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Before the

UNITED STATES POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

In the Matter of: **POSTAL RATE AND FEE CHANGES**

Docket No. **R97-1**

VOLUME 19-C

**DESIGNATED INSTITUTIONAL RESPONSES OF THE
UNITED STATES POSTAL SERVICE**

DATE: **Friday, December 19, 1997**

PLACE: **Washington, D.C.**

PAGES: **8996 - 9309**

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BEFORE THE
POSTAL RATE COMMISSION

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In the Matter of: :

POSTAL RATE AND FEE CHANGES : Docket No. R97-1

- - - - - X

Third Floor Hearing Room
Postal Rate Commission
1333 H Street, N.W.
Washington, D.C. 20268

Volume 19-C
Friday, December 19, 1997

The following documents were transcribed into the
record.

BEFORE:

HON. EDWARD J. GLEIMAN, CHAIRMAN
HON. W. H. "TREY" LeBLANC, III, COMMISSIONER
HON. GEORGE A. OMAS, COMMISSIONER

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**Designated Responses of the
United States Postal Service
to OCA Interrogatories**

OCA/USPS-1. Please refer to pages 10-11 of the transcript of the June 3, 1997, Board of Governors meeting. The following discussion between Governor Dyhrkopp and Chief Inspector Kenneth Hunter concerns a review of volume measurement systems presented in the semi-annual report of the Inspector General.

MR. DYHRKOPP: -- at the very top -- the very top paragraph, it's mail volume measurement and reporting systems. The thing that bothers me about it, and I'd like you to discuss it briefly, is, you were talking about how the data is collected. And it says, causes were inherent in the system errors, human errors, and deliberate fabrication of data.

Now, that bothers me, because we depend on the data that we get. And if we're getting fictitious data, we really can't make sound decisions. What -- would you explain that?

MR. HUNTER: We agree. We looked at some of the major measurement systems that provide numbers that you use for a number of your decisions, such as investments. And we do have concerns for the reasons outlined there.

Now, the Audit Committee, which you chair, has asked for a full report on that at the next meeting. The written report has been issued. We can provide a copy for you through the secretary of the Board. And it will be discussed at that Committee meeting.

- a. Please provide a copy of the written report referred to by Mr. Hunter, above.
- b. Please provide a copy of the semi-annual report of the Inspector General (including back-up papers) referred to at page 9 of the June 3, 1997, transcript.
- c. Please provide copies of all Postal Inspection Service reports relating to data measurement and reporting systems (whether draft or final) prepared since October 1, 1991.
- d. Do problems involving system errors, human errors, deliberate fabrication of data, or fictitious data occur in data systems other than the volume measurement and reporting systems? Please explain and quantify the extent of each type of data measurement and reporting problem for each data system affected. Provide copies of all reports (whether draft or final) relating to such data problems prepared by or for any subdivision of the Postal Service since October 1, 1991.
- e. Please list the "major measurement systems" that Mr. Hunter referred to in his response to Governor Dyhrkopp, above.
- f. If any of the other major measurement systems have not been recently evaluated by the Inspection Service, please describe any plans (and time tables) for evaluating those systems.
- g. Please describe the auditing or quality control steps routinely taken to identify fabricated or fictitious data, to measure data fabrication rates, to discourage the practice of falsifying data, or to correct any data identified as fabricated or fictitious for the major measurement systems.
- h. What proportion of fabricated data is actually detected as fabricated data?
- i. Does the Postal Inspection Service have, or has it had at any time since October 1, 1991, an ongoing role in auditing the data collection process to ensure that

- procedures are followed and that data is not falsified for the major statistical measurement systems? If so, please explain. If the Inspection Service routinely monitors or audits these systems, please describe any periodic reports issued and provide copies of all reports prepared since October 1, 1991. Please include in your response a description of the role of the Inspector General in auditing the data collection process.
- j. Please provide all transcripts, notes, or reports relating to the "full report" provided to the Audit Committee. Please list the dates since October 1, 1991, of all meetings of the Audit Committee at which data measurement and reporting problems were addressed.
 - k. Please describe the auditing or quality control steps routinely taken to identify systematic and system errors for the measurement and reporting systems, to measure those error rates, to discourage those types of errors, and to correct any data affected by systematic or system errors.
 - l. What proportion of data subject to systematic or system errors is identified as erroneous?
 - m. Please describe the auditing or quality control steps routinely taken to identify human errors (innocent mistakes) in the data collection process, to measure those error rates, to discourage those errors, and to correct any data affected by human errors.
 - n. What proportion of data subject to human errors in the measurement and reporting systems is identified as erroneous?
 - o. For each type of ongoing audit or quality control test performed to ensure validity of data collected for the measurement and reporting systems, please identify the Postal Service department or office that performs the audit or quality control test. Are these audits or tests performed by entities independent of the data collection staff? If a test or audit is performed by the data collection staff or directed by the managers of the data collection staff, please confirm that there could be an incentive to underestimate the extent of falsified or erroneous data. If you do not confirm, please explain.
 - p. Does an independent organization audit data collection and editing (e.g., CODES) software for system errors? Please describe the audit process and provide any summaries or reports produced by software audits.

RESPONSE:

- a. The written report to which the excerpt from the Board of Governors' Meeting minutes refers is provided in Library Reference H-220, filed today.
- b. The Office of the Inspector General's Semiannual Report to Congress is provided in Library Reference H-220, filed today.

c. A partial objection to this sub-part was filed on July 28, 1997. Material responsive to this discovery request is available through Postal Service counsel.

d., h., l., n. A partial objection to sub-part (d) was filed on July 28, 1997. As with all surveys, *non-sampling errors may occur in any of the Postal Service's statistical data systems*. Non-sampling errors encompass all sources of error other than those associated with sampling variation, and include system errors, human errors and the misstatement of data. The Postal Service has not quantified the extent of each type of non-sampling error, nor does it have estimates of the proportion of each type of erroneous data which is identified as erroneous. The Postal Service does not collect the data or information necessary to quantify the extent of each type of non-sampling error, nor to compute the proportion of each type of error identified as erroneous.

e. Please see the response to subpart a., above.

f. The Performance Audit Group is currently in the process of constructing its workload for the coming year. The Financial Audit Group is, at the present time, working with the Office of the Inspector General to determine which audit responsibilities will be assumed by each office in the future.

g., k., m. The Postal Service routinely employs several quality control steps designed to ensure the quality of its statistical data. These steps are targeted at non-sampling errors generally. None are designed to deal with one specific category of error. The categories of our quality control are as follows:

Data Collection. Most data collection for the Postal Service's statistical information systems is performed with laptop computers. In general, the computer software directs the data collector through a statistical test and in the process, ensures

both that (a) data elements that logically must be provided within the context of a particular test , are in fact provided by the data collector; and, (b) no two data elements are logically inconsistent. Thus the use of computerized data collection provides a first step in quality control of statistical data.

Training. All data collectors who perform statistical programs tests are trained on how to properly conduct such tests. Methods of training include both classroom and on-the-job training. The training could involve a class conducted by district, area or headquarters staff. Some training involves the use of videotaped instruction while other training makes use of PSTN (Postal Satellite Training Network) to broadcast a training session from a single location targeted to multiple district sites. The use of training represents a second quality control step for statistical data.

Review of Data. All data from statistical programs tests are subject to review at multiple levels. In addition to the data collector's review at the point of data collection, district staff perform a review function at the district level of tests conducted within that district. Nationally, headquarters staff perform reviews on national test data sets, assisted by mainframe computer edits which scan all data files and identify data elements or tests which warrant further review. This multiple-stage data review function represents a sequence of statistical data quality control steps.

Auditing. Audits provide a fourth means of quality control. Typically, the focus of audits is the processes associated with data collection, as opposed to the data itself. They examine the processes and procedures that are in place, assess whether those steps are being followed, and judge whether those processes and procedures are likely to yield reliable data. They identify procedural weaknesses and recommend changes in

those procedures that would tend to enhance the ability of the programs to yield reliable data.

- i. Please see responses to subparts (c) and (f), above.
- j. Please see response to subpart (a), above. The meetings of the Audit Committee of the Postal Service's Board of Governors are closed to the public; transcripts relating to reports tendered to the Audit Committee and minutes of their meetings are not available.
- o. Quality control testing is done by independent auditors, the Postal Inspection Service, and by data collection personnel. The Postal Service does not estimate "the extent of falsified or erroneous data" produced; it does not confirm your statement that "there could be an incentive to underestimate" such data.
- p. The Postal Service contracts with the firm of Ernst & Young LLP to perform a review of the systems that go into the Postal Service's Cost and Revenue Analysis process. To the extent that this process includes data collection and editing software, this component of the process is also reviewed. However, there are no reviews or reports that focus specifically and exclusively on software.

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-3. Please provide responses to all outstanding Docket No. MC97-2 OCA interrogatories to witnesses Bradley and Lyons.

- a. Witness Bradley's testimony (USPS-T-13) appears to be almost identical to his testimony in Docket No. MC97-2. Please provide responses to OCA/USPS-T13-11-48.

OCA/USPS-3 Response:

- a. For agreement of counsel for the Postal Service and counsel for the OCA, witness Bradley's outstanding OCA interrogatories from Docket No. MC97-2, OCA/USPS-T4-11-48, will be answered today, in a separate document, as if they had been served directly on witness Bradley in this docket. They will be numbered OCA/USPS-T13-1-38.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-7.

In reference to the Washington Post article on June 30, 1997, by Bill McAllister, page 11:

- f. Please provide a transcript or other recitation or summary of the remarks of Deputy Postmaster General Coughlin to a meeting in May and/or June 1997 of commercial mailers.
- g. Please provide a copy of the 1872 report of the Postmaster General referenced by Mr. Michael Riley, Chief Financial Officer and Senior Vice-President, which notes the drastically reduced postal rates from 25 to 3 cents together with certain management efforts successfully met competition from new technology of the time, the telegraph.

RESPONSE:

- f. A review of the prepared remarks delivered by Mr. Coughlin at the Direct Marketing Association Government Affairs Conference on May 13, 1997, in Washington, DC, and the Catalog Age Conference on June 18, 1997, in San Francisco, reveals that both pertained generally to postal reform legislation. Copies may be examined through arrangements with Postal Service counsel, Michael Tidwell. No summaries or recitations of any extemporaneous remarks are available.
- g. All annual reports issued by the Postmaster General since 1851, including the 278-page 1872 report, are available for inspection at the USPS Headquarters Library during regular business hours.

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 28I.
- 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.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA\USPS-9 Please refer to the July 14, 1997, responses to follow-up questions submitted for the hearing record by the Chairman of the Board of Governors to the Chairman of the House Subcommittee on the Postal Service. Please provide the following documents referred to at pages 8, 10, 12, and 13 of the responses.

- a. Board of Governors Resolution No. 71-15
- b. Board of Governors Resolution No. 95-11
- c. Board of Governors Resolution No. 97-3
- d. Current Charter of the Audit Committee of the Board of Governors
- e. Automation Cost Savings Model

RESPONSE:

- a-c. Copies of the Board resolutions are attached.
- d. The charter of the Audit Committee is included in Board of Governors Resolution No. 95-11.
- e. The Automation Cost Savings Model was not used in the development of estimates in this proceeding. A copy of the model results is attached.

RESOLUTION OF THE BOARD OF GOVERNORS
OF THE
UNITED STATES POSTAL SERVICE

Resolution No. 71-15

Establishment of Standing Committee on Finance and Audit

RESOLVED:

Pursuant to section 4.1 of the Bylaws, the Board of Governors establishes a standing committee on Finance and Audit, consisting of three members of the Board, to advise the Board on finance and audit matters generally.

The foregoing resolution was adopted by the Board of Governors on April 6, 1971.


Secretary

**RESOLUTION OF THE BOARD OF GOVERNORS
OF THE
UNITED STATES POSTAL SERVICE**

Resolution No. 95-11

Charter of the Audit Committee

The Postal Reorganization Act provides that the Board of Governors "shall direct and control the expenditures and review the practices and policies of the Postal Service." The Board "may establish such committees of the Board, and delegate such powers to any committee, as the Board determines appropriate to carry out its functions and duties." Pursuant to this authority and to Sections 4.1 and 5.1 of the Bylaws, and to assist it in the execution of its statutory responsibility, the Board has established the following charter for its Standing Audit Committee. It is, therefore, hereby

RESOLVED:

The Audit Committee is a committee of the Board of Governors. The Committee shall be composed of at least three Governors of the Postal Service, appointed by the Chairman of the Board. The duties and responsibilities of a member of the Audit Committee are in addition to those duties set out for a member of the Board of Governors. Its primary function is to assist the Board in fulfilling its oversight responsibilities, by reviewing 1) the financial reporting process, 2) the internal audit function administered by the Inspection Service, and 3) the external audit process with the independent auditors. The Committee is responsible for ensuring the soundness of the accounting and control practices and the integrity of the financial statements of the Postal Service.

In meeting its responsibilities, the Audit Committee is expected to:

- Meet at least four times per year or more frequently as circumstances require. The committee may ask management or others to attend the meeting and provide pertinent information as necessary.
- Report committee activities to the full Board of Governors on a regular basis, with appropriate recommendations for consideration by the Board.
- Provide an open means of communication between management, the internal auditors (the Inspection Service), the independent auditors, and the Board of Governors.

- Recommend to the Board of Governors, as part of its oversight function, retention or dismissal of the independent auditors.
- Review and concur in the appointment, reassignment, or dismissal of the director of internal auditing. The senior Postal Service official immediately responsible for the internal audit function (the Deputy Chief Inspector - Audit) may be removed from that position only by action of the Board after receiving information from the Audit Committee, and that the Audit Committee will be kept advised of proposed assignments to that position.
- Inquire of management, the director of internal auditing (the Deputy Chief Inspector - Audit) and the independent auditor about significant financial risks or exposures and assess the steps management has taken to minimize such risks to the organization.
- Review with the independent auditors and the internal auditors, the Postal Service's basic accounting policies and practices, and any proposed significant changes thereto or deviations from prior practice; make recommendations to the Board with respect to these policies and practices and the scope and extent of audits to be made.
- Review with the independent auditor and the director of internal auditing their respective audit plans and scope of work. Also, review the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- Confirm and assure the independence of the internal auditor and the independent auditor. Include a review of management consulting services provided by the independent auditor and fees related to the services performed.
- Consider and review with the independent auditor and the director of internal auditing the adequacy of the Postal Service's internal controls including information systems controls and security and any related significant findings and recommendations together with management's responses thereto.
- Review the reported interim financial results with management, the independent auditors and the director of internal auditing, as appropriate.
- Review legal and regulatory matters that may have a material impact on the financial statements, or are of a particularly sensitive nature and related Postal Service compliance policies, and programs.

- Review with management and the independent auditor at the completion of the annual audit:
 - The Postal Service's annual financial statements and related footnotes.
 - The independent auditor's audit of the financial statements and their report thereon.
 - Any significant changes required or made in the independent auditor's audit plan during the annual audit.
 - Any serious difficulties or disputes with management encountered during the course of the audit. The Audit Committee should be advised by management where it seeks a second opinion on a significant accounting issue.
 - Other matters related to the conduct of the audit which are to be communicated to the Audit Committee under generally accepted auditing standards (GAAS) and/or generally accepted government auditing standards (GAGAS).
- Consider and review with management and the director of internal auditing:
 - The internal audit work plan, including the audit charter, budget and staffing of the internal audit function and compliance with generally accepted auditing standards.
 - Any changes required in the planned scope of the internal audit work.
 - Any difficulties encountered in the course of their audits, including any restrictions on the scope of their work or access to required information.
 - Significant findings during the year and management's responses thereto.
 - Status of corrective action on prior audit findings.
- Review policies and procedures with respect to Governors and Officers' expense accounts and consider the results of any review of this area by the internal audit department and the independent auditor.
- Meet with the director of internal auditing, the independent auditor, and management in separate executive sessions to discuss any matters that the committee or each group believes should be discussed privately with the Audit Committee.

- Review with senior management, as part of a systematic and ongoing process, various financial aspects of the Postal Service.
- Review with the director of internal auditing the results of their review of management's monitoring of compliance with the Postal Service's Code of Ethical Conduct.
- Request and review the most recent external Quality Control/Peer Review of the independent auditor and the internal auditor as required by their respective auditing standards.
- Prepare a letter for inclusion in the annual report that describes the committee's composition and responsibilities, and how they are discharged.
- Review the committee's charter annually and update it as necessary.
- Authorize investigations into any matters within the committee's scope of responsibilities as delineated by this resolution.

That in carrying out the above responsibilities, the Audit Committee shall have a continuing obligation to keep the Board fully informed of all significant matters.

This resolution supersedes Resolution 82-1, adopted February 9, 1982, and Resolution 85-2, adopted February 5, 1985.

The foregoing Resolution was adopted by the Board of Governors on August 1, 1995.



Secretary

RESOLUTION OF THE BOARD OF GOVERNORS
OF THE
UNITED STATES POSTAL SERVICE

Resolution No. 97-3

Office of Inspector General

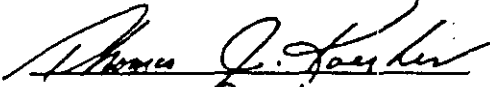
Section 8G(f) of the Inspector General Act of 1978, as amended, has created an Office of Inspector General for the United States Postal Service, replacing the former provisions of that Act which lodged the Inspector General function within the Postal Inspection Service. Section 662(e) of the Treasury, Postal Service and General Government Appropriation Act, 1997, and section 8G(b) of the Inspector General Act require the Governors to determine what functions, powers, and duties should be transferred to the Office of Inspector General as being related to the functions of that office and needed to further the purposes of that Act.

RESOLVED:

1. Division of functions. The Office of Inspector General shall have the functions, powers, and duties necessary for the work reflected in the attached schedule dividing responsibilities between the Inspector General and Inspection Service. The functions transferred shall not include any program operating responsibilities of the Inspection Service, within the meaning of section 8G(b) of the Inspector General Act.
2. Investigative powers. To the full extent necessary to enable the Office of Inspector General properly to perform its investigative functions consistent with the Inspector General Act, the Governors authorize the Office of Inspector General to exercise, concurrent with the Postal Inspection Service, the investigative functions, powers, and duties delegated to the Postal Inspection Service under authority of 39 U.S.C. § 404(a)(7), 18 U.S.C. § 3061, or other law.
3. Support. The Postal Service shall make available to the Office of Inspector General the facilities, space, equipment, funding, and all other support necessary for that Office to perform its functions under the Inspector General Act.
4. Audit Committee. The Inspector General, or his or her representative, shall regularly attend and participate in meetings of the Audit Committee of the Board. The Inspector General shall, in addition, have full access to the Chairman of the Board, and shall report to the Board of Governors (appointed members)

periodically but not less frequently than every six months, consistent with the Inspector General Act.

Sections 1, 2, and 4 of the foregoing Resolution were adopted by the Governors, and section 3 was adopted by the Board of Governors, on March 4, 1997.


