that 7,746 observations (out of 726,472) fall into activity code Nos. 2211 (356) and 2212 (7390). Please reconcile this total with the count of 7,671 Periodicals tallies referenced in Appendix D, at page D-3.

**RESPONSE:**

There are 7,681 direct Periodical tallies rather than 7,671; see the response to NNA/USPS-T1-14.

In addition to those 7,681 tallies, additional Periodicals tallies in the IOCS data set are generated from mixed-mail tallies and from other shapes. (Activity codes 2211 and 2212 are only for flatshaped pieces.) Table 2 provides a reconciliation.

Table 2: Counts of Periodical Tallies

<b>F244</b>	<b>Direct</b>	<b>Mixed</b>	<b>Total</b>
1211	9	13	22
1212	109	13	122
2211	183	173	<b>356</b>
2212	7217	173	<b>7390</b>
3212	58	5	63
4211	1	2	3
4212	104	13	117
Total	<b>7681</b>	392	8073

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-22.** In USPS-LR-L-9, the Postal Service has provided a workbook entitled “hand 2005” [sic] that appears to relate to the IOCS verification of tally counts for FY 2005. In the Master spreadsheet shown in this file, the USPS classifies each tally by activity code. The referenced codes in the Master spreadsheet include 2211, 2212 and 1211. However, with respect to the PC SAS data file for IOCS Base Year 2005, the USPS provided a data field labeled “Edited Activity Code” (F244) in which 7,541 Periodicals tallies (See Response to Q23E06) were spread across eleven activity codes including 1211, 1212, 2211, 2212, 2780, 3212, 4212, 4780, 5340, 5745 and 9190. Please provide descriptions of all activity codes used by the USPS in the IOCS process and reconcile Periodicals tallies in these eleven activity codes with the tallies in the three activity codes listed in the Master spreadsheet of “hand 2005.”

**RESPONSE:**

Definitions of all activity codes are provided in USPS-LR-L-1, Appendix B. Some tallies where the response to Q23E06 is “Y” are not Periodicals tallies. See the response to NNA/USPS-T1-20.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-23.** In USPS-LR-L-9, the Postal Service has provided a PC SAS data file for IOCS Base Year 2005 data. In the data field labeled "Edited-Activity Code" (F244) it appears that 7,746 observations (out of 726,472) fall into activity code Nos. 2211 (356) and 2212 (7390). In the same database, the USPS provided a data field labeled "Final Basic Function" (F261) in which these 7,746 tallies were spread across three functions, Nos. 1, 2 and 5. Please provide descriptions of all final basic functions used by the USPS in the IOCS process and explain fully how each function was used in subsequent calculations by USPS.

**RESPONSE:**

Basic function is defined as:

- 1 – outgoing
- 2 – incoming
- 3 – transit
- 5 – other

Their use is described in USPS-LR-1, Appendix E.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-24.** In USPS-LR-L-9, the Postal Service has provided a workbook entitled “hand 2005” [sic] that appears to relate to the IOCS verification of tally counts for FY 2005. In the Final Count spreadsheet shown in that workbook, please reconcile the total number of In County “original” and “LRCA” tallies (238 and 341 respectively) with the total number of tallies in activity code 2211 (356) as shown in the Edited Activity Code Field (F244) in the PC SAS data file for the USPS IOCS Base Year 2005 data that was also provided in USPS-LR-L-9.

**RESPONSE:**

Please see the responses to NNA/USPS-T1-16 and NNA/USPS-T1-21.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-25.** With respect to the CV calculations that appear in Tables 1, 2 and 3 of USPS-T-1, in Appendix I, page 1-4, you state that “After all individual iteration is completed, the estimated costs are written to a general summary file.” [sic] Please provide this complete file showing the estimated cost of each individual iteration as used in the development of CVs as shown in Tables 1, 2 and 3.

**RESPONSE:**

The requested data are provided in Library Reference USPS-LR-L-156, “Material in Response to NNA/USPS-T1-15, 25-26”.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS MARTIN CZIGLER  
TO INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION**

**NNA/USPS-T1-26.** With respect to the CV calculations that appear in Tables 1, 2 and 3 of USPS-T-1, in Appendix I, page 1-4, you state that “After all iterations are completed, the combined results are used to calculate the coefficients of variation per subclass of mail[.]” Please provide all underlying data and a step-by-step explanation as to how the combined results were used to calculate the coefficients of variation by subclass that appear in Tables 1, 2 and 3.

**RESPONSE:**

The “underlying data” are provided in response to NNA/USPS-T1-25, in Library Reference USPS-LR-L-156, “Material in Response to NNA/USPS-T1-15, 25-26”. The CV is the ratio of the estimated standard deviation to the estimate. The estimated standard deviation for a subclass is the sample standard deviation using the results by iteration as data.