Secretary

DESIGNATION OF FUNCTIONS

9026

INSPECTOR GENERAL

AUDITING

- Financial Statement: Overall Opinion
- Postal-wide Performance
- Contracts, except pre-award and post-award
- All Developmental
- Facilities
 - Facilities Construction of \$10M or more
 - Right of First Choice Between \$5-\$10M
 - Leases of \$1M or more
 - Repair and Alterations of \$1M or more
- Revenue Focused (International Mail)

INVESTIGATING

- Revenue
 - Bribery, Kickback, and Conflict of Interest
- Worker's Compensation
 - IG Subpoenas
 - Monitors Programs
- Embezzlements: Conduct/Partner on Cases of \$100K or more
- Expenditure
 - Bribery, Kickback, and Conflict of Interest
- Conduct/Partner on Cases Involving Executives
- Inspection Service Internal Affairs
 - Executives
- Computer Forensics
- Hotline

ADDITIONAL OIG AUDITING AND INVESTIGATING FUNCTIONS

- Oversight of Inspection Service
- Rate Making Reviews
- Revenue Generation
- Labor Management
- Electronic Commerce

INSPECTION SERVICE

AUDITING

- Financial Statement: Installation and District
- Area, District and Local Performance
- Service Investigations
- Contracts, pre-award and post-award
- Facilities
 - Facilities Construction of \$5M or less
 - Between \$5-\$10M if not done by IG
 - Leases under \$1M
 - Repair and Alterations Under \$1M

INVESTIGATING

- Revenue
 - Revenue Loss Detection
- Worker's Compensation
 - Primary Responsibility for Conducting
- Embezzlements: Under \$100K
- Expenditure
 - As Referred by IG
 - IMPAC Cards
 - Local Purchases/Procurements
- Emergency Response on Cases Involving Executives
- Internal/External Crimes, Protection of Employees, Security, Fraud and Prohibited Mailings
- Inspection Service Internal Affairs
 - Non-Executives
- Forensic and Technical Services

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

OCA/USPS-10. Please refer to pages 8-9 and 49 of volume 1 of the semi-annual report to Congress of the Office of Inspector General for FY 1997, LR-H-220. Please provide copies of the following Performance Audits and Developmental Audit described in LR-H-220:

026-1200672-PA(1), National Audit of Mail Volume Measurement & Reporting Systems

028-1200658-PA(1), National Audit of Remote Bar Code System

034-1181680-PA(1), National Audit of Allied Workhours

021-1200661-PA(1), National Audit of Business Mail

025-1185448-PA(1), National Audit of City Delivery Street Management

"[A]udit of the new Flat Sorting Machine 1000 test results"

RESPONSE:

The Postal Service provided a copy of 034-1177491-PA(1), National Audit of Mail Volume Measurement & Reporting Systems, in LR-H-220. This is the first report requested above; the numbers differ because the audit continued over two fiscal years, and was "closed out" at the end of its first fiscal year then reopened at the start of the next. Copies of the other requested materials are being provided in LR-H-236, which is being filed today.

OCA/USPS-11. Please refer to the AMMA Bulletin (50-96), dated October 25, 1996, and the article, "Merit-Based Pay Instituted For Postmasters."

- a. Please confirm that the agreement described in the article was implemented by the Postal Service, and give its effective date. If you do not confirm, please explain.
- b. Please confirm that the agreement will "acknowledge differences in postmasters who oversee large and small post offices" If you do not confirm, please explain.
- c. Please identify and describe "large and small post offices."
- d. Please provide, and file as a library reference, a copy of the agreement described in the article.
- e. Please provide, and file as a library reference, a copy of any other documents concerning the determination of "large and small post offices."

Response:

- a. On February 3, 1996, a new compensation package was made effective that provides the framework for a performance-based pay system and eliminates pay practices of the past which entitled postmasters to general increases and COLA. The article in the AMMA Bulletin (50-96) discusses both the EAS Merit Pay Program for all postmasters and the Economic Value Added (EVA) variable pay program covering FLSA exempt employees.
- b. The EAS Merit Pay Program does not differ for any level postmaster, but the variable pay program is only available to FLSA exempt postmasters.
- c. In the context of the article in the AMMA, it would appear that the difference between large and small post offices is the FLSA status of the postmaster. A FLSA non-exempt postmaster supervises less than two full time employees.
- d. The pay package dated October 9, 1996, has been incorporated as Library Reference H-238, *Postmaster Compensation Package*.
- e. The USPS has no documents concerning the determination of "large and small post offices."

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

OCA/USPS-12. Please refer to the response to OCA/USPS-T24-31b-d.

- a. Please confirm that McLean, Virginia 22103 was moved from post office box Group B to Group C. See Postal Bulletin 21948 (6-19-97) at page 37. If you do not confirm, please explain.
- b. Please confirm that the Postal Bulletin provides notice when post offices are moved from one post office box fee group to another. If you do not confirm, please explain.
- c. Please provide, and file as a library reference, all citations in the Postal Bulletin giving notice that a post office is being moved from one post office box fee group to another during the past five fiscal years.
- d. Please provide, and file as a library reference, a tabulation from the Postal Bulletin of the number of post offices being moved from one post office box fee group to another during each of the past five fiscal years. The tabulation should show the original and the new post office box fee groups.

RESPONSE:

- a. Partially confirmed. The June 19 *Postal Bulletin* notice changed the fee group listing of a particular ZIP Code, thus conforming published regulations to the actual fee being charged those customers.
- b. Not confirmed. This particular change of a ZIP Code from one fee group to another required a *Postal Bulletin* notice only because it also involved a change to a published manual, in this case the exception table of ZIP Codes in the *Domestic Mail Manual* that defines fee groups A and B. The other types of fee group changes addressed in the Response to OCA/USPS-T24-31(b-d) are not, with one limited exception, published in the *Postal Bulletin*. The limited exception relates to post office closings; notice of these is published in the *Postal Bulletin*, albeit not in a form that permits a reader to determine whether the fee group for affected customers changed. (Generally, fee groups do not change.)
- c-d. It is believed that the fee group change identified in part (a) is the only example of its type in fiscal years 93-97; however, the OCA is free to verify this itself by

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

reviewing copies of the *Postal Bulletin* on file in the Postal Service library. In any event, no "post offices" have moved. *See also, Postal Bulletin* 21820 at 7 (July 23, 1992).

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF THE
OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-15. Please refer to LR H-226, "Qualitative Market Research - Prepaid Reply Mail Product Concept In-Depth Interviews with Businesses - Final Report," ("report") dated May 2, 1997.

- a. Confirm that this library reference was filed with the Commission on August 18, 1997, that it was not submitted with the Postal Service's Request in this docket, and was only submitted in response to Presiding Officer's Information Request No. 1. If not confirmed, please explain.
- b. Please explain why the Postal Service commissioned the report and the underlying set of interviews.
- c. Did the Postal Service anticipate when it commissioned the report that the results of the report would be submitted with the Postal Service's Request that forms the basis for this proceeding? Please explain.
- d. Please submit all documents relating to (b) and (c) herein.

RESPONSE:

- (a) Confirmed.
- (b) See USPS-LR-H-226, pages I and 6-7 (section 1.0), and pages ii and 9 (section 2.0).
- (c) The Postal Service commissioned the report at a time when it was still not resolved with certainty when the current rate request would be filed or what new classification proposals it would contain. Accordingly, it was not known at the time that the study was commissioned whether its results would be submitted to the Commission when the request was filed.
- (d) See the response to 15(b). There are no documents which respond to 15(c).

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF THE
OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-16. Please refer to the set of interrogatories filed on September 2, 1997, to Postal Service witness Fronk, OCA/USPS-T32-57-105.

- a. Comment on the proposition that many of the statements and findings in the report indicate a negative prognosis for mailer acceptance of implicit PRM (as implicit PRM is defined in the report).
- b. Comment on the proposition that many of the statements and findings in the report indicate a negative prognosis for mailer acceptance of the Postal Service's Prepaid Reply Mail ("PRM") and Qualified Business Reply Mail ("QBRM") proposals in this proceeding.

RESPONSE:

- (a) The Postal Service notes that mailer acceptance of implicit PRM (as defined in the report) is moot since the proposal presented in the testimony of witness Fronk is fundamentally different from implicit PRM. Please see the response of witness Fronk to OCA/USPS-T32-90.

In any event, the report represents summaries of interviews with 10 interviewees and is not statistically projectible to businesses as a whole. Again, please see the response of witness Fronk to OCA/USPS-T32-90.

- (b) The report does not reflect mailer reaction to QBRM as it was not a part of the interviews. Please see response to Part (a).

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF THE
OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-17. Please describe all reports, studies, and surveys commissioned by the Postal Service on or after July 1, 1996, that have not been filed in this docket.

- a. List the title of all such reports, studies, and surveys, a description of their purpose, and the completion dates (or expected completion dates) of such reports, studies, and surveys.
- b. From the list in (a) indicate all that were commissioned for the purpose or the potential purpose of submitting them in this docket.
- c. Submit all reports, studies, and surveys that conform to the description in (b).

RESPONSE:

- (a) Objection filed.
- (b) The Postal Service has submitted all reports, studies, and surveys which were commissioned for the purpose or the potential purpose of submitting them in this docket. The Postal Service has also submitted some which were commissioned for other purposes.
- (c) See the response to 17(b).

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF THE
OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-18. Please describe the policy of the Postal Service with regard to submitting reports, studies, and surveys in a proceeding, where such reports, studies, and surveys contain statements and findings that are adverse or potentially adverse to the Postal Service's position in a proceeding.

RESPONSE: Beyond compliance with the rules of proceedings in which it is engaged, the Postal Service has no disclosure policy which differentiates reports, studies, and surveys on the basis of whether they "contain statements and findings that are adverse or potentially adverse to the Postal Service's position in a proceeding."

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF THE
OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-19. Please describe the policy of the Postal Service with regard to the retention of reports, studies, and surveys, where such reports, studies, and surveys contain statements and findings that are adverse or potentially adverse to the Postal Service's position in a proceeding.

RESPONSE: Beyond compliance with the rules of proceedings in which it is engaged, the Postal Service has no retention policy which differentiates reports, studies, and surveys on the basis of whether they "contain statements and findings that are adverse or potentially adverse to the Postal Service's position in a proceeding."

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF THE
OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-20. Please refer to the OCA's Courtesy Envelope Mail ("CEM") Proposal in Docket No. MC95-1.

- a. Please list all reports, studies, and surveys (whether or not in final form) relating to the CEM proposal, or to any proposal substantially similar to the CEM proposal.
- b. Please supply the documents meeting the definition in (a) if such documents have not already been submitted to the Commission in this proceeding.
- c. Please list all pending reports, studies, and surveys (whether or not in final form) relating to the CEM proposal, or to any proposal substantially similar to the CEM proposal.

RESPONSE:

- (a) None has been produced since the decision of the Governors in Docket No. MC95-1, except those reflected in materials filed by the Postal Service in this proceeding.
- (b) See the response to part (a).
- (c) Objection filed.

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

9038

OCA/USPS-21. Please refer to the Office of Inspector General Semiannual Report to Congress, FY 1997, Volume 1, included in library reference H-220. Appendix A to this report lists reports issued to Postal Management between October 1, 1996 and March 31, 1997.

- a. Please provide a list showing reports that have been issued to postal management since March 31, 1997.
- b. Please provide a list of ongoing audits whether or not the resulting reports are expected to be completed and issued in FY 1997. Please indicate the expected completion date for each report on this list.
- c. Please provide the FY 1997 Office of Inspector General Semiannual Report to Congress for the second half of FY 1997 as soon as it is issued.

RESPONSE:

- a. This list is currently being compiled for inclusion in the impending Inspector General's Report, and will be provided with that Report.
- b. The Postal Inspection Service prepares a listing of audits for FY 1997, similar to the information provided in response to OCA/USPS-1. This list is currently being reviewed for submission to Postal Service management, and is expected to be completed in October. When this list is completed, the Postal Service will update this interrogatory response.
- c. This report will be filed with the Commission when it is issued.

OCA/USPS-22. Please refer to Appendix A of volume 1 of the FY 1997 Office of Inspector General Semiannual Report to Congress. Please provide copies of the following audit reports:

<u>Subject</u>	<u>Case Number</u>
Classification Reform Implementation Review	070-1190582-SI(1)
External First-Class Measurement System Review	070-1196249-SI(1)
External First-Class Measurement System, Allegheny Area	050-1197982-PA(3)
External First-Class Measurement System, Mississippi District	052-1196645-PA(3)
Delivery Point Sequence Program, Seattle, WA	313-1192650-PA(3)
Mail Measurement & Recording in Delivery Units, Gateway District	314-1201534-PA(3)
Highway Contract Route Contract Administration	462-1198064-EI(1)

RESPONSE:

Copies of the following case numbers are being filed today in Library Reference

H-267:

070-1190528-SI(1)
 050-1197982-PA(3)
 052-1196645-PA(3)
 313-1192650-PA(3)
 314-1201534-PA(3)
 070-1196249-SI(1).

The Inspection Service is still in the process of obtaining Case Number 070-1196249-SI(1) from its field function; a copy will be reviewed and filed (or an objection will be filed to its release) upon its receipt. Case Number 462-1198064-EI(1) is not an audit, but an investigation of individual conduct. A report for this case was not filed.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-23. Please refer to the response to OCA/USPS-11c.

a. Please confirm that all postmasters are compensated according to the compensation package which became effective on February 3, 1996. If you do not confirm, please explain.

b. Please confirm that there are three types of postmasters covered by the compensation package referred to in part a. above:

- i. Executive and Administrative Schedule (herein EAS) postmasters;
- ii. Fair Labor Standards Act (herein FLSA) exempt postmasters, and
- iii. FLSA non-exempt postmasters.

If you do not confirm, please explain.

c. Please provide the total number of postmasters covered by the compensation package referred to in part a. above.

d. Please provide the FY 1996 year-end number of postmasters by CAG by FLSA status. If it is more convenient to supply the requested data for some other time in FY1996, that is satisfactory.

e. Please provide the FY 1996 year-end number of postmasters by CAG by EAS pay grade. Please provide this data for the same point in time as the data supplied in response to part d., above.

Response:

a. Not confirmed. This compensation package addresses all EAS Postmasters.

There are 100 PCES Postmasters covered by the PCES compensation structure.

b. Not confirmed. This package covers all EAS postmasters. EAS postmasters are further categorized as either FLSA exempt or non-exempt.

c. As of the end of PFY 1996 (pay period 19) there were 26,366 EAS postmasters covered by this compensation package.

d. See attached table.

e. See attached table.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-24. Please refer to the response to OCA/USPS-11c. Please explain the Postal Service's rationale for designating postmasters that supervise less than two full time employees as "FLSA non-exempt."

Response:

The Postal Service's rationale for designating postmasters that supervise less than two full time employees as "FLSA non-exempt" is the interpretation of the standards set forth in the Code of Federal Regulations and the Department of Labor's definition of exempt.

9042

HUMAN RESOURCES INFORMATION SYSTEMS
CAREER POSTMASTERS BY LEVEL
(COLUMNS REFLECT CAG AND EXEMPTION VS NON-EXEMPTION)
AS OF PP19 1996
PROGRAM NO.SNB6085

VL	A	A	B	B	C	C	D	D	E	E	F	F	G	G	H	H	J	J	K	K	L	L	
EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON
1															14		219		4,212		355		
3								2	1	6			59	8	331	112	1,722	140	3,316		10		
4											1		2		4		39	1	53		1		
5											46	35	289	170	1,276	813	1,059	1,287	278	451	1	3	
6											1	3	6	12	42	27	26	79	5	64			
7											2	2	7	3	12	10	13	24	2	25			
8											564	4	2,029	4	990	2	127	6	7	2	1		
9											11	1	35	23	1		5						
0											1,031		266	17		5	2						
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FP 10, 1997

9043

HUMAN RESOURCES INFORMATION SYSTEMS
CAREER POSTMASTERS BY LEVEL
(COLUMNS REFLECT CAG AND EXEMPTION VS NON-EXEMPTION)
AS OF PP19 1996
PROGRAM NO. SNB6085

VL		A		B		C		D		E		F		G		H		J		K		L		
EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	EX	NON	
69				170		691		1	573	2	1,418	18	1,758	52	2,670	250	2,378	1,202	1,343	3,386	433	8,644	1	1,407

SEP 10, 1997

9044

HUMAN RESOURCES INFORMATION SYSTEMS
CAREER POSTMASTERS BY LEVEL
(COLUMNS REFLECT CAG AND EXEMPTION VS NON-EXEMPTION)
AS OF PP19 1996
PROGRAM NO. SN86085

11	4,800
13	5,707
14	101
15	5,764
16	265
17	101
18	3,882
19	81
20	2,092
21	1,017
22	678
23	51
24	227
25	12
26	41
27	1
28	1
51	73
52	18
53	582
54	38
55	834
01	100

SEP 10, 1997

9045

26,466

LV 101

HUMAN RESOURCES INFORMATION SYSTEMS
CAREER POSTMASTERS BY LEVEL
(COLUMNS REFLECT CAG AND EXEMPTION VS NON-EXEMPTION)
AS OF PP19 1996
PROGRAM NO. SNB6085

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9046

OCA/USPS-25. What procedures are currently followed by the Postal Service to ensure that the appropriate amount of postage is applied to First-Class letter mail originating at non-households? When compared to total First-Class letter mail, what proportion of First-Class letter mail originating at nonhouseholds is short paid?

RESPONSE:

It is the operational objective of the Postal Service to maximize processing of stamped First-Class letter mail on facer/canceller machines. The machines are programmed to kick-out mail with no postage and mail that has only non-phosphorous stamps. This mail is marked up "Postage Due" and then forwarded in the system to the delivery destination where it is separated for collection.

During mail processing and delivery, no distinction is made on the basis of whether mail pieces originated at nonhouseholds. The Physical characteristics of mail pieces do not always permit conclusive determination since examination for short paid mail is performed at a later stage than acceptance, it is not possible to identify what proportion of First-Class letter mail originating at nonhouseholds is short paid.

Metered First-Class Mail is entered directly into the mail stream where only a diligent employee will be able to identify possible short paid instances. Some metered mail is entered through an acceptance unit which manually reviews the mail prior to dispatch.

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There are various procedures used to ensure that the appropriate amount of postage is applied to First-Class letter mail, depending on the payment method, method of entry, and other factors. All stamped mail (other than mail with precancelled stamps) is processed on facer/canceller machines which are able to identify and reject pieces with no postage and pieces with stamps whose denomination is less than 10 cents. Pieces bearing a stamp with a denomination greater than or equal to 10 cents, but with less than sufficient postage, may be identified as "short-paid" at any point between entry and delivery when handled by an employee. It is postal policy that pieces with no postage at all are returned to sender; pieces with insufficient postage are marked up "postage due", forwarded to the delivery office, where an attempt is made to collect the postage due from the intended recipient. If that effort is unsuccessful, the piece is returned to sender. Metered First-Class Mail pieces may be also be identified as short paid when handled by an employee. When so identified, they are dealt with as described above in the case of stamped pieces.

First-Class letter mail pieces mailed at a discount rate may be paid via permit indicia, meter or precancelled stamps. However, all such pieces must be entered through a Bulk Mail Entry Unit. BMEUs are staffed by employees who are trained in specific procedures to ensure that the proper postage is applied to the bulk mailing as a whole.

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It is not known what proportion of First-Class letter mail originating at nonhouseholds is short paid, since we do not have data identifying short-paid letter mail by origin source.

OCA/USPS-26. What steps will the Postal Service take to insure that a mailing meeting automation eligibility requirements actually carries accurate barcodes? Please provide any and all studies the Postal Service has undertaken to determine what percentage of mail receiving automation discounts actually carries accurate barcodes.

RESPONSE:

The Postal Service attempts to assure accuracy of barcodes through the Coding Accuracy Support System (CASS) and Multiline Accuracy Support System (MASS) programs. In order to be eligible to claim an automation rate, mailers are required to produce documentation to prove that their barcodes were derived through the use of a certified address matching product. Periodic accuracy test are performed using the Automated Barcode Evaluator. Regarding studies of percentage of mail receiving automation discounts and barcoding accuracy, there are no known studies addressing this topic.

OCA/USPS-27 What procedures are currently followed by the Postal Service to ensure that the appropriate amount of postage is applied to First-Class Mail found in the Collection Stream? When compared to total First-Class Mail, what proportion of First-Class letter mail in the collection stream is short paid? What proportion of First-Class letter mail in the collection stream is over paid?

RESPONSE:

Regarding procedures currently followed by the Postal Service to ensure that the appropriate amount of postage is applied to First-Class Mail found in the Collection Stream, see response to OCA/USPS-25.

It is estimated that .61% of total First-Class, stamped and metered, single-piece letter mail is shortpaid and 1.48% of total First-Class, stamped and metered, single-piece letter mail is over paid. There are no data which distinguish such mail on the basis of a household or nonhousehold origin.

To the greatest extent possible, stamped First-Class letter mail is processed on facer/canceller machines. Once this mail is entered into the system, it is difficult to differentiate mail on the basis of whether it originated at nonhouseholds.

Since distinguishing between household and nonhousehold mail is not definitively possible and examination for short paid mail is done at a later stage than acceptance, it is not possible to identify what proportion of First-Class letter mail originating at nonhouseholds is short paid.

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OCA/USPS-28. What proportion of the total mail flowing through the Postal Service is short paid?

RESPONSE:

It is estimated that 0.96% of total stamped and metered First Class mail is short paid. This estimate only identifies stamped/metered First-Class Mail that has not been caught and marked up for collection. It does not reflect the volume of mail that is detected and marked up.

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OCAUSPS-29. Does the Postal Service keep track of the revenue lost through short paid postage?

- a. If your response is affirmative, what was the revenue lost for FY 95 and FY 96 due to short paid postage? Of the total short payments for FY 95 FY96, what proportion represents First-Class single piece letter mail?
- b. For FY 1997, has the Postal Service developed an estimate of the revenue lost through short paid postage?
- c. If your response is affirmative, please provide the estimate, cite all sources and, if the number is derived, please show all calculations.
- d. If your response to part b is affirmative, please indicate how and where the loss is represented in the current Postal Service filing?
- e. If your response to part b is negative, please explain why there are no provision for short paid postage.
- f. If the amount for short paid postage is built into the Postal Service's filing, please provide the total unpaid and short-paid revenue projection for the base year, FY 97 and FY 98. Separately identify the amount of short-paid and unpaid revenue that is estimated to be attributed to First-Class letter mail. If you are unable to provide a total unpaid and short-paid revenue estimate attributed to First-Class letter mail, please explain.

RESPONSE:

The Postal Service maintains data which estimate the amount of revenue lost by virtue of short paid stamps/metered First-Class Mail letters and cards not marked up for collection.

a. Estimated Revenue Lost Due to Short Paid Postage (000):

	FY 1996	FY 1995
First-Class single piece letters	\$124,221	\$121,292
First-Class single piece cards	1,059	1,205

b. No.

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c. N.A.

d. N.A.

e. See response to part f.

f. The filing contains a test-year revenue requirement which is built, in part, on base year unit revenues. Because these base year unit revenue values are derived from actual mail observed in the system, they reflect the impact of short paid mail. Therefore, although the revenue lost through short payment is not explicitly estimated for the test year, the requested rates assume --- by virtue of being based on Base Year unit revenues --- a level of short payment comparable to that which was experienced in the Base Year.

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OCA/USPS-30. What procedures are currently followed by the Postal Service to ensure that the appropriate amount of postage is applied to First-Class metered mail originating at nonhouseholds? When compared to total First-Class letter mail, what proportion of the First-Class metered mail originating at nonhouseholds is short paid?

RESPONSE:

See response to OCA/USPS-25. It is not known what proportion of First-Class metered mail originating at nonhouseholds is short paid, compared to total First-Class letter mail.

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OCA/USPS-31. Please provide the estimated cost to educate and notify households on the appropriate postage required if CEM as proposed by the OCA in Docket No. MC95-1 were implemented. If you are unable to provide an estimate, please explain why you cannot comply with this request.

RESPONSE:

The Postal Service has not developed an estimate of the cost of educating and notifying the public about CEM. Therefore, it can provide no estimate in response to this questions.

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OCA/USPS-32. Please explain how the Postal Service expects to educate all mailers on the usage of its proposed classifications and the ensuing postal rates. Please provide the estimated cost built into the Postal Service's filing for educating mailers on its proposed postal rates. Please identify where the education costs are reflected in the Postal Service's filing.

RESPONSE:

The Postal Service will write standards for the classifications and publish them in the Federal Register and the Postal Bulletin to implement the provisions of R97-

1. Also, there may be national training for select bulk mail acceptance employees, Mailpiece Design Analysts, and window clerks as well as training of customers who present bulk mailings to the Postal Service. Although no decision has been made, in addition to distributing news releases, the Postal Service may mail information to mailers who present bulk mailings.

The Postal Service does not have an educating cost estimate at this time.

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OCA/USPS-33. The following question refers to Nonhousehold to Nonhousehold mail.

- a. Has the Postal Service conducted any studies or performed an analysis on the volume of CRM and BRM that is supplied by Nonhouseholds to Nonhouseholds for FY 95 or FY 96? If your response is affirmative, please supply the results of the studies or analysis, cite all sources and if calculations are involved, please explain their derivation. If your response is negative, please explain why no analysis or study was performed.
- b. Has the Postal Service conducted any studies or performed an analysis on the volume of CRM and BRM that is supplied by Nonhouseholds to Nonhouseholds and is subsequently used by the recipient Nonhousehold? If your response is affirmative, please supply the results of the studies or analysis, cite all sources and if calculations are involved, please explain their derivation. If your response is negative, please explain why no analysis or study was performed.

RESPONSE:

(a-b) No. No need for such analysis has been determined.

OCA/USPS-34. Has the Postal Service gathered information on when businesses are likely to provide courtesy reply (CR) envelopes?

- a. If your response is affirmative, please provide information on the volume of CR envelope[s] sent out in FY 95 and FY 96.
- b. Please provide all information available to the Postal Service on the conditions under which businesses provide CR envelopes.
- c. Under what specific conditions would usage of CR envelopes increase?
- d. Under what specific conditions would usage of CR envelopes decline?

RESPONSE:

- a. The Postal Service collects no information on "when" business are likely to provide courtesy reply envelopes, but we do have information on the quantity sent out by certain industries from FY 1995 and preliminary FY 1996 Household Diary Studies. The attached table 116 is from those studies. Please note that all figures on the table represent pieces per week and are in hundred thousands (add 5 zeros).
- b. The USPS has not conducted any dedicated market research with businesses for the sole purpose of determining the conditions under which they provide CR envelopes. Logically, when businesses provide return remittance envelopes, this helps them to speed mail handling and processing and, hence, funds availability.
- c. *No information is currently available to answer this question.*
- d. The USPS has not conducted research to specifically determine the specific conditions under which the usage of CR envelopes will decline. However, we do know that the use of electronic payments is steadily increasing. Therefore, it is

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possible that as the volume of electronic bill payments increases, the usage of
CR envelopes may well decline.

TABLE 116
U.S.P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 1995 (SEPT. 19, 1994 - SEPT. 17, 1995)
FIRST-CLASS MAIL RECEIVED
0.10 - WAS A RETURN ENVELOPE/CARD ENCLOSED
(BASED TO FIRST-CLASS MAIL ONLY)

FIRST-CLASS MAIL RECEIVED - INDUSTRY									
UNWEIGHTED HOUSEHOLDS	45204	9896	2086	2147	2508	553	884	727	180
WEIGHTED HOUSEHOLDS	983	983	983	983	983	983	983	983	983
WEIGHTED PIECES (BASE)	9369	2127	443	445	531	123	201	158	38
YES	3508	1083	309	319	218	20	34	122	11
	37.4	50.9	69.7	71.5	41.1	15.9	16.6	77.2	28.1
	100.0	30.9	8.8	9.1	6.2	0.6	1.0	3.5	0.3
	37.4	11.6	3.3	3.4	2.3	0.2	0.4	1.3	0.1
NO	4142	935	114	110	289	92	159	29	26
	44.2	43.9	25.7	24.6	54.4	74.4	78.8	18.6	69.4
	100.0	22.6	2.7	2.6	7.0	2.2	3.8	0.7	0.6
	44.2	10.0	1.2	1.2	3.1	1.0	1.7	0.3	0.3
	44.2	10.0	1.2	1.2	3.1	1.0	1.7	0.3	0.3
DON'T KNOW/NO ANSWER	402	109	21	17	24	12	9	7	1
	4.3	5.1	4.7	3.8	4.6	9.8	4.5	4.2	2.5
	100.0	27.2	5.1	4.3	6.0	3.0	2.3	1.7	0.2
	4.3	1.2	0.2	0.2	0.3	0.1	0.1	0.1	0.3
NOT INDUSTRY MAIL	1317	-	-	-	-	-	-	-	-
	14.1	-	-	-	-	-	-	-	-
	100.0	-	-	-	-	-	-	-	-
	14.1	-	-	-	-	-	-	-	-
MEAN	9.53	2.17	0.45	0.45	0.45	0.12	0.20	0.16	0.03
STD DEV	7.08	2.18	0.75	0.76	1.15	0.45	0.59	0.41	0.27
STD ERROR	0.10	0.03	0.01	0.01	0.01	0.01	0.01	0.01	-

WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

CHILTON RESEARCH SERVICES NO. 5344 JUNE 1996

U.S. P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 1995 (SEPT. 19, 1994 - SEPT. 17, 1995)

TABLE 116
FIRST-CLASS MAIL RECEIVED
0.10 - WAS A RETURN ENVELOPE/CARD ENCLOSED
(BASED TO FIRST-CLASS MAIL ONLY)

FIRST-CLASS MAIL RECEIVED - INDUSTRY

RES-									
TOTAL	SEARCH	PHOTO	PHOTO	SER	STOR	AGE	GRA	SER	PHOTO
TOTAL VICES	SER	STOR	AGE	GRA	SER	PHOTO	PHOTO	PHOTO	PHOTO
UNWEIGHTED HOUSEHOLDS	5300	5300	5300	5300	5300	5300	5300	5300	5300
UNWEIGHTED PIECES	45204	9896	9	62	14	19			
WEIGHTED HOUSEHOLDS	983	983	983	983	983	983	983	983	983
WEIGHTED PIECES (BASE)	9369	2127	2	18	2	5			
YES	3508	1083	0	4	-	2			
	37.4	50.9	2.2	24.2	35.4	0.1			
	100.0	30.9	0.1	0.1					
	37.4	11.6							
NO	4142	935	2	13	2	3			
	44.2	43.9	97.8	69.9	82.5	52.9			
	100.0	22.6	0.1	0.3		0.1			
	44.2	10.0		0.1					
DON'T KNOW/NO ANSWER	402	109	-	1	0	1			
	4.3	5.1		6.0	17.5	11.7			
	100.0	27.2		0.3	0.1	0.1			
	4.3	1.2							
NOT INDUSTRY MAIL	1317	-	-	-	-	-			
	14.1								
	100.0								
	14.1								
MEAN	9.53	2.17	-	0.02	-	0.01			
STD DEV	7.08	2.18	0.05	0.16	0.05	0.08			
STD ERROR	0.10	0.03	-	-	-	-			

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WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

U.S.P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 1995 (SEPT. 19, 1994 - SEPT. 17, 1995)

TABLE 116
FIRST-CLASS MAIL RECEIVED
0.10 - WAS A RETURN ENVELOPE/CARD ENCLOSED
(BASED TO FIRST-CLASS MAIL ONLY)

FIRST-CLASS MAIL RECEIVED - INDUSTRY

UNWEIGHTED HOUSEHOLDS		UNWEIGHTED PIECES		WEIGHTED HOUSEHOLDS		WEIGHTED PIECES (BASE)		YES		NO		DON'T KNOW/NO ANSWER		NOT INDUSTRY MAIL		MEAN		STD DEV		STD ERROR	
TOTAL	5300	45204	983	9369	100.0	100.0	3508	37.4	4142	44.2	402	4.3	1317	100.0	14.1	9.53	7.08	0.10	0.02	0.01	
MR STORE	5300	6398	983	1338	100.0	100.0	668	7.1	622	6.6	48	0.5	-	-	-	1.36	1.75	0.02	0.01	0.01	
DISC. ORDER	5300	1550	983	320	100.0	100.0	206	2.2	106	1.1	9	0.1	-	-	-	0.33	0.73	0.01	0.01	0.01	
MAIL OTHER	5300	1044	983	222	100.0	100.0	114	1.2	99	1.1	8	0.1	-	-	-	0.23	0.76	0.01	0.01	0.01	
SHER TION	5300	1110	983	215	100.0	100.0	59	0.6	151	1.6	5	0.1	-	-	-	0.22	0.58	0.01	0.01	0.01	
PUBLI PROM	5300	1641	983	352	100.0	100.0	248	2.6	93	2.2	18	0.3	-	-	-	0.36	0.75	0.01	0.01	0.01	
LAND RES	5300	107	983	24	100.0	100.0	5	0.1	18	0.2	1	0.1	-	-	-	0.02	0.18	0.01	0.01	0.01	
TAU FAC	5300	26	983	5	100.0	100.0	-	0.5	5	0.6	7	0.1	-	-	-	0.01	0.09	0.01	0.01	0.01	
MANU TURER	5300	358	983	77	100.0	100.0	18	0.2	53	0.5	2	0.1	-	-	-	0.08	0.35	0.01	0.01	0.01	
DEAL VICE	5300	311	983	64	100.0	100.0	12	0.3	50	0.5	1	0.1	-	-	-	0.07	0.29	0.01	0.01	0.01	
AUTO SER	5300	65	983	13	100.0	100.0	1	0.1	12	0.3	1	0.1	-	-	-	0.01	0.12	0.01	0.01	0.01	
CON SUMER	5300	20	983	5	100.0	100.0	1	0.1	4	0.1	4	0.1	-	-	-	0.01	0.09	0.01	0.01	0.01	
MAR	5300	45	983	8	100.0	100.0	1	0.1	6	0.2	6	0.1	-	-	-	0.01	0.10	0.01	0.01	0.01	
SUPER	5300	23	983	5	100.0	100.0	0.	0.1	4	0.1	4	0.1	-	-	-	0.01	0.09	0.01	0.01	0.01	

CHILTON RESEARCH SERVICES NO. 5344 JUNE 1996 WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

U.S.P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 1995 (SEPT. 19, 1994 - SEPT. 17, 1995)

TABLE 116

FIRST-CLASS MAIL RECEIVED

0.10 - WAS A RETURN ENVELOPE/CARD ENCLOSED

(BASED TO FIRST-CLASS MAIL ONLY)

FIRST-CLASS MAIL RECEIVED - INDUSTRY

REAL

TOTAL CRED BANK SECUR

FINAN IT S & L ITY

TOTAL CIAL CARD C.U. BRKR

MONEY ANCE MORT

INSUR. EST.

TOTAL

FED STATE SOCL.

ERAL LOCAL CHAR.

TOTAL

UNWEIGHTED HOUSEHOLDS

UNWEIGHTED PIECES

WEIGHTED HOUSEHOLDS

WEIGHTED PIECES (BASE)

YES

NO

DON'T KNOW/NO ANSWER

NOT INDUSTRY MAIL

14.1

100.0

14.1

1317

402

402

402

402

402

402

402

402

402

402

402

402

402

402

402

402

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WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

JUNE 1996

CHILTON RESEARCH SERVICES NO. 5344

RESPONSE OF POSTAL SERVICE WITNESS TO INTERROGATORY
OF THE OFFICE OF THE CONSUMER ADVOCATE

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- Replacing all piggyback factors used in witness Daniel's testimony (page 42 of Appendices I and III) using the ones calculated in step 3 of MMA/USPS-T32-27b.

The steps necessary to reproduce witness Daniel's Standard (A) cost estimates for ECR letters and nonletters in Exhibit USPS-29D would include the following steps:

- Updating USPS LR-H-109 (now USPS-ST-44) according to the four steps listed in the response to MMA/USPS-T32-27b and replacing the figures at the bottom of pages 1-2 of Exhibit USPS-29D.
- Next, the average TY CRA Unit Cost for ECR and nonprofit ECR pieces computed in USPS LR-H-106 (now USPS-ST-45) would need to be recalculated using 100% volume variability assumptions and the figures in the middle of pages 1-2 of Exhibit USPS-29D would need to be replaced.
- Finally, the nontransportation unit cost avoidance per pound by entry point from USPS LR-H-111 (now USPS-ST-46) would need to be recalculated using 100% volume variability assumptions and the figures at the top of pages 3-4 of Exhibit USPS-29D would need to be replaced.

The steps necessary to reproduce witness Daniel's Standard (B) cost estimates for Parcel Post and Special Standard would include the four steps listed in that response in addition to the following:

- Incorporation of the new unit costs by shape for both Parcel Post and Special Standard into witness Daniel's testimony on page 2 of Exhibits USPS-29E and F.

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- Replacing all volume variable productivity estimates used in witness Daniel's testimony (page 15 of Appendix V and page 11 of Appendix VI) with average productivity estimates (productivity estimates assuming 100 percent volume variability).
- Replacing all piggyback factors used in witness Daniel's testimony (page 16 of Appendix V and page 12 of Appendix VI) using the ones calculated in step 3 of MMA/USPS-T32-27b.

The steps necessary to reproduce witness Crum's Destination BMC Mail Processing Cost Savings using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

- Entering the new results from LR-H-106 into Tables 1 and 2 of LR-H-144 and breaking those numbers down by the same proportions currently there.

The steps necessary to reproduce witness Crum's Bound Printed Matter Carrier Route Presort Cost Savings using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

- Changing 82 percent to 100 percent in line 4 of Exhibit H of USPS-T-28 and continuing the simple calculations through to the new results.

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The steps necessary to reproduce witness Crum's Standard Mail (A) Nonletter Cost Differences using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

- Adjusting the new results from LR-H-106 as described in the response to NDMS/USPS-T28-11.
- Entering these results on the line "3.1a Mail Processing Variable w/Pigbk" of Table 3 of Exhibit K of USPS-T-28 and continuing the simple calculations through to the new results.

The steps necessary to reproduce witness Crum's Standard Mail (B) Origin BMC, Destination SCF, Destination DDU, and BMC Presort Cost Savings using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

- Entering the updated numbers from USPS-T29, Appendix V (those updates are described in witness Daniel's section) into Exhibits D, F, G, and J of USPS-T-28 and following the calculations through.

The steps necessary to produce witness Seckar's cost estimates of flats mail processing costs using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

RESPONSE OF POSTAL SERVICE WITNESS TO INTERROGATORY
OF THE OFFICE OF THE CONSUMER ADVOCATE

- Replace all volume variable productivity estimates used in witness Seckar's testimony with average productivity estimates that reflect the assumed 100 percent variability,
- Replace all piggyback factors currently used in witness Seckar's testimony with those reflecting 100 percent variability (these result from item 3 in MMA/USPS-T-32-27(b) response), and
- Replace all unit costs by shape that are currently used in witness Seckar's testimony with those that reflect 100 percent variability (these result from item 4 in MMA/USPS-T-32-27(b) response).

The steps necessary to produce USPS Library Reference H-111, "Dropship Savings in Periodicals and Standard Mail (A)", using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

- Replace all volume variable productivity estimates used in LR-H-111 with average productivity estimates that reflect the assumed 100 percent variability. The productivity estimates for Standard Mail (A) that reflect the assumed 100 percent variability are in the first column of Appendix E, Tables 5-7 and the productivity estimates for Periodicals mail that reflect the assumed 100 percent variability are in the first column of Appendix F, 1.0 and Appendix G, 1.0.
- Replace all piggyback factors currently used in LR-H-111 with those reflecting 100 percent variability.

J.S.P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 4: 1TH ADJUSTMENT FACTORS (SEPT. 18, 1895 - SEPT. 15, 1915)

FIRST-CLASS MAIL RECEIVED
Q. 10 - WAS A RETURN ENVELOPE/CARD ENCLOSED
(BASED TO FIRST-CLASS MAIL ONLY)

FIRST-CLASS MAIL RECEIVED - INDUSTRY

[illegible]

CHILTON RESEARCH SERVICES NO. 5746	APRIL 1987	WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS
1	2	3
4	5	6
7	8	9
10	11	12
13	14	15
16	17	18
19	20	21
22	23	24
25	26	27
28	29	30
31	32	33
34	35	36
37	38	39
40	41	42
43	44	45
46	47	48
49	50	51
52	53	54
55	56	57
58	59	60
61	62	63
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(SEPT. 18, 1995 - SEPT. 15, 15

CHILTON RESEARCH SERVICES NO.	APRIL 1997	WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS
5746		

U.S.P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 1995
 1TH ADJUSTMENT FACTORS (SEPT. 18, 1995 - SEPT. 15, 1996)

TABLE 116
 FIRST-CLASS MAIL RECEIVED
 0.10 - WAS A RETURN ENVELOPE/CARD ENCLOSED
 (BASED TO FIRST-CLASS MAIL ONLY)

FIRST-CLASS MAIL RECEIVED - INDUSTRY									
TOTAL DEPT.	LAND RES	LAND RES	LAND RES	LAND RES	LAND RES	LAND RES	LAND RES	LAND RES	LAND RES
MAIL OTHER PUBLI	PROMO TION	TAU DEAL	STN. TION	AUC SUMER	CON SUPER	MAIL OTHER PUBLI	PROMO TION	TAU DEAL	STN. TION
ORDER STORE	SHER TION	RANT ER	STN. TION	AUC SUMER	CON SUPER	ORDER STORE	SHER TION	RANT ER	STN. TION
DISC. ORDER	DISC. ORDER	DISC. ORDER	DISC. ORDER	DISC. ORDER	DISC. ORDER	DISC. ORDER	DISC. ORDER	DISC. ORDER	DISC. ORDER
CHANT DISC.	CHANT DISC.	CHANT DISC.	CHANT DISC.	CHANT DISC.	CHANT DISC.	CHANT DISC.	CHANT DISC.	CHANT DISC.	CHANT DISC.
UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS
8300	5300	5300	5300	5300	5300	8300	5300	5300	5300
43893	5697	1446	839	1049	1600	43893	5697	1446	839
WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS
896	896	896	896	896	896	896	896	896	896
8282	1184	287	202	216	333	8282	1184	287	202
WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)	WEIGHTED PIECES (BASE)
3571	608	189	111	54	225	3571	608	189	111
38.5	51.5	66.8	54.7	24.9	67.7	38.5	51.5	66.8	54.7
100.0	17.1	5.6	3.1	1.5	6.3	100.0	17.1	5.6	3.1
38.5	6.6	2.1	1.2	0.6	2.4	38.5	6.6	2.1	1.2
3946	524	87	84	150	94	3946	524	87	84
42.5	44.3	29.3	41.4	69.6	28.4	42.5	44.3	29.3	41.4
100.0	13.3	2.2	3.8	2.4	0.2	100.0	13.3	2.2	3.8
42.5	5.6	0.9	0.8	1.6	1.0	42.5	5.6	0.9	0.8
466	50	11	8	12	13	466	50	11	8
5.0	4.2	3.8	4.0	5.5	3.9	5.0	4.2	3.8	4.0
100.0	10.8	2.4	1.7	2.5	2.8	100.0	10.8	2.4	1.7
5.0	0.5	0.1	0.1	0.1	0.1	5.0	0.5	0.1	0.1
NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL
1298	14.0	14.0	14.0	14.0	14.0	1298	14.0	14.0	14.0
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN	MEAN
8.32	1.18	0.31	0.20	0.22	0.34	8.32	1.18	0.31	0.20
STD DEV	STD DEV	STD DEV	STD DEV	STD DEV	STD DEV	STD DEV	STD DEV	STD DEV	STD DEV
7.04	1.56	0.68	0.60	0.56	0.76	7.04	1.56	0.68	0.60
STD ERROR	STD ERROR	STD ERROR	STD ERROR	STD ERROR	STD ERROR	STD ERROR	STD ERROR	STD ERROR	STD ERROR
0.10	0.02	0.01	0.01	0.01	0.01	0.10	0.02	0.01	0.01

CHILTON RESEARCH SERVICES NO. 5746 APRIL 1997

WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9072

OCA/USPS-35. Please provide for FY 95 and FY 96 the equivalent of the information provided by the Postal Service in Docket No. MC95-1, to OCA/USPS-32. Tr. 27/12795.

RESPONSE:

The sampling frame for RPW testing was redesigned in PQ 2 FY 95 such that the frame units were defined to be a physical place in the mail processing stream between and including the destinating mail processing plant and the final delivery unit; frame units are now called Mail Exit Points or MEPs. As such, MEPs are generally defined by mail processing stream and mail shape, and only occasionally as the traditional delivery unit. Volume estimates by delivery unit type are no longer possible. Therefore, the requested analysis is impossible to perform.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9073

OCA/USPS-39. In Docket No. MC95-1, USPS witness Potter stated, "[I]t is my understanding that the Postal Service was recently losing tens of millions of dollars a year from mailers putting 2-cent and 6-cent stamps on their letters. [Footnote omitted] The need for the Postal Service to take steps to protect against potential revenue loss from short-paid mail if a CEM discount were implemented cannot be seriously questioned." Tr. 36/16219. Please explain all the steps currently taken by the Postal Service to protect itself against revenue loss from short-paid mail.

RESPONSE:

See response to OCA/USPS-25 and 27.

Steps taken by the Postal Service during mail processing and delivery to detect sort paid mail are described in OCA/USPS-25.

The Postal Service regularly receives correspondence for persons inquiring about the legality of 2-cent and 6-cent First-Class Mail Letters. Often, these persons have been the recipient of misinformation from other individuals, many of whom give evidence of intent to resist Federal tax laws and other laws and regulations. The Postal Service refers these matter to the Inspections Service and tries to educate the individuals who inquire about whether the law permits them to mail letter at rates which have been superseded. As the means of communicating this misinformation expand via Internet messages, the problem is expected to continue, if not expand.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9074

OCA/USPS-40. In Docket No. MC95-1, the Postal Service filed library reference MCR-119 that described the processing of a FIMed mail piece where the FIM becomes obscured. Is this library reference still accurate? If not, please provide an updated version of library reference MCR-119.

RESPONSE:

The library reference is presumed to reflect the degree of reply mail automation compatibility for the period studied. No more recent study has been performed.

There is no basis of assuming that information in the report would not still be applicable.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9075

OCA/USPS-41. In response to OCA/USPS-1 the Postal Service allowed the OCA to review Inspection Service audits of actual data collection for the major statistical sampling systems (RPW, IOCS, TRACS, etc.).

- a. Does the Inspection Service analyze these individual audits? If so, please describe the analytical process. If not, please describe the uses to which the individual audits are put.
- b. Does the Inspection Service prepare written reports summarizing or consolidating the results of the individual audits? If so, please provide copies of those reports. If not, please describe how information obtained in the individual audits is disseminated to postal management and provide copies of any documents used to disseminate information obtained in the individual audits to postal management (either at headquarters or in the field).
- c. Is there a formal mechanism for incorporating findings of Inspection Service audits of statistical sampling systems into the training programs for data collectors? If so, please explain. If not, please explain why not.
- d. Are the Inspection Service audits of statistical sampling systems part of the input to developing or updating data collection instruction manuals? If so, please explain. If not, please explain why not.
- e. Are the Inspection Service audits of statistical sampling systems part of the input to developing or updating the CODES data collection software? If so, please explain. If not, please explain why not.

RESPONSE:

- a. The reason the Inspection Service conducts these audits is to determine whether tests are conducted when required, and that the Data Collection Technicians conducting the tests are knowledgeable of their duties. The audit reports are furnished to the external auditors retained by the Board of Governors for use in their audit, and copies of these reports are furnished to Headquarters Finance as information only.
- b. The Inspection Service provides copies of individual audit reports to the external auditors retained by the Board of Governors, with an information copy of the same material to Headquarters Finance. The reports are

provided to local management at the conclusion of the review as information.

The reports are transmitted accompanied by a listing of the audits, which contains the number of tests, and the number of errors found during each site visit. Please see the attachment to this response.

c.-e. Inspection Service audit reports are reviewed for improvement

opportunities for training and instructional materials. Where improvement opportunities are noted, changes are incorporated in the next edition of the appropriate materials.



UNITED STATES POSTAL INSPECTION SERVICE

COPY

OFFICE OF AUDIT

November 27, 1996

Ross Bailey
Manager
Statistical Design and Policy Management

Attached are copies of the site reports for our FY 1996 observations of the RPW, IOCS and TRACS tests. Copies of these reports are furnished to [REDACTED] Ernst and Young in support of his audit effort. Also included is a summary of the tests.

If you have any questions concerning these reports, please contact me at extension 4437.

A handwritten signature in cursive script that reads "Mary Ann Munley".

Mary Ann Munley
Manager
Finance



November 27, 1996

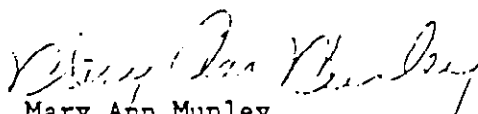
Inspection Service Site Reports
Cost & Revenue Analysis; Revenue Pieces
& Weight; TRACS Tests

~~REDACTED~~
Ernst & Young
Room ~~REDACTED~~

Attached are the site reports for Inspection Service reviews of Cost and Revenue Analysis, Revenue, Pieces & Weight, and TRACS tests for FY 1996. Also attached is a summary of the tests.

We observed 108 RPW tests, 199 IOCS tests, and 4 TRACS tests.

If you have any questions concerning this memorandum, please contact me at (202) 268-4437.


Mary Ann Munley
Manager
Finance

Attachment

FY 1996 Inspection Service Field Reviews of CRA Tests

9079

Case No.	City	Rpt. Date	RPW	RPW Errors	IOCS	IOCS Errors	TRACS	TRACS Errors
1175690	Edison	29-Aug-96	1	0	3	0		
1175692	Hackensack	30-Aug-96	1	0	2	0		
1175738	Paterson	30-Aug-96			3	0		
1175740	Newark	29-Aug-96	1	0	5	0		
1175741	Jersey City	28-Aug-96	1	0	3	0		
1175748	Minneapolis	30-Nov-95	3	1	5	0	1	0
1175750	Farmingdale NY	05-Sep-96	2	0	3	1		
1175764	New Haven CT	30-Nov-95	2	2	4	0		
1175767	Hicksville NY	05-Sep-96	2	1	5	3		
1175770	Rochester NY	29-Apr-96	1	0	4	0		
1175827	Little Rock AR	22-Apr-96	2	0	5	0		
1175828	Memphis TN BMC	05-Jan-96					1	0
1175828	Memphis TN	05-Jan-96	3	0	5	0		
1176203	Cleveland	13-Sep-96	3	0	4	0		
1176204	Lexington KY	07-Aug-96	2	0	4	0		
1176206	Dayton OH	12-Jan-96	3	0	3	0		
1177209	Detroit MI	21-Jun-96	1	0				
1177209	Detroit MI	22-Nov-95	3	0	5	0		
1179868	Southeastern PA	03-Jul-96	1	0	2	0		
1180026	Birmingham AL	02-Jan-96	3	0	5	0		
1180537	Kansas City MO	09-Aug-96	3	0	5	0		
1180538	St. Louis	26-Apr-96	6	1	4	1		
1180840	Boston	19-Jul-96	3	0	5	0		
1181111	Reading PA	07-Mar-96	1	0	4	0		
1181243	Dallas GMF	22-May-96	3	1	9	0		
1181248	Oklahoma City	06-Sep-96	3	0	5	0		
1181249	Tulsa OK	22-May-96	3	0	6	0		
1181413	Springfield	21-Aug-96	1	0	1	0		
1181416	Springfield BMC	21-Aug-96			3	1	1	0
1181417	Hartford	23-Aug-96	3	0	4	0		
1184241	Santa Ana CA	29-Feb-96	3	0	6	0		
1185243	Chattanooga	29-Mar-96	3	0	5	0		
1185356	Jacksonville	17-Jun-96	2	0	6	0		
1185358	Orlando FL	13-Mar-96	1	0	8	0		
1185745	Indianapolis	25-Apr-96	2	0	5	0		
1186256	North Wales	13-Sep-96			3	0		
1188430	Long Beach CA	02-May-96	3	1	4	1		
1188481	Savannah	28-May-96	3	0	5	1		
1188482	Atlanta GA	10-May-96	3	0	5	2	1	0
1189269	Nashville TN	07-Jun-96	4	0	4	0		
1189771	San Francisco	26-Aug-96	3	0	5	0		
1190826	Chicago	24-Jul-96	3	0	5	0		
1191374	Oakland	27-Aug-96	3	0	5	0		
1191375	San Jose	28-Aug-96	3	0	5	0		
1191893	Drexel Hill PA	03-Jul-96	1	0	1	0		
1191970	Providence RI	19-Jul-96	1	0	4	0		
1191971	New Bedford MA	19-Jul-96	1	0	2	0		
1192031	Tampa	12-Aug-96	3	0	8	0		
1192954	Rockford IL	29-Aug-96	3	2	8	2		
1192773	Detroit	21-Jun-96	1	0				
1193699	Los Angeles	09-Aug-96	3	0	5	0		
1194799	Bellmawr NJ	11-Sep-96	1	0				
1195282	Wilkes Barre PA	13-Sep-96	1	0				
Totals:			48	108	9	199	12	4
								0



UNITED STATES POSTAL INSPECTION SERVICE

COPY 9080

OFFICE OF THE CHIEF POSTAL INSPECTOR

October 25, 1995

~~██████████~~
Ernst & Young
Room ~~██████~~

Dear Mr. Murrin:

Attached are the site reports for Inspection Service reviews of Cost and Revenue Analysis, Revenue, Pieces & Weight, and TRACS tests for FY 1995. Also attached is a summary of the tests.

If you have any questions concerning this memorandum, please contact me at (202) 268-4437.

Sincerely,

Mary Ann Munley
Mary Ann Munley
Manager
Finance

Attachments

C	No.	City	Rpt. Date	RPW	RPW Errors	IOCS	IOCS Errors	TRACS	TRACS Errors
1155545	Scranton	17-Nov-95	1	0	5	0			
1157496	Atlanta	02-Feb-95	3	0	5	0			
1162829	Chicago	05-May-95	3	0	5	0	1	0	
1162847	White Plains	15-May-95	1	0	5	0	1	0	
1162849	Brooklyn	26-May-95	3	0	5	0			
1162851	Albany	21-Jul-95	2	0	5	0			
1163158	Wilmington DE	13-Jun-95	2	0	5	0			
1163207	Phoenix	18-Apr-95	3	0	5	0			
1163330	Shawnee Mission	27-Apr-95	4	1	5	1			
1163331	Des Moines	08-Jun-95	5	0	5	0			
1164507	San Francisco	30-Mar-95	3	0	5	0			
1164928	Boston, MA	05-Sep-95	2	0	5	0			
1164975	Royal Oak	28-Apr-95	3	0	5	0			
1164984	Oklahoma GMF	20-Apr-95	3	0	3	0			
1165184	Little Rock	24-May-95	2	0	4	0			
1165185	Memphis	22-Apr-95	3	0	5	0			
1165818	Cincinnati	20-Jun-95	3	0	5	0			
1165819	Louisville	26-Jun-95	3	0	5	0			
1165820	Columbus OH	07-Jul-95	3	0	3	0			
1166087	Mansfield Annex	05-Sep-95	1	0					
1166133	San Jose	23-May-95	3	0	5	0			
1166321	Harrisburg	09-Jun-95	1	0	5	0			
1166623	Grand Rapids	12-Jun-95	3	1	5	1			
1166625	Detroit	19-Jun-95	3	0	5	0			
1166720	Macon	22-May-95	3	1	5	0			
1166793	FT. Worth	18-May-95	3	0	3	0			
1166792	Providence	05-Sep-95			8	0			
1166893	Hartford/Putnam	01-Sep-95	1	0	3	0			
1166894	Springfield. MA	01-Sep-95			3	0	1	0	
1166895	Springfield	01-Sep-95	1	0	1	0			
1167245	Brockton MA	05-Sep-95	2	0	2	0			
1168919	Buffalo	18-Aug-95	3	0	9	0			
1168920	Syracuse	07-Sep-95	3	0	5	0			
1169193	San Diego	20-Jun-95	3	0	5	1			
1169581	Madison Wi	01-Sep-95	3	0	5	1			
1169584	Milwaukee	01-Aug-95	3	0	5	0			
1170309	Oakland	09-Sep-95	3	0	5	0			
1170668	Santa Ana	08-Sep-95	3	0	5	0			
1170766	Central Florida	13-Sep-95	6	0	10	0			
1170767	Sun Coast Dist.	13-Sep-95	5	0	7	0			
1171149	Wilkes Barre	13-Sep-95	1	0	5	0			
1173122	Birmingham AL	05-Sep-95	3	2	5	0			
1171153	New Bedford	05-Sep-95	1	0					
1171162	Dallas BMC	31-Jul-95	0	0	0	0	1	0	
1171215	Paterson NJ	14-Sep-95	1	0	3	0			
1171216	Newark	14-Sep-95	1	0	3	0			
1171217	Trenton	22-Sep-95	1	0	0	0			
1171218	Morristown	29-Sep-95	1	0	5	0			
1171219	Edison NJ	22-Sep-95	0	0	5	0			
1173400	Ft. Worth	14-Sep-95	3	0	2	0			
Totals:			50	117	5	219	4	4	0

UNITED STATES POSTAL SERVICE

9082

FINANCE GROUP
WASHINGTON DC 20260-2196

DATE: November 8, 1994
OUR REF: IS920: MAMUNLEY/mam
SUBJECT: Inspection Service Site Reports
Cost & Revenue Analysis; Revenue Pieces
& Weight; TRACS Tests
TO: ~~REDACTED~~
Ernst & Young
Room ~~REDACTED~~

Attached are the site reports for Inspection Service reviews of Cost and Revenue Analysis, Revenue, Pieces & Weight, and TRACS tests for FY 1994. Also attached is a summary of the tests.

If you have any questions concerning this memorandum, please contact me at (202) 268-4437.

Mary Ann Munley
Manager
Finance

Attachment

UNITED STATES POSTAL SERVICE

9083

FINANCE GROUP
WASHINGTON DC 20260-2196

DATE: November 8, 1994
OUR REF: IS920: MAMUNLEY/mam
SUBJECT: Cost & Revenue Analysis: Inspection
Service Site Reports

TO: Mr. Frank Heselton
Manager
Product Finance
Room 8016

Attached are copies of the FY 1994 Inspection Service site reports for our reviews of Cost and Revenue Analysis, Revenue Pieces and Weight, and TRACS tests. Copies of these reports were furnished to local management at the conclusion of our reviews.

Copies of the reports will be furnished to the external auditors for thier review. If you have any questions concerning this memorandum, please contact me at (202) 268-4437.

Mary Ann Munley
Manager
Finance

Attachments

CASE NO.	CITY	RPT. DATE	RPW	RPW ERRORS	IOCS	IOCS ERRORS	TRACS	TRACS ERRORS
1133488	Evanston	10-Jan-94	3	0	5	2		
1133555	Lexington	20-May-94	1	0	3	0		
1133556	Louisville	11-Mar-94	3	0	5	0		
1133557	Toledo	31-May-94	2	0	6	0		
1133610	Warren MI	30-Dec-93	1	0	5	0		
1133679	New York	28-Mar-94	3	0	5	0		
1133718	San Juan	13-Jun-94	3	0	5	0		
1133719	Newark	13-Jun-94	3	0	5	0		
1133721	Kilmer	30-Aug-94	3	0	7	0		
1133723	Buffalo	30-Aug-94	3	0	7	0		
1133907	Ft. Worth	07-Feb-94	3	1	4	0		
1133908	New Orleans	18-Feb-94	2	1	4	0		
1133942	Atlanta	14-Jan-94	3	0	5	1		
1133957	Tampa	10-Jan-94	3	0	5	0		
1133959	Little Rock	12-May-94	3	0	5	0		
1133959	Memphis	24-Jan-94	3	0	5	0	1	0
1134034	Springfield MA BMC	13-Sep-94					2	0
1134034	Boston	13-Sep-94	4	0	6	0		
1134034	Providence RI	13-Sep-94	1	0	2	0		
1134034	Brewster MA	13-Sep-94			1	0		
1134034	New Bedford MA	13-Sep-94	1	0	2	0		
1134034	Brockton MA	13-Sep-94	1	0				
1134034	Somerset MA	13-Sep-94	1	0	3	0		
1134151	Oakland	14-Jan-94	1	0	3	0		
1135019	Los Angeles	26-Jan-94	3	1	3	0	1	0
1135257	Philadelphia	25-Jan-94	3	0	5	0		
1135747	Miami	05-May-94	3	0	10	0		
1136509	St. Louis	04-Mar-94	3	1	5	0		
1138473	Sacramento	28-Apr-94	2	0	5	0		
1138474	San Fran	15-Apr-94	3	0	5	0		
1138476	Oakland	08-Apr-94	3	0	6	0		
1140927	Smithton	26-Aug-94	3	3	5	0		
1140928	New Hyde Park	29-Jun-94	1	1	5	0		
1141378	Detroit	06-May-94	4	0	5	0		
1141895	Topeka KS	13-May-94	3	2	4	0		
1143083	Rockford IL	20-May-94	3	1	5	0		
1144600	Dallas	24-Jun-94	4	1	5	0		
1145626	Pasadena	19-Jul-94	3	0	3	0		
1145630	Van Nuys	19-Jul-94	3	0	3	1		
1146212	Lincoln NE	29-Jul-94	2	0	5	2		
1146239	Jacksonville	12-Jul-94	3	0	5	0	1	0
1149433	Macon	31-Aug-94	3	0	5	0		
1149436	Indianapolis	24-Aug-94	1	0				
1149501	Grand Rapids	25-Aug-94	3	0	8	0		
1149882	Southeastern	14-Sep-94	3	0	5	1		
1149883	Bala Cynwyd	14-Sep-94	2	0	5	0		
46			112	12	205	7	5	

UNITED STATES POSTAL SERVICE

COPY
RIF

9085

FINANCE GROUP
WASHINGTON DC 20260-2196

DATE: October 28, 1993
OUR REF: IS920: MAMUNLEY/mam
SUBJECT: Cost and Revenue Analysis Reports
FY 1993

TO: William P. Tayman
Manager
Revenue, Volume and Cost Analysis
Finance
Room 1520

Attached are copies of all Inspection Service reports on our reviews of Cost and Revenue Analysis for Fiscal Year 1993. Also attached is a summary sheet of the tests conducted and the errors noted. Copies of these reports have been furnished to the external auditors as information.

If you have any questions concerning this memorandum, please contact me at (202) 268-4437.

(Signed) M. A. Munley

Mary Ann Munley
Manager
Finance

Attachments

IS920:MAMunley:mam:10/28/93:CRA REPORTS

SIGNED BY: _____

CASE NO.	CITY	REPORT DATE	RPW # tests	RPW Errors	IOCS # tests	IOCS Errors	FRPW # tests	FRPW Errors	TRACS # tests	TRACS Errors
1103942	GRAND RAPIDS	05-Nov-93	3	1	5	0	0	0	0	0
1103945	DENVER	03-Nov-93	2	0	5	1	0	0	0	0
1103947	INDIANAPOLIS	25-Feb-93	3	0	5	0	0	0	0	0
1103949	PEORIA	28-Jan-93	2	1	5	1	0	0	0	0
1103950	MINNEAPOLIS GMF	26-May-93	3	0	5	0	0	0	0	0
1103952	DETROIT & BMC	30-Aug-93	3	0	5	0	1	0	1	0
1103958	MINNEAPOLIS BMC	28-Jun-93	0	0	0	0	1	0	1	0
1105427	BROOKLYN	01-Feb-93	3	0	5	0	0	0	0	0
1105428	ROCHESTER	30-Nov-92	2	0	5	0	0	0	0	0
1105431	PROVIDENCE	08-Apr-93	3	0	5	0	0	0	0	0
1105434	SAN JUAN	08-Feb-93	2	0	7	0	0	0	0	0
1105436	MANCHESTER DIST	21-Jun-93	3	0	5	0	0	0	0	0
1105438	BUFFALO	24-Aug-93	4	0	5	0	0	0	2	0
1105449	MT. VERNON	12-Aug-93	3	2	5	0	0	0	0	0
1105450	EUZABETH	15-Sep-93	2	0	3	0	0	0	0	0
1105456	DAYTON	21-Jun-93	3	0	4	0	0	0	0	0
1105458	SOUTHEASTERN	03-Jun-93	1	0	5	0	0	0	0	0
1105459	RICHMOND	04-May-93	3	0	5	1	0	0	0	0
1105461	CLEVELAND	30-Jul-93	3	0	5	1	0	0	0	0
1105462	AKRON	02-Apr-93	3	1	5	0	0	0	0	0
1105464	BALTIMORE	13-Jul-93	3	0	5	0	0	0	1	0
1105465	SOUTH JERSEY	31-Aug-93	1	0	7	0	0	0	0	0
1105466	SCRANTON	28-May-93	2	0	5	1	0	0	0	0
1105470	PHIL BMC	13-Sep-93	0	0	7	0	1	0	1	0
1107201	SANTA ANA	14-Dec-92	3	0	3	0	0	0	0	0
1107202	SAN JOSE	29-Nov-92	2	0	6	0	0	0	0	0
1107203	LONG BEACH	25-Feb-93	2	0	3	0	0	0	0	0
1107205	SAN FRANCISCO GMF	19-Feb-93	4	0	6	0	2	0	0	0
1107206	SEATTLE BMC	10-Jun-93	0	0	3	0	1	1	1	0
1107207	SEATTLE GMF	10-Jun-93	0	0	3	0	1	1	0	0
1107208	PORTLAND GMF	14-Apr-93	3	0	6	0	0	0	0	0
1107209	LOS ANGELES	26-Jul-93	3	0	3	0	0	0	0	0
1107210	OAKLAND	14-Jul-93	2	0	6	0	0	0	0	0
1110007	NASHVILLE	06-Jan-93	3	0	5	0	0	0	0	0
1111741	LAFALETTE LA	09-Sep-93	0	0	3	0	0	0	0	0
1111744	MEMPHIS	20-Aug-93	5	0	6	0	0	0	2	0
1111745	DALLAS	17-Sep-93	3	1	5	1	1	0	0	0
1111746	SAN ANTONIO	30-Mar-93	3	0	5	1	0	0	0	0
1111747	FORT WORTH	17-Sep-93	3	0	5	0	0	0	0	0
1111749	ORLANDO	16-Aug-93	2	0	5	0	0	0	0	0
1111751	JACKSONVILLE BMC	01-Mar-93	0	0	5	0	0	0	1	0
1111752	JACKSONVILLE	01-Mar-93	3	0	5	0	0	0	0	0
1122068	COLORADO SPRINGS	20-Jul-93	4	0	5	0	0	0	0	0
TOTALS:										
			104	6	206	7	1	10	0	0

NOV 05 1992

FILE COPY 9087

IS921:JEasley:ew

Regional CRA Summaries

Mr. Howard Alenier
General Manager
Statistical Reporting Division
Rates and Classification Division

At the conclusion of field work for our review of Cost and Revenue Analysis Tests, each Inspection Service Region prepared a summary report for the Rates and Classification Center servicing their Region. These summary reports are attached as information.

Copies of individual reports were previously furnished to you. If you have any questions concerning these reports, please contact [REDACTED] at extension 4437.

[Handwritten signature]

Thomas J. Koerber
Assistant Chief Inspector
Audit

Attachments

IS921:JEasley:ew:01/HALENIER/CRA SUMMARIES

INSPECTION SERVICE
FISCAL YEAR 1992 SUMMARY
OBSERVATION OF IN-OFFICE COST AND REVENUE PIECES AND WEIGHT SYSTEM

	<u>NORTHEAST</u>	<u>EASTERN</u>	<u>CENTRAL</u>	<u>SOUTHERN</u>	<u>WESTERN</u>	<u>TOTALS</u>
<u>RPW</u>						
# OF SITES	11	11	11	11	13	57
TEST OBSERVED	21	14	23	26	20	104
ERRORS	0	2	2	0	0	4

=====

	<u>NORTHEAST</u>	<u>EASTERN</u>	<u>CENTRAL</u>	<u>SOUTHERN</u>	<u>WESTERN</u>	<u>TOTALS</u>
<u>IOCS TEST</u>						
# OF SITES	11	11	11	11	13	57
TEST OBSERVED	37	48	55	50	59	249
ERRORS	2	2	4	3	2	13

=====

	<u>NORTHEAST</u>	<u>EASTERN</u>	<u>CENTRAL</u>	<u>SOUTHERN</u>	<u>WESTERN</u>	<u>TOTALS</u>
<u>FRPW</u>						
# OF SITES	0	3	0	0	2	5
TEST OBSERVED	0	0	0	0	2	2
ERRORS	0	0	0	0	0	0

=====

	<u>NORTHEAST</u>	<u>EASTERN</u>	<u>CENTRAL</u>	<u>SOUTHERN</u>	<u>WESTERN</u>	<u>TOTALS</u>
<u>TRACS</u>						
# OF SITES	2	3	1	1	2	9
TEST OBSERVED	2	3	1	1	2	9
ERRORS	0	1	0	0	0	0

=====

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-43. Please refer to the response to OCA/USPS-T24-49a. Please confirm that the "TOTAL" for the column "1994" should be 160,812. If you do not confirm, please explain.

RESPONSE

Confirmed.

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

OCA/USPS-44. In Docket MC95-1, the Postal Service filed USPS Library Reference MCR-82, a Reply Mail Study, prepared December 4, 1992.

- a. Has the Postal Service updated this study? If so, please provide an updated copy. If not, please explain why not.
- b. This report indicated:

A small percentage of reply mailers contribute the majority of processing problems. This means that most of these problems could be eliminated by working with the few mailers with the worst problems at each destinating GMF or nationally. However, this would require development of a formal mechanism to identify these mailers and their problems, and then to forward this information to the appropriate people for action. (Emphasis in the original.)

Docket MC95-1, USPS Library Reference MCR-82 at 1.

Has a formal mechanism to identify these mailers and their problems been established? If so, please explain how the formal mechanism operates. If not, please explain why one has not been developed.

- c. USPS Library Reference MCR-82 at 1 also notes that

20% of analyzed reject mailpieces had problems to which the Postal Service contributed. For example:

- ◆ 13% of rejected mailpiece had FIM interference caused by the postage, mainly meter strips or wide stamps.
- ◆ 23% of rejected postcards, most of which met DMM thickness specifications, were too flimsy.
- ◆ 16% of legitimately-placed address-block barcodes had interference caused by the cancelation mark.

Do these problems still cause mailpieces to be rejected? If so, what steps is the Postal Service taking to resolve the problems? If these reject problems no longer occur, please explain how the problems were resolved.

RESPONSE:

- a. No. This report was generated by the Quality Improvement group which was disbanded during the 1992 USPS restructuring.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

- b. The following process is used to identify problems with mailpieces generated by reply mailers:

Mail processing employees or Bulk Mail Entry Unit (BMEU) employees would first identify the problem. The problem would then be reported to the Mailpiece Design Analyst (MDA) and Account Representative. These individuals would then work with the reply mailer to resolve the problem.

- c. The Reply Mail Study was written at a time when the USPS was just beginning to implement the Corporate Automation Plan (CAP) goals. The processing methods and equipment used to sort mail have changed a great deal since that time. Therefore, the extent to which the problems outlined in that study still exist in the 1997 operating environment is not known at this time.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-45. In Docket No. MC95-1, USPS Library Reference MCR-82 at 18-19 says in reference to USPS Official Mail, "Relax the requirement that all outgoing mail be prebarcoded. The addressee will still see a barcoded mailpiece because it will be processed on a postal MLOCR. Headquarters staff are postal labor also. Prebarcoded is generally not cost-effective for, and was never intended for, single piece mail."

- a. Did the Postal Service have a requirement that all its outgoing mail be prebarcoded? If so, please explain why. If not, please explain the quote.
- b. Does the Postal Service currently have a requirement that all its outgoing mail be prebarcoded? If not, please explain why not.
- c. In the Reply Mail Study, why was prebarcoded mail not cost-effective for single piece mail?
- d. If prebarcoded mail is not cost-effective for single piece mail, please explain why the single piece PRM and QBRM proposals offer a 3-cent discount in Docket No. R97-1.

RESPONSE:

The term "Official Mail" refers to mail generated by the Postal Service. It does not refer to all single piece mail.

a. b. Generally, Postal Service employees try to barcode outgoing mail whenever possible. However, the use of barcoding is not always possible for reasons outlined in the study. As stated on page 18, "Many headquarters employees are not familiar with the prebarcode implications of the FIM, and many do not know, by appearance, which FIM is which. Also, many do not have ready access to a means for prebarcoding envelopes..."

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

c. The term "cost effective" referred to the costs involved in having Postal Service employees prebarcode a small number of ("single piece") mailpieces. It did not refer to all mailpieces that carry postage at the single piece rate. For example, as discussed on page 18, "...many do not have ready access to a means for prebarcoding envelopes (at least not without expending approximately 1000 times the labor needed to eventually process the piece once on an MLOCR)." The prebarcoding of courtesy reply envelopes by large mail recipients is obviously a cost effective situation, despite the fact that these mailpieces enter a facility as collection mail mixed with other "single piece" rate mail.

d. The "Official Mail" section of the 1992 Reply Mail Study refers to small volumes of mailpieces that are prebarcoded by individuals using personal computers, printers, and barcoding software. The PRM and QBRM proposal concerns large volumes of preapproved, prebarcoded mailpieces that are generated by professional printers for mail recipients.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-46. In Docket No. MC95-1, USPS witness Pajunas was asked, "Companies know that barcoded mail is sorted by high-speed machines with a very high rate of accuracy. You would agree with him, wouldn't you...?" TR 5/1572. In response to Chairman Gleinman's question, witness Pajunas responded, "Yes." Is barcoded mail sorted by high-speed machines with a very high rate of accuracy? If not, please explain what conditions have to be altered to improve accuracy rate.

RESPONSE:

It is assumed that "sortation accuracy" refers to the acceptance rates for Postal equipment.

The acceptance rates for Mail Processing Bar Code Sorter/Delivery Bar Code Sorter (MPBCS/DBCS) operations are shown on USPS LR-H-113, page 100, Column J. For non-incoming secondary operations, the acceptance rate is 95%. If an acceptance rate of 95% is considered a "very high rate," then the answer to this question would be yes.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

9095

OCA/USPS-47. Has the Postal Service updated the 1980 Nonhousehold Mailstream Study? If so, please provide a copy. If not, please explain why one has not been conducted.

RESPONSE: No. The collection of representative data poses significant statistical and methodological challenges which may have affected the determination of whether to update that study. The Postal Service does publish some data on nonhousehold mail in the Household Diary Study.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-48. For FY 95 and FY 96, please provide the volume of single-piece First-Class Mail that was FIM tagged. If you are unable to provide the volume, please explain.

RESPONSE:

As per Attachment I, the ODIS Reply Mail report shows that the total letters and cards FIM volumes for FY 95 and FY 96 were 8,578,044,000 and 8,317,426,000 respectively.

FY 95 AND FY 96 TOTAL FIM VOLUMES

Source: Origin Destination Information System (ODIS)
Reply Mail Destinating Letters and Cards Report

		Letters	Cards	Total
FY	AP	Vol (In 000's)	Vol (In 000's)	Vol (In 000's)
95	1	586,083	28,422	614,505
	2	471,423	33,536	504,959
	3	706,268	29,371	735,639
	4	591,721	61,661	653,382
	5	691,180	38,760	729,940
	6	853,205	69,880	923,085
	7	727,485	40,154	767,639
	8	656,475	46,175	702,650
	9	641,657	39,442	681,099
	10	581,437	37,412	618,849
	11	505,861	33,627	539,488
	12	569,632	51,265	620,897
	13	<u>458,933</u>	<u>26,979</u>	<u>485,912</u>
	TOTAL	8,041,360	536,684	8,578,044
96	1	614,453	48,703	663,156
	2	616,715	36,437	653,152
	3	516,152	43,515	559,667
	4	552,929	38,674	591,603
	5	523,176	47,213	570,389
	6	635,979	34,014	669,993
	7	772,304	52,779	825,083
	8	684,070	41,164	725,234
	9	620,567	53,320	673,887
	10	612,193	29,077	641,270
	11	549,143	47,181	596,324
	12	555,382	53,070	608,452
	13	<u>516,224</u>	<u>22,992</u>	<u>539,216</u>
	TOTAL	7,769,287	548,139	8,317,426

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

9098

OCA/USPS-48. For FY95 and FY96, please provide the volume of single-piece First-Class Mail that was FIM tagged. If you are unable to provide the volume, please explain.

Response:

As indicated in the response to OCA/USPS-103, the response to OCA/USPS-48 mistakenly uses preliminary AP ODIS results. The results for FY95 and FY96 are attached to this response. These results are based on the quarterly ODIS data and are adjusted to be consistent with RPW. FY96 volumes are the same as provided in the response to OCA/USPS-103. The requested volumes are shown in the row labeled "RPW-Adjusted FIM." In addition, we have supplied this same information for FY94 and FY97 in order to consider the full period, from FY94 to FY97.

It should be noted that there was a change during this period for Government FIM mail, i.e., penalty mail. At the Postal Service's urging, government agencies have shifted from the use of penalty envelopes with a FIM to official metered or private metered mail.

FY94 Single-Piece Volumes

ODIS Volumes:

Indicia/FIM Status	Letters	Flats	Parcels	Total L, F & P	Cards	Single-Piece Total
Govt FIM	357,971,146	22,427,573	1,051,115	381,449,834	141,014,874	522,464,708
Govt No FIM	457,842,574	119,650,255	13,719,982	591,212,811	60,910,921	652,123,732
Metered FIM	495,009,168	14,575,447	1,510,806	511,095,421	17,013,289	528,108,710
Metered No FIM	18,274,972,812	3,060,093,537	278,765,210	21,613,831,559	745,136,205	22,358,967,764
Permit FIM	782,557,436	27,627,524	6,204,004	816,388,964	213,932,326	1,030,321,290
Permit No FIM	1,935,390,959	285,781,867	70,413,804	2,291,586,630	531,449,120	2,823,035,750
Stamped FIM	5,834,682,796	5,934,304	2,050,607	5,842,667,707	171,230,373	6,013,898,080
Stamped No FIM	17,881,635,571	512,662,562	73,598,884	18,467,897,017	1,195,131,507	19,663,028,524
Total	46,020,062,462	4,048,753,069	447,314,412	50,516,129,943	3,075,818,615	53,591,948,558
Total FIM	7,470,220,546	70,564,848	10,816,532	7,551,601,926	543,180,862	8,094,792,788
Total No FIM	38,549,841,916	3,978,188,221	436,497,880	42,964,528,017	2,532,627,753	45,497,155,770
RPW-Adjusted Volumes:						
RPW (in 000s)	50,149,839	4,412,083	487,456	55,049,377	2,966,373	
RPW-Adjusted Shape	8,140,588	76,897	11,787	8,229,272	523,863	
RPW-Adjusted FIM	42,009,251	4,335,185	475,669	46,820,105	2,442,510	
RPW-Adjusted No FIM	58,015,750	8,753,135	49,262,615			

Note: RPW Adjusted Volumes are based on applying ODIS volume percentages to RPW volumes. For example the RPW-Adjusted Letter Volume, 50,149,839, is determined by multiplying the ODIS percentage of letters (46,020,062/50,516,129,943) times the RPW single-piece volumes of 55,049,377. See LR-H-126, Page IV-14 for additional examples of this calculation.

FY95 Single-Piece Volumes

ODIS Volumes:

Indicia/FIM Status	Letters	Flats	Parcels	Total L.F. & P	Cards	Single-Piece
Govt FIM	160,015,490	11,186,423	619,711	171,821,624	134,135,835	305,957,459
Govt No FIM	584,031,184	123,628,665	10,631,192	718,291,041	66,982,939	785,273,980
Metered FIM	537,734,191	16,886,757	2,260,025	556,880,973	12,503,791	569,384,764
Metered No FIM	17,816,697,182	3,093,294,617	277,005,369	21,186,997,168	778,598,630	21,965,595,798
Permit FIM	802,539,238	28,765,420	16,732,305	848,036,963	213,909,133	1,061,946,096
Permit No FIM	2,171,271,744	303,634,928	82,326,531	2,557,233,203	546,283,054	3,103,516,257
Stamped FIM	6,667,482,850	9,934,676	3,882,747	6,681,300,273	156,754,487	6,838,054,760
Stamped No FIM	18,960,675,109	533,005,608	72,354,336	19,566,035,053	1,185,959,876	20,751,994,929
Total	47,700,446,988	4,120,337,094	465,812,216	52,286,596,298	3,095,127,745	55,381,724,043
Total FIM	8,167,771,769	66,773,276	23,494,788	8,258,039,833	517,303,246	8,775,343,079
Total No FIM	39,532,675,219	4,053,563,818	442,317,428	44,028,556,465	2,577,824,499	46,606,380,964
RPW-Adjusted Volumes:						
RPW (in 000s)	50,112,567	4,328,695	489,367	54,930,629	3,017,180	57,947,809
RPW-Adjusted Shape	8,580,800	70,150	24,683	8,675,633	504,275	9,179,909
RPW-Adjusted FIM	41,531,767	4,258,545	464,685	46,254,996	2,512,905	48,767,900

Note: RPW Adjusted Volumes are based on applying ODIS volume percentages to RPW volumes. For example the RPW-Adjusted Letter Volume, 50,112,567, is determined by multiplying the ODIS percentage of letters (47,700,446,988/52,286,596,298) times the RPW single-piece volumes of 54,930,629. See LR-H-126, Page IV-14 for additional examples of this calculation.

ODIS Volumes:

FY96 Single-Piece Volumes

Indicia/FIM Status	Letters	Flats	Parcels	Total L, F & P	Cards	Single-Piece
Govt FIM	61,033,323	5,827,831	339,737	67,200,891	123,469,709	190,670,600
Govt No FIM	616,072,281	140,847,047	7,659,315	764,578,643	63,005,385	827,584,028
Metered FIM	487,190,903	14,830,627	2,484,428	504,505,958	12,391,455	516,897,413
Metered No FIM	19,041,971,408	3,795,703,621	274,849,859	23,112,524,889	857,627,902	23,970,152,791
Permit FIM	819,988,923	37,390,279	11,993,215	869,372,417	262,182,428	1,131,554,845
Permit No FIM	2,481,293,616	364,938,140	89,148,364	2,935,380,120	617,609,472	3,552,989,592
Stamped FIM	6,696,765,394	6,412,058	5,523,081	6,708,700,533	176,447,525	6,885,148,058
Stamped No FIM	20,059,539,648	630,849,004	70,476,919	20,760,865,571	1,316,180,103	22,077,045,674
Total	50,263,855,497	4,996,798,607	462,474,918	55,723,129,022	3,428,913,979	59,152,043,001
Total FIM	8,064,978,543	64,460,795	20,340,461	8,149,779,799	574,491,117	8,724,270,916
Total No FIM	42,198,876,954	4,932,337,812	442,134,457	47,573,349,223	2,854,422,862	50,427,772,085
RPW-Adjusted Volumes:						
RPW (in 000s)	48,845,533	4,855,801	449,425	54,150,759	3,052,105	57,202,864
RPW-Adjusted Shape	7,837,405	62,642	19,767	7,919,813	511,359	8,431,172
RPW-Adjusted No FIM	41,008,128	4,793,159	429,659	46,230,946	2,540,746	48,771,692

Note: RPW Adjusted Volumes are based on applying ODIS volume percentages to RPW volumes. For example the RPW-Adjusted Letter Volume, 48,845,533, is determined by multiplying the ODIS percentage of letters (50,263,855,497/55,723,129,022) times the RPW single-piece volumes of 54,150,759. See LR-H-126, Page IV-14 for additional examples of this calculation.

Revised 12/8/97

FY97 Single-Piece Volumes

ODIS Volumes:

Indicia/FIM Status	Letters	Flats	Parcels	Total L,F & P	Cards	Total Single-Piece
Govt FIM	30,940,587	3,013,010	309,506	34,263,103	112,350,407	146,613,510
Govt No FIM	587,909,438	134,116,393	6,600,757	728,626,588	63,937,216	792,563,804
Metered FIM	470,192,183	12,809,476	2,257,171	485,258,830	11,191,895	496,450,725
Metered No FIM	19,285,410,617	3,784,553,605	289,243,392	23,359,207,614	911,027,914	24,270,235,528
Permit FIM	733,435,567	35,053,272	12,304,996	780,793,835	241,145,608	1,021,939,443
Permit No FIM	2,691,642,678	412,239,895	102,129,867	3,206,012,440	583,521,519	3,789,533,959
Stamped FIM	7,184,552,759	6,474,881	1,054,781	7,192,082,421	158,327,619	7,350,410,040
Stamped No FIM	19,006,521,007	627,683,174	78,321,904	19,712,526,085	1,389,992,921	21,102,519,006
Total	49,990,604,836	5,015,943,706	492,222,374	55,498,770,916	3,471,495,099	58,970,266,015
Total FIM	8,419,121,096	57,350,639	15,926,454	8,492,398,189	523,015,529	9,015,413,718
Total No FIM	41,571,483,740	4,958,593,067	476,295,920	47,006,372,727	2,948,479,570	49,954,852,297
RPW-Adjusted Volumes:						
RPW (in 000s)	48,856,979	4,902,198	481,060	54,240,238	3,003,755	57,243,993
RPW-Adjusted Shape	8,228,203	56,050	15,565	8,299,818	452,546	8,752,364
RPW-Adjusted FIM	40,628,777	4,846,148	465,495	45,940,420	2,551,209	48,491,629

Note: RPW Adjusted Volumes are based on applying ODIS volume percentages to RPW volumes. For example the RPW-Adjusted Letter Volume, 48,856,979, is determined by multiplying the ODIS percentage of letters (49,990,604,836/55,498,770,916) times the RPW single-piece volumes of 54,240,238. See LR-H-126, Page IV-14 for additional examples of this calculation.

Revised 12/8/97

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-49. Please break down the volumes provided in OCA/USPS-48 by FIM type (A, B, C, D). If you are unable to provide a break down of the volumes, please explain.

RESPONSE:

The ODIS system does not breakdown FIM data by category. Therefore, it was not possible to provide this data.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-50. What proportion of courtesy reply envelopes processed by the Postal Service in FY 95 and FY 96 had a FIM C? What proportion of courtesy reply envelopes processed by the Postal Service in FY 95 and FY 96 had a FIM D? If you are unable to provide the information, please explain.

RESPONSE

The ODIS system does not breakdown FIM data by category. Therefore, it was not possible to calculate these percentages.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

9105

OCA/USPS-51. In preparing the PRM and QBRM proposal, what estimates were developed by Postal Service personnel on the cost impact to participants who must reprint their reply envelopes to meet Postal Service PRM and QBRM specifications? If no estimates were developed please explain. If estimates were prepared, please submit all related documents.

RESPONSE: No such estimates were prepared. Since QBRM envelope requirements are expected to be the same as current BRMAS requirements, no QBRM cost is anticipated. In terms of PRM, the Postal Service anticipates that potential PRM participants may choose to deplete, or largely deplete, their existing envelope stocks before converting to PRM, thereby reducing the potential cost impact.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-52. For First-, Second-, and Third-Class (or Standard A) mail, please provide separately for presort, nonpresort CEM and nonpresort non-CEM the FY 95 and FY 96 delivery point sequence (DPS) processing reject rates caused by each of the following:

- a. shifts in the window envelope's address insert,
- b. mail pieces are too flimsy,
- c. pieces have open edges,
- d. pieces have "other physical problems" (please specify each problem), and
- e. pieces have a non-delivery point sequence address.

RESPONSE

The acceptance (and therefore reject) rate for Delivery Point Sequencing operations (numbers 914-919) is shown on USPS LR-H-113, page 100, Column J. The acceptance rate was 95%. This rate, however, was an average for both DPS and sector segment (numbers 878-899) operations.

An analysis has not been conducted to determine multiple acceptance rates given specific DPS mailpiece characteristics, either in total or by class.

**RESPONSE OF UNITED STATES POSTAL SERVICE TO THE
OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-53. If you are unable to provide some of the individual reject rates requested in OCA/USPS-52, please provide the FY 95 and FY 96 DPS reject rates for the following:

- a. shifts in window envelope's address inserts,
- b. flimsy mail pieces,
- c. piece has open edges,
- d. piece has "other physical problems" (please specify each problem), and
- e. piece has a non-delivery point sequence address.

RESPONSE:

See response to OCA/USPS-52.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9108

OCA/USPS-54. For FY 95 and FY96, what is the total volume of prebarcoded BRM? Please cite the source of your information and if the number is calculated, please provide its derivation. Provide citations to or copies of source documents.

Prebarcoded BRM volume, FY 1995, is 942,704,193.

Prebarcoded BRM volume, FY 1996, is 928,887,475.

FY95 AND FY96 FIRST-CLASS BRM VOLUMES
 AGGREGATED OVER ALL SHAPES (LETTERS, CARDS, IPPS AND FLATS)
 SOURCE: ODIS-HQ350 FILE
 RE: R97-1 (OCA/USPS-54855)

PERIOD	TOTAL FIRST-CLASS VOLUME	BRM VOLUME AS A % OF TOTAL	FIRST-CLASS BRM VOLUME	PREBARCODED BRM VOLUME
FY95	92,980,026,420	1.17	1,084,370,279	942,704,193
FY96	99,122,565,304	1.11	1,096,717,597	928,887,475

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9110

OCA/USPS-55. For FY 95 and FY 96, what is the percentage of total First-Class Mail does BRM represent? Please cite the source of your information and if the number is calculated, please provide its derivation. Provide citations to or copies of source documents.

RESPONSE:

The percentage of total First-Class Mail that BRM represents for FY 95 is 1.17%.

The percentage of total First-Class Mail that BRM represents for FY 96 is 1.11%.

FY95 AND FY96 FIRST 25 BRM VOLUMES
 AGGREGATED OVER ALL SHAPES (LETTERS, CARDS, IPPS AND FLATS)
 SOURCE: ODIS-HQ350 FILE
 RE: R97-1 (OCA/USPS-54855)
 07:57 Tuesday, September 16,

PERIOD	TOTAL FIRST-CLASS VOLUME	BRM VOLUME	BRM VOLUME AS A % OF TOTAL FIRST-CLASS	PREBARCODED BRM VOLUME
FY95	92,980,026,420	1,084,370,279	1.17	942,704,193
FY96	99,122,565,304	1,096,717,597	1.11	928,887,475

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9112

OCA/USPS-56. For FY 95 and FY 96, what proportion of total First-Class Mail is letter shaped? Please cite the source of your information and if the number is calculated, please provide its derivation. Provide citations to or copies of source documents.

RESPONSE:

This information has already been provided. Data for FY 95 was provided in Docket No. MC97-2 in LR PCR-2, page III-12 and supported in Part V of the same LR. Data for FY 96 is in LR-H-126, page IV-14 and supported by Appendix A.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9113

OCA/USPS-57. For First Class Mail, the House Hold Diary Study FY 93, Table 193 indicated the volume of First-Class Mail sent by households in a reply envelope. See Docket No. MC95-1, Tr. 27/12782. Please provide the equivalent information of the most current Household Diary Study.

RESPONSE:

Attached is Table 193 for Fiscal Years 1995 of the Household Diary Study. The volume of First-Class Mail sent in a reply envelope is reported in the Total column in the column to the far left. For 1995, that number was 160,800,000 pieces per week. Please note that all figures on the chart are in hundred thousands (add 5 zeros) and represent pieces per week.

Attached is a preliminary Table 193 for Fiscal Years 1996 of the Household Diary Study. The volume of First-Class Mail sent in a reply envelope is reported in the Total column in the column to the far left. For 1996, that number was 141,800,000 pieces per week. Please note that all figures on the chart are in hundred thousands (add 5 zeros) and represent pieces per week.

FIRST-CLASS MAIL SENT
0. 8 - WAS THE ENVELOPE/CARD PROVIDED
(BASED TO FIRST-CLASS MAIL ONLY)
(BASED TO NON-HOLIDAY MAIL ONLY)

總行：總行設於上海，分行遍設各埠，資本總額一千萬元，實收資本五百萬元，總行設於上海，分行遍設各埠，資本總額一千萬元，實收資本五百萬元。

	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED PIECES	WEIGHTED HOUSEHOLDS	WEIGHTED PIECES (BASE)	1 PROVIDED MY OWN MAILING CARD	A MAILING ENVELOPE/CARD WAS PROVIDED	DON'T KNOW/NO ANSWER	NOT INDUSTRY MAIL	MEAN	STD DEV	STD ERROR
TOTAL CRED	5300	11043	983	3164	632	1608	142	782	3.22	6.26	0.09
FINAN IT	5300	2716	983	786	204	541	41	100.0	0.80	1.83	0.03
CARD C.U.	5300	1253	983	371	55	81.2	15	100.0	0.37	1.10	0.01
SECUR	5300	569	983	156	67	50.8	9	100.0	0.16	0.73	0.01
INSUR	5300	67	983	17	2	83.0	1	100.0	0.01	0.22	-
ANCE	5300	5	983	2	0.	69.8	-	100.0	0.06	0.56	0.01
MONEY	5300	598	983	164	42	44.2	8	100.0	0.16	0.39	-
REAL	5300	199	983	67	32	29	5	100.0	0.07	0.56	0.01
TOTAL	5300	354	983	113	43	57.1	5	100.0	0.12	0.30	-
FED STATE	5300	108	983	37	12	64.0	2	100.0	0.04	0.42	-
LOCAL CHAR.	5300	246	983	76	32	53.7	3	100.0	0.07	0.42	-
TOTAL	5300	603	983	176	67	76	33	100.0	0.18	2.00	0.03

TABLE 193
U.S.P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 1996 WITH ADJUSTMENT FACTORS (SEPT. 18, 1995 - SEPT. 15, 1996)

FIRST-CLASS MAIL SENT
0.8 - WAS THE ENVELOPE/CARD PROVIDED
(BASED TO FIRST-CLASS MAIL ONLY)
(BASED TO NON-HOLIDAY MAIL ONLY)

***** FIRST-CLASS MAIL SENT - INDUSTRY *****													
TOTAL MANU	TOTAL SOCL. FAC	TOTAL STATE	FED	STATE	CHAR.	TURER	*****	*****	*****	*****	*****	*****	*****
REAL	INSUR	ANCE	MORT	TOTAL	GOVT.	CO.	*****	*****	*****	*****	*****	*****	*****
UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS
9823	2460	1223	421	54	12	533	171	295	100	193	539	139	996
WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS	WEIGHTED HOUSEHOLDS
996	996	996	996	996	996	996	996	996	996	996	996	996	996
2614	652	320	110	19	3	140	43	83	35	48	142	37	996
I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN	I PROVIDED MY OWN
485	144	35	47	4	0.	35	20	32	13	19	54	22	996
MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD	MAILING CARD
18.5	22.1	10.8	42.2	21.1	5.3	25.1	46.4	38.0	36.3	39.4	37.7	50.1	996
100.0	29.8	7.1	9.6	0.8	7.3	4.2	6.5	2.6	3.9	11.1	4.8	996	996
18.5	5.5	1.3	1.8	0.2	1.3	0.8	1.2	0.5	0.7	2.1	0.8	996	996
A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD	A MAILING ENVELOPE/CARD
1418	494	282	58	15	3	100	23	49	20	29	84	14	996
54.2	75.8	88.3	52.9	78.9	94.7	71.7	53.0	59.1	57.5	60.0	58.7	37.1	996
100.0	34.8	19.9	4.1	1.0	0.2	7.1	1.6	3.5	1.4	2.0	5.9	1.0	996
54.2	18.9	10.8	2.2	0.6	0.1	3.8	0.9	1.9	0.8	1.1	3.2	0.5	996
DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER	DON'T KNOW/NO ANSWER
69	14	3	5	-	-	5	0.	2	2	0.	5	1	996
2.6	2.1	0.9	4.9	-	-	3.2	0.6	2.9	6.1	0.6	3.7	2.8	996
100.0	19.9	4.3	7.9	-	-	6.5	0.4	3.5	3.1	0.4	7.6	1.5	996
2.6	0.5	0.1	0.2	-	-	0.2	-	0.1	0.1	-	0.2	-	996
NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL	NOT INDUSTRY MAIL
643	-	-	-	-	-	-	-	-	-	-	-	-	996
24.6	-	-	-	-	-	-	-	-	-	-	-	-	996
100.0	-	-	-	-	-	-	-	-	-	-	-	-	996
24.6	-	-	-	-	-	-	-	-	-	-	-	-	996
MEAN	2.63	0.65	0.32	0.11	0.01	0.14	0.04	0.08	0.04	0.04	0.14	0.04	996
STD DEV	4.75	1.48	0.93	0.46	0.19	0.52	0.25	0.46	0.29	0.32	0.90	0.26	996
STD ERROR	0.07	0.01	0.01	0.01	-	0.01	-	0.01	-	-	0.01	-	996

WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

APRIL 1997

CHILTON RESEARCH SERVICES NO. 5746

OCA/USPS-58. For FY 95 and FY 96, please provide the number of First-Class reply envelopes sent by households to nonhouseholds that were prebarcoded. If the number is calculated, please provide the derivation and cite all sources referenced.

RESPONSE:

Attached is Table 194 for Fiscal Years 1995 of the Household Diary Study, which gives the number of pieces per week that a household sends in a prebarcoded reply envelope. For 1995, that number was 99,200,000 pieces per week .

Please note that all figures on the chart are in hundred thousands (add 5 zeros) and represent pieces per week.

Attached is a preliminary Table 194 for Fiscal Years 1996 of the Household Diary Study, which gives the number of pieces per week that a household sends in a prebarcoded reply envelope. For 1996, that number was 84,400,000 pieces per week . Please note that all figures on the chart are in hundred thousands (add 5 zeros) and represent pieces per week.

FIRST-CLASS MAIL SENT
 Q. 9 - DID MAILING ENVELOPE/CARD PROVIDED HAVE BAR CODES PRINTED ACROSS THE FRONT
 (ONLY ANSWERED IF A MAILING ENVELOPE/CARD WAS PROVIDED)
 (BASED TO FIRST-CLASS MAIL ONLY)
 (BASED TO NON-HOLIDAY MAIL ONLY)

FIRST-CLASS MAIL SENT - INDUSTRY

	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED PIECES	WEIGHTED HOUSEHOLDS	WEIGHTED PIECES (BASE)	YES	NO	DON'T KNOW/NO ANSWER	MEAN	STD DEV	STD ERROR	SIGMA
TOTAL	5300	288	983	1608	992	61.7	69	4.3	1.63	0.04	1608
TOTAL CIAL	5300	140	983	541	330	100.0	28	40.5	3.19	0.01	541
FINAN IT S & L	5300	1052	983	301	184	61.7	14	5.1	0.31	0.01	301
CRED BANK SECUR	5300	294	983	79	47	100.0	5	6.4	0.07	0.01	79
ITV BRKR MKT	5300	58	983	14	10	67.2	2	11.0	0.21	0.01	14
MONEY ANCE	5300	2	983	0.	0.	100.0	-	3.7	-	0.01	0.
INSUR CO	5300	422	983	114	70	61.4	4	8.4	0.12	0.01	114
GAGE GOVT	5300	89	983	29	16	54.0	2	7.7	0.03	0.01	29
TOTAL	5300	208	983	64	36	55.6	5	4.9	0.06	0.01	64
FED STATE	5300	68	983	24	17	69.9	1	7.7	0.03	0.01	24
LOCAL CHAR.	5300	140	983	41	19	47.3	4	9.4	0.04	0.01	41
SOCIAL	5300	288	983	76	34	44.6	0.	5.5	0.07	0.01	76

EACH CELL CONTAINS:
COUNT
VERTICAL PERCENT
HORIZONTAL PERCENT
CELL PERCENT

CHILTON RESEARCH SERVICES NO. 5344

9661 JUN 6

WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

9118
FIRST-CLASS MAIL SENT
0.9 - DID MAILING ENVELOPE/CARD PROVIDED HAVE BAR CODES PRINTED ACROSS THE FRONT
(ONLY ANSWERED IF A MAILING ENVELOPE/CARD WAS PROVIDED)
(BASED TO FIRST-CLASS MAIL ONLY)
(BASED TO NON-HOLIDAY MAIL ONLY)

FIRST-CLASS MAIL SENT - INDUSTRY											
TOTAL	TOTAL MANU	TOTAL	REAL	REAL	INSUR	EST.	REAL	REAL	TOTAL	TOTAL	TOTAL
FINAN	IT S & L	ITY	MONEY	ANCE	MORT	CO.	GAGE	GOVT.	ERAL	LOCAL	CHAR.
TOTAL	CIAL	CARD	C.U.	BRKR	MKT.	CO.	GAGE	GOVT.	ERAL	LOCAL	CHAR.
UNWEIGHTED HOUSEHOLDS	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300
UNWEIGHTED PIECES	5305	1829	1065	231	41	11	386	76	166	56	108
WEIGHTED HOUSEHOLDS	996	996	996	996	996	996	996	996	996	996	996
WEIGHTED PIECES (BASE)	1418	494	282	58	15	3	100	23	49	20	29
YES	844	288	162	29	11	1	62	13	30	10	20
NO	507	182	108	24	3	1	32	9	14	5	8
DON'T KNOW/NO ANSWER	66	24	12	5	0.	1	6	1	11.3	22.8	3.2
MEAN	1.42	0.50	0.28	0.06	0.01	0.10	0.03	0.06	0.01	0.03	0.08
STD DEV	2.96	1.28	0.86	0.32	0.18	0.10	0.43	0.18	0.32	0.19	0.24
STD ERROR	0.04	0.01	0.01	-	-	0.01	0.01	-	-	-	0.01
SIGMA	1418	494	282	58	15	3	100	23	49	20	29
EACH CELL CONTAINS:	COUNT	VERTICAL PERCENT	HORIZONTAL PERCENT	CELL PERCENT							

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9119

OCA/USPS-59. For FY 95 an FY 96, please update the information provided in Docket No. MC95-1, in response to OCA/ USPS-74, Tr. 27/12871.

RESPONSE:

Attached is table 193 from the FY 1995 and preliminary FY 1996 Household Diary Study for both holiday and nonholiday mail, which are the tables you requested in MC95-1, in response to OCA/USPS-74, Tr. 27/12871. Please note that all figures on the chart are in hundred thousands (add 5 zeros) and represent pieces per week.

FIRST-CLASS MAIL SENT
O. B - WAS THE ENVELOPE/CARD PROVIDED
(BASED TO FIRST-CLASS MAIL ONLY)
(BASED TO NON-HOLIDAY MAIL ONLY)

39	38	37	36	35	34	33	32	31	30	29	28	27	26	25	24	23	22	21	20	19	18	17	16	15	14	13	12	11	10	9	8	7	6	5	4	3	2	1	0	-1	-2	-3	-4	-5	-6	-7	-8	-9	-10	-11	-12	-13	-14	-15	-16	-17	-18	-19	-20	-21	-22	-23	-24	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34	-35	-36	-37	-38	-39	-40	-41	-42	-43	-44	-45	-46	-47	-48	-49	-50	-51	-52	-53	-54	-55	-56	-57	-58	-59	-60	-61	-62	-63	-64	-65	-66	-67	-68	-69	-70	-71	-72	-73	-74	-75	-76	-77	-78	-79	-80	-81	-82	-83	-84	-85	-86	-87	-88	-89	-90	-91	-92	-93	-94	-95	-96	-97	-98	-99	-100	-101	-102	-103	-104	-105	-106	-107	-108	-109	-110	-111	-112	-113	-114	-115	-116	-117	-118	-119	-120	-121	-122	-123	-124	-125	-126	-127	-128	-129	-130	-131	-132	-133	-134	-135	-136	-137	-138	-139	-140	-141	-142	-143	-144	-145	-146	-147	-148	-149	-150	-151	-152	-153	-154	-155	-156	-157	-158	-159	-160	-161	-162	-163	-164	-165	-166	-167	-168	-169	-170	-171	-172	-173	-174	-175	-176	-177	-178	-179	-180	-181	-182	-183	-184	-185	-186	-187	-188	-189	-190	-191	-192	-193	-194	-195	-196	-197	-198	-199	-200	-201	-202	-203	-204	-205	-206	-207	-208	-209	-210	-211	-212	-213	-214	-215	-216	-217	-218	-219	-220	-221	-222	-223	-224	-225	-226	-227	-228	-229	-230	-231	-232	-233	-234	-235	-236	-237	-238	-239	-240	-241	-242	-243	-244	-245	-246	-247	-248	-249	-250	-251	-252	-253	-254	-255	-256	-257	-258	-259	-260	-261	-262	-263	-264	-265	-266	-267	-268	-269	-270	-271	-272	-273	-274	-275	-276	-277	-278	-279	-280	-281	-282	-283	-284	-285	-286	-287	-288	-289	-290	-291	-292	-293	-294	-295	-296	-297	-298	-299	-300	-301	-302	-303	-304	-305	-306	-307	-308	-309	-310	-311	-312	-313	-314	-315	-316	-317	-318	-319	-320	-321	-322	-323	-324	-325	-326	-327	-328	-329	-330	-331	-332	-333	-334	-335	-336	-337	-338	-339	-340	-341	-342	-343	-344	-345	-346	-347	-348	-349	-350	-351	-352	-353	-354	-355	-356	-357	-358	-359	-360	-361	-362	-363	-364	-365	-366	-367	-368	-369	-370	-371	-372	-373	-374	-375	-376	-377	-378	-379	-380	-381	-382	-383	-384	-385	-386	-387	-388	-389	-390	-391	-392	-393	-394	-395	-396	-397	-398	-399	-400	-401	-402	-403	-404	-405	-406	-407	-408	-409	-410	-411	-412	-413	-414	-415	-416	-417	-418	-419	-420	-421	-422	-423	-424	-425	-426	-427	-428	-429	-430	-431	-432	-433	-434	-435	-436	-437	-438	-439	-440	-441	-442	-443	-444	-445	-446	-447	-448	-449	-450	-451	-452	-453	-454	-455	-456	-457	-458	-459	-460	-461	-462	-463	-464	-465	-466	-467	-468	-469	-470	-471	-472	-473	-474	-475	-476	-477	-478	-479	-480	-481	-482	-483	-484	-485	-486	-487	-488	-489	-490	-491
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CHILTON RESEARCH SERVICES NO. 5344 JUNE 1996 WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

CHILTON RESEARCH SERVICES NO. 5344 JUNE 1996 WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

*****FIRST-CLASS MAIL SENT - INDUSTRY*****																								
GAR	BAGE/	TRASH	SER	CRAFT	SMAN	VICE	TOTAL	SER	PHONE	ELEC.	MEDI	OTHER	LEI	COMPU	REL.	TV	CABLE	SURE	TER	TER	SMAN	VICE		
5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	983	
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
2652	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	UNWEIGHTED HOUSEHOLDS	
I PROVIDED MY OWN	MAILING CARD	A MAILING ENVELOPE/CARD	WAS PROVIDED	DON'T KNOW/NO ANSWER	NOT INDUSTRY MAIL	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
MEAN	STD DEV	STD ERROR	SIGMA	EACH CELL CONTAINS:	CELL PERCENT	VERTICAL PERCENT	HORIZONTAL PERCENT	COUNT	CELL PERCENT	VERTICAL PERCENT	HORIZONTAL PERCENT	COUNT	CELL PERCENT	VERTICAL PERCENT	HORIZONTAL PERCENT	COUNT	CELL PERCENT	VERTICAL PERCENT	HORIZONTAL PERCENT	COUNT	CELL PERCENT	VERTICAL PERCENT	HORIZONTAL PERCENT	COUNT

U.S.P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 1996 WITH ADJUSTMENT FACTORS (SEPT. 10, 1995 - SEPT. 15, 1996)

TABLE 193
FIRST-CLASS MAIL SENT
0.8 - WAS THE ENVELOPE/CARD PROVIDED
(BASED TO FIRST-CLASS MAIL ONLY)
(BASED TO NON-HOLIDAY MAIL ONLY)

FIRST-CLASS MAIL SENT - INDUSTRY													

TOTAL	REAL	EST.	INSUR	ANCE	MORT	TOTAL	FED	STATE	SOCIAL	FAC	TOTAL	TURER	CHAR.
UNWEIGHTED HOUSEHOLDS	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300
UNWEIGHTED PIECES	9823	2460	1223	421	54	12	533	171	295	100	193	539	139
WEIGHTED HOUSEHOLDS	996	996	996	996	996	996	996	996	996	996	996	996	996
WEIGHTED PIECES (BASE)	2614	652	320	110	19	3	140	43	83	35	48	142	37
I PROVIDED MY OWN	485	144	35	47	4	0	35	20	32	13	19	54	22
MAILING CARD	18.5	22.1	10.8	42.2	21.1	5.3	25.1	46.4	38.0	36.3	39.4	37.7	60.1
MAILING ENVELOPE/CARD	100.0	29.8	7.1	9.6	0.8	1.3	4.2	6.5	2.6	3.9	11.1	4.6	0.8
A MAILING ENVELOPE/CARD	1418	494	282	58	15	3	100	23	49	20	29	84	14
WAS PROVIDED	54.2	75.8	88.3	52.9	78.9	94.7	71.7	53.0	59.1	57.5	60.0	58.7	37.1
DON'T KNOW/NO ANSWER	69	14	3	5	-	-	5	0	2	2	0	5	1
2.6	2.1	0.9	4.9	2.6	3.2	0.6	0.6	2.9	6.1	0.6	3.7	2.8	1.5
100.0	19.9	4.3	7.9	100.0	6.5	0.4	3.5	3.1	0.4	7.6	1.5	0.2	-
NOT INDUSTRY MAIL	643	-	-	-	-	-	-	-	-	-	-	-	-
24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6	24.6
MEAN	2.63	0.65	0.32	0.11	0.01	-	0.14	0.04	0.08	0.04	0.04	0.14	0.04
STD DEV	4.75	1.48	0.93	0.46	0.19	0.10	0.52	0.25	0.46	0.29	0.32	0.90	0.26
STD ERROR	0.07	0.01	0.01	0.01	-	-	0.01	-	0.01	-	-	0.01	-

WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

APRIL 1997

CHILTON RESEARCH SERVICES NO. 5746

TABLE 193
U.S.P.S. HOUSEHOLD DIARY STUDY - DIARY - FISCAL YEAR 1996 WITH ADJUSTMENT FACTORS (SEPT. 18, 1995 - SEPT. 15, 1996.
FIRST-CLASS MAIL SENT
0.8 - WAS THE ENVELOPE/CARD PROVIDED
(BASED TO FIRST-CLASS MAIL ONLY)
(BASED TO HOLIDAY MAIL ONLY)

FIRST-CLASS MAIL SENT - INDUSTRY

TOTAL	REAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
TOTAL MANU	INSUR	EST.	TOTAL	FED	STATE	SOCL	FAC	TURER	CHAR	LOCAL	CHAR.
5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300	5300
UNWEIGHTED HOUSEHOLDS	UNWEIGHTED PIECES	2121	996	996	996	996	996	996	996	996	996
WEIGHTED HOUSEHOLDS	WEIGHTED PIECES (BASE)	411	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
I PROVIDED MY OWN	MAILING CARD	-	-	-	-	-	-	-	-	-	-
A MAILING ENVELOPE/CARD	WAS PROVIDED	-	-	-	-	-	-	-	-	-	-
DON'T KNOW/NO ANSWER	-	-	-	-	-	-	-	-	-	-	-
NOT INDUSTRY MAIL	411	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
MEAN	0.42	-	-	-	-	-	-	-	-	-	-
STD DEV	4.31	-	-	-	-	-	-	-	-	-	-
STD ERROR	0.07	-	-	-	-	-	-	-	-	-	-
SIGMA	411	-	-	-	-	-	-	-	-	-	-
EACH CELL CONTAINS:	411	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
COUNT	411	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
VERTICAL PERCENT	411	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
HORIZONTAL PERCENT	411	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
CELL PERCENT	411	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

CHILTON RESEARCH SERVICES NO. 5746 APRIL 1997 WEIGHTED NUMBERS ARE REPORTED IN HUNDRED THOUSANDS

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9124

OCA/USPS-60. For FY 95 and FY 96, please update the information provided in Docket No. MC95-1, is response to OCA/USPS-115, TR.27/12924.

RESPONSE:

	FY 1995	FY 1996
Advance Deposit		
(a) First-Class - Prebarcoded	662,346	512,736
(b) First-Class - Other	521,395	414,614
(c) Priority	4,340	4,348
Non-Advance Deposit		
(d) First-Class	61,855	59,819
(e) Priority	545	312
(f) Total BRM	1,250,482	991,829
(g) Total First-Class BRM	1,245,597	987,169
Prebarcoded BRM/Total BRM (a/f)	52.97%	51.70%
Prebarcoded/Total First-Class BRM (a/g)	53.17%	51.94%

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9125

OCA/USPS-61. For FY 95 and FY96, please update the information provided in Docket No. MC-95-1, in response to UPS/USPS-6, Tr. 27/13025-13027.

RESPONSE:

See attached.

ORIGIN-DESTINATION INFORMATION SYSTEM
PERCENTAGE OF MAIL BY SHAPE FOR EACH CLASS/RATE CATEGORY

POSTAL FISCAL YEAR 1995

RATECAT	LETTERS	CARDS	IPPS	FLATS	PARCELS	TOTAL
FIRST-SINGLE PIECE	86.27	5.58	0.87	7.28	0.00	100.00
FIRST-CARRIER ROUTE	86.98	10.72	0.65	1.65	0.00	100.00
FIRST-OTHER PRESORT	94.44	4.35	0.06	1.15	0.00	100.00
PRIORITY MAIL	0.55	0.12	11.84	38.98	48.51	100.00
THIRD-SINGLE PIECE	28.29	3.59	26.51	41.61	0.00	100.00
THIRD-BULK REG CARRIER RT	37.17	4.76	0.41	57.67	0.00	100.00
THIRD-BULK REG OTHER PRES	59.92	2.32	2.39	35.37	0.00	100.00
THIRD-BULK NON CARRIER RT	68.57	3.96	0.37	27.09	0.00	100.00
THIRD-BULK NON OTHER PRES	79.12	2.58	0.64	17.67	0.00	100.00
OTHER FOURTH	0.00	0.00	17.10	16.01	66.89	100.00
PARCEL POST	0.00	0.00	0.00	3.93	96.07	100.00

SOURCES: ODIS UNIVERSAL DATA SETS (UDS)
PRODUCED BY REVENUE, VOLUME & PERFORMANCE MEASUREMENT

ORIGIN-DESTINATION INFORMATION SYSTEM
PERCENTAGE OF MAIL BY SHAPE FOR EACH CLASS/RATE CATEGORY

POSTAL FISCAL YEAR 1996

RATECAT	LETTERS	CARDS	IPPS	FLATS	PARCELS	TOTAL
FIRST-SINGLE PIECE	85.03	5.84	0.80	8.33	0.00	100.00
FIRST-CARRIER ROUTE	89.11	8.89	0.61	1.40	0.00	100.00
FIRST-OTHER PRESORT	94.35	4.16	0.05	1.44	0.00	100.00
PRIORITY MAIL	0.32	0.09	13.72	36.14	49.72	100.00
THIRD-SINGLE PIECE	38.95	2.17	28.47	30.41	0.00	100.00
THIRD-BULK REG CARRIER RT	39.12	4.17	0.40	56.31	0.00	100.00
THIRD-BULK REG OTHER PRES	59.80	2.16	2.40	35.64	0.00	100.00
THIRD-BULK NON CARRIER RT	72.09	3.02	0.35	24.54	0.00	100.00
THIRD-BULK NON OTHER PRES	79.87	2.17	0.54	17.42	0.00	100.00
OTHER FOURTH	0.00	0.00	18.69	15.67	65.64	100.00
PARCEL POST	0.00	0.00	0.00	2.44	97.56	100.00

SOURCES: ODIS UNIVERSAL DATA SETS (UDS)
PRODUCED BY REVENUE, VOLUME 8, PERFORMANCE MEASUREMENT

OCA/USPS-62. News media reports for September 9, 1997, indicate that a Blue Ribbon Committee of top corporate executives issued a report concerning the Postal Service entitled "Finding Common Ground." The news reports also indicate that Postmaster General Runyon launched the committee a year ago.

- a. Please provide a copy of the report.
- b. Please provide a copy of all written remarks or spoken remarks (to the extent the Postal Service has a transcription of such spoken remarks) made by the Postmaster General relating to the report or the committee's work, from the inception of the committee's formation to the present.
- c. Please provide all documents relating to the formation, work, progress, or goals of the committee.
- d. Please provide all documents relating to the solicitation of persons to work on the committee.

RESPONSE:

- a. Please see Library Reference H-281, to be filed today.
- b. Please see Library Reference H-281, to be filed today.
- c. This information is incorporated in the report filed in Library Reference H-281.
- d. Please see Attachment A to this response. The initial contact with committee members was made by telephone; a copy of this letter was sent as follow-up to each member.



Mr. John Clark (same letter addressed and sent to each panel member)
 President & Chief Executive Officer
 CTC Distribution Services, L.L.C.
 2160 Mustang Drive
 St. Paul, MN 55112-1553

Dear John:

Theodore Deikel, Chairman, President & Chief Executive Officer, Fingerhut, Inc., and I are pleased to confirm your agreement to join a small group of key industry leaders and postal executives to identify vital issues from the mailer/vendor and the Postal Service's perspective. The purpose of the group is to identify and recommend action steps that are essential to ensure the long-term viability of the mail in meeting the future needs of our customers. We will explore mutually beneficial opportunities and chart a course for development of "win/win" solutions.

We all recognize the success of any business requires periodic reflection upon where it wants to be in the future, to identify any impediments to achieving that desired state, and to develop plans to address those barriers to success. Because of the close, interdependent relationship between the Postal Service and its customers, it is vitally important that there be an understanding of each other's view of the future and how that view might affect (or be affected by) the plans of the other, and where the Postal Service fits into the plans of customers and potential customers.

The Industry Leadership Group/Blue Ribbon Panel will conduct an initial meeting December 10, at the U.S. Postal Service Headquarters Building, Room 7801, 475 L'Enfant Plaza SW, Washington, D.C., from 10 a.m. to 3 p.m. I will share with the group the strategic plans for the Postal Service to grow your mail into the next century. Participants will be asked to share with the group their view of the future and to define in as much detail as necessary the strategies they intend to employ and their expectations of the Postal Service. As background information, you might be interested in the enclosed material.

Please contact John Wargo, Vice President, Sales, at (202) 268-2222 by Monday, December 2, to confirm your attendance at this initial meeting.

Sincerely,

(Original signed by Mr. Henderson)

William J. Henderson

Enclosure

cc: Mr. Deikel

bcc: Allen Kane
 John Wargo
 John Ward
 Nick Barranca

Ralph Moden
 Stephen Cox
 NAMS

1701 E. 1st St. P.O. Box 37
 Washington, D.C. 20013-0037
 202 268 2400
 Fax 202 268 2401

OCA/USPS-63. In response to OCA/USPS-1 the Postal Service allowed the OCA to review Inspection Service audits of actual data collection for the major statistical sampling systems (RPW, IOCS, TRACS, etc.).

- a. Did data collectors know they were being observed by representatives of the Inspection Service?
- b. Are data collectors ever observed (by IS personnel or others) without the knowledge of the data collectors or their supervisors? If not, why not? If yes, please supply all documents relating to unannounced observations of data collectors.

RESPONSE:

- a. Yes.
- b. No. The purpose of conducting these observations is to ensure that the tests observed are being conducted when they are required, and that the Data Collection Technicians performing the tests are knowledgeable of their duties. Please see the Postal Service's response to OCA/USPS-41. These purposes would not be furthered by conducting the observations covertly.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9131

OCA/USPS-64. Please refer to the Postal Service response to OCA/USPS-T32-32, redirected from Witness Fronk. The response states, in part: "The Postal Service has not elected to offer other functions via our website such as envelope design, Facing Identification Mark (FIM) printing, address printing, and POSTNET barcode printing. Our reason for not performing these functions is related to the technical issues involved with supporting these activities for the many different computer systems and printers that exist."

a. Many users of personal computers employ Windows 95 to run their systems. Please specify technical issues involved with supporting the above functions and activities in a Windows 95 environment.

b. Please explain in detail what technical issues exist with regard to printing from Windows 95. We note that it would appear that Windows 95 accommodates numerous makes and models of printers.

RESPONSE:

Although Windows 95 accommodates numerous printers, the quality of the print and the accuracy of the printed address, bar code, etc. are not precise enough nor is the continuity of the print such that readability and coding accuracy are reliable. It is true that printers have greatly improved in quality and reliability, but the quality of the actual print and the accuracy of the data driving the printer, along with the database provided within the program have not been certified by the USPS.

Currently, the USPS requires software manufacturers to submit their product to detailed comprehensive tests that prove or disprove the accuracy and performance of their software in the areas of addressing and bar coding.

Windows 95 is not a Coding Accuracy Support System (CASS) certified product.

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Additionally, many computers are networked and are operating via various operating systems. UNIX, Windows, DOS, and OS2 are the most popular operating systems, but there are some very unique variables within these operating systems and among networks that cause inconsistencies in performance of peripheral equipment.

Accessing the Internet for information and downloading is also an issue of concern. The increasing usage of the Internet and the World Wide Web has allowed much more information to be available, but at a cost. The cost is support of Web sites and time needed for Web site design and testing. Although the USPS now maintains several WEB pages, the majority of the content is reference material and other text which moves quite easily across the network. Downloading of printing programs or executable programs of any type is subject to transmission error.

Other variables that exist that are not technically related, but directly affect this type of application are paper quality size, and type; and equipment maintenance.

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OCA/USPS-65. Please refer to the Postal Service response to OCA/USPS-T32-46(c), wherein the Postal Service states that it has not measured the incremental cost of selling a new issue of the (current) 32-cent First-Class stamp.

a. To what extent does the Postal Service introduce new versions of the First-Class stamp to encourage philatelic purchases? Please discuss. If documents exist summarizing policies behind encouraging such purchases, please supply them.

b. Please describe what cost and profit considerations are evaluated when the decision is made to introduce new versions of the First-Class stamp, whether primarily for philatelic purposes or for general mailing purposes. If documents exist summarizing policies behind such decisions, please supply them.

RESPONSE:

a. Approximately 30 - 35 commemorative stamps are issued each year. These stamps are reviewed by the Citizen Stamp Advisory Committee, a special committee appointed by the Postmaster General. This committee considers approximately 40,000 stamp subject proposals that are recommended by the general public. They then make a recommendation to the Postmaster General who ultimately makes the final decision. When making their recommendations, the committee keeps the concerns of all customers in mind, not just stamp collectors.

b. The amount of each stamp produced is based on standard distribution, vending, and retail requirements. Certain stamp subjects, such as the Lunar New year, Statehood stamps, etc., do not warrant the same quantities as those stamps with mass appeal. As such smaller quantities and limited distribution are made for such stamps.

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OCA/USPS-66. Please refer to the Postal Service response to OCA/USPS-T32-46(e). Please provide a response to the same question, but instead assuming that the CEM recommendation in PRC Op. MC95-1 has been adopted.

RESPONSE: Please see response to OCA/USPS-T32-46(d). The Postal Service is unable to comment specifically on CEM because it has not studied its potential effect on consignment outlets.

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OCA/USPS-67. Please refer to the response to OCA/USPS-T32-47(e). Please supply a response to the "If not, why not" portion of the interrogatory.

RESPONSE: The Postal Service has not had a need to analyze the incremental window costs of releasing a new version of a 32-cent First-Class stamp.

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OCA/USPS-68. Confirm that the Postal Service has a Consumer Advocate's office. If not confirmed, please explain.

RESPONSE: Confirmed.

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OCA/USPS-69. Please list all reports, studies, surveys, and memoranda prepared by the Consumer Advocate's office on or after January 1, 1995, whose subject matter, in whole or in part, relates to postage rate proposals, fee proposals, or mail classification proposals, raised by the Postal Service in this docket. Exclude from the response any memoranda relating solely to an individual consumer's complaint, or any documents relating to complaints about mail delivery service from specific postal facilities.

- a. For each item on the list, provide a brief description of the contents of the item.
- b. For each item on the list related to insurance, provide the documents.

RESPONSE:

The office of the Consumer Advocate has prepared no reports, studies, surveys or memoranda which meets the above definition.

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OCA/USPS-70. Please refer to Docket No. MC83-1. Specifically refer to the following portions of the docket:

(1) The Notice of the proceeding states, at page 2:

The second change proposed by the Postal Service is to increase from 100 to 108 inches the length and girth combined for all of the Postal Service's parcel services; that is, parcel post, special-rate fourth-class, library rate, priority mail and Express Mail. The Postal Service says that the 108-inch limitation is used by some of its largest competitors, and the enlargements would bring more standardization to parcel delivery service, reducing confusion and inefficiency.

(2) The Request states, at page 2:

At the same time, the Postal Service seeks to improve service to the public by enlarging all of its parcel size limitations to equal those used by other providers of small parcel service, thus bringing more standardization to the small parcel market.

(3) The direct testimony of Postal Service witness Wargo states, at page 7:

At the same time, the proposal will enlarge the Postal Service's current maximum size limitation for all parcel service.

(4) The direct testimony of Postal Service witness Wargo, at pages 10-11, Section C, which is entitled "Enlarged Parcel Size Limitations Will Help Standardize Available Parcel Delivery Service."

- a. Confirm that the Postal Service Request in Docket No. MC83-1 had two purposes, one relating to "establishing uniform parcel post size and weight limitations" (see Request, page 2) among all postal facilities, and the second "to improve service to the public by enlarging all of its parcel size limitations to equal those used by other providers" *Id.*
- b. If not confirmed, please explain.

RESPONSE:

- a. & b. It is not confirmed that the two quotations contained in the question were the only two bases for the Postal Service's Request. Although the entire record of that

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proceeding, which speaks for itself, should be consulted, please note the following statements in the Postal Service's Request in that Docket:

The Postal Service requests that the Commission recommend these proposed changes to eliminate discrimination against certain mail users, to reduce confusion over applicable size and weight limits for parcel shippers, to bring more standardization to the small parcel market, and to enable the Postal Service to provide better service to the public. These changes will make the Postal Service's classification structure fairer and simpler and make its parcel service more convenient for the small number of mailers who send large size and weight parcels.

Request at 1.

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OCA/USPS-71. Please refer to MMA/USPS-T32-37b. This response lists the step necessary to compute the test year mail processing unit costs for bulk metered First-Class single-piece letters when mail processing costs are assumed to be 100 percent variable. Please provide an analogous list of necessary steps for each rate element for each of the rate design witnesses in this docket.

RESPONSE:

In the case of presorted First-Class Mail letters, witness Hatfield (USPS-T-25) has already provided a version of his results reflecting an assumption of 100 percent volume variable mail processing costs. This analysis can be found in Library Reference USPS LR-H-301. However, there is a methodological difference between the analysis presented in LR-H-301 and the one describe in response to MMA/USPS-T32-27b. The difference in methodology lies in the manner in which unit costs by shape (benchmark costs) are calculated. In the response to MMA/USPS-T32-27b, the methodology described assumes that the mail processing costs used to develop unit costs by shape are based on witness Degen's testimony. The costs presented in USPS LR-H-301 are based on a calculation of unit costs by shape using the Docket No. MC95-1 method (see USPS LR-MCR-10).

The steps necessary to reproduce witness Hatfield's cost estimates using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

- Incorporation of the new unit costs by shape into witness Hatfield's testimony,
- Replacing all volume variable productivity estimates used in witness Hatfield's testimony with average productivity estimates (productivity estimates assuming 100 percent volume variability), and

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- Replace all piggyback factors currently used in witness Hatfield's testimony with those reflecting 100 percent variability assumption.

The steps necessary to reproduce witness Miller's Prepaid Reply Mail (PRM) and Qualified Business Reply Mail (QBRM) cost study using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

- Revise the inputs to the models included in USPS-T-23, including the piggyback factors as described in step 4. The noncarrier route presort CRA adjustment factor created by witness Hatfield (USPS-T-25) would also have to be updated after the steps required to revise the First-Class presort letter models were completed.

The steps necessary to reproduce witness Daniel's Standard (A) letter cost estimates using the methodology described in the response to MMA/USPS-T32-27b would include the four steps listed in that response in addition to the following:

- Incorporation of the new unit costs by shape for both Regular and Nonprofit into witness Daniel's testimony on page 2 of Exhibits USPS-29A and B, and
- Replacing all volume variable productivity estimates used in witness Daniel's testimony (page 43 of Appendices I and III and page 1 of Appendices II and IV) with average productivity estimates (productivity estimates assuming 100 percent volume variability).

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- Replace the Base Year Volume Variable Costs used in LR-H-111 with the Base Year Volume Variable Costs that reflect 100% volume variability for mail processing labor costs.
- Replace the Test Year Volume Variable Costs used in LR-H-111 with the Test Year Volume Variable Costs that reflect 100% volume variability.

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OCA/USPS-74. Please refer to the response to MMA/USPS-T32-37b. The third step to develop the requested unit cost is to "calculate piggyback factors as done in LR-H-77, using the Test Year from step 2."

- a. Please identify all modifications to LR-H-77 required to produce the piggyback factors.
- b. Please describe all changes needed to the LR-H-146 PIGGYF96 program to produce the piggyback factors needed under a 100 percent variability assumption.
- c. Please describe the relationship between the LR-H-146 PIGGYF96 program and LR-H-77 for the computation of piggyback factors. For example, are outputs from the PIGGYF96 program used in H-77?

Response:

- a.-b. An objection has been filed concerning these subparts.
- c. The output of PIGGYF96, as shown in LR-H-146, pages VI-8 to VI-19 is used as an input for the calculation of the mail processing piggyback factors by cost pool. The output of PIGGYF96 is an input in LR-H-77 as shown at pages 216-218. Also see page 215 for a description of the calculations using the data from LR-H-146 in computing the piggyback factors.

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OCA/USPS-74. Please refer to the response to MMA/USPS-T32-37b. The third step to develop the requested unit cost is to "calculate piggyback factors as done in LR-H-77, using the Test Year from step 2."

- a. Please identify all modifications to LR-H-77 required to produce the piggyback factors.
- b. Please describe all changes needed to the LR-H-146 PIGGYF96 program to produce the piggyback factors needed under a 100 percent variability assumption.
- c. Please describe the relationship between the LR-H-146 PIGGYF96 program and LR-H-77 for the computation of piggyback factors. For example, are outputs from the PIGGYF96 program used in H-77?

Response:

- a. The results of step b, providing modified LR-H-146 data should be input as shown at LR-H-77, 216 to 219, which is sheet 2 of the spreadsheet COSTPLER.XLS. This will lead to a recalculation of pages 222 to 224, which is sheet 3 of COSTPLER.XLS. Totals by column are used as an input in calculating column 1 of page 194. Do this by copying the column results of sheet3 of COSTPLER.XLS to sheet 3, cell F113 using the Special Paste, Values, Transpose command. This links to the MPPGFY98.XLS spreadsheet on sheet E. Revise pages 197 and 198, which is MPPGFY98.XLS, sheet C for new base year and test year inputs. Rerun the piggyback factor program for test year mail processing piggyback factors shown at pages 41-61, and input the results at page 213, which is sheet M of MPPGFY98.XLS. Set the variabilities to 100 and input new test year costs from the revised rollforward on pages 208, 209 and 211, which is sheets I, J, and K of MPPGFY98.XLS. Input new test year costs from the revised rollforward on page 206, which is sheets G of MPPGFY98.XLS. This should provide revised piggyback factors corresponding to pages 192 and 193,

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which is on sheet A of MPPGFY98.XLS. Copy the piggyback factors from there back to COSTPLER.XLS, sheet4, D108 using the Special Paste, Values, Transpose command (this is on pages 227 to 229). Do this in portions, paying attention to differences in order of the source rows, and as compared to the columns in COSTPLER.XLS, sheet4. Also make sure cells AN13 to AN18 update in COSTPLER.XLS, sheet4. The final piggyback factors by cost pool are in COSTPLER.XLS, sheet4 columns AK, and AO, which is pages 231 to 233.

b. To produce the output of the LR-H-146 PIGGYF96 program under a 100 percent variability assumption, modify the statement towards the end of the program at line 05440040 from 'VCOSTS' to 'DOLLAR', i.e.

TABLES COSTPOOL*SPACECAT / NOPERCENT NOROW NOCOL MISSING;
WEIGHT VCONSTS;

should be changed to:

TABLES COSTPOOL*SPACECAT / NOPERCENT NOROW NOCOL MISSING;
WEIGHT DOLLAR;

c. Yes. See the answer to part a and also LR-H-77 at pages 191 and 215.

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OCA/USPS-75. Please refer to the response to MMA/USPS-T32-37b. The fourth step to develop the requested unit cost is to "Calculate the costs by shape (or benchmark costs) as requested by modifying LR-H-106 and LR-H-146, using inputs from all previous steps."

- a. Please identify the LR-H-146 SAS programs and specific lines of code that must be modified.
- b. Please identify by page number and line number all needed changes to LR-H-106.
- C. Please differentiate between the terms "costs by shape" and "benchmark costs" as used in the fourth step.

Response:

- a.-b. An objection has been filed concerning these subparts.
- c. These two phrases are used synonymously. The parenthetical "benchmark costs" was supplied as clarification, since the costs by shape have sometimes been referred to as "benchmark costs."

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OCA/USPS-75. Please refer to the response to MMA/USPS-T32-37b. The fourth step to develop the requested unit cost is to "Calculate the costs by shape (or benchmark costs) as requested by modifying LR-H-106 and LR-H-146, using inputs from all previous steps."

- a. Please identify the LR-H-146 SAS programs and specific lines of code that must be modified.
- b. Please identify by page number and line number all needed changes to LR-H-106.
- c. Please differentiate between the terms "costs by shape" and "benchmark costs" as used in the fourth step.

Response:

- a. To produce the output of the LR-H-146 MODSHAPE program under a 100 percent variability assumption, modify the statements of the program at line 01830000 and 0189000 from 'VCOSTS' to 'COSTS', i.e.

TABLES COSTPOOL*MAILCLAS / NOPERCENT NOROW NOCOL MISSING;
WEIGHT VCONSTS;

should be changed to:

TABLES COSTPOOL*MAILCLAS / NOPERCENT NOROW NOCOL MISSING;
WEIGHT COSTS;

and

TABLES ACTV1*COSTPOOL/ NOPERCENT NOROW NOCOL MISSING;
WEIGHT VCONSTS;

should be changed to:

TABLES ACTV1*COSTPOOL/ NOPERCENT NOROW NOCOL MISSING;
WEIGHT COSTS;

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b. Start by inputting the revised results from part a (LR-H-146) into pages II-1, II-7, III-1 and IV-1. The spreadsheet references are to CSTSHAPE.XLS pages "Letter," "FCM Cards," "FLATCST," and "PCLCST." Input new base year and test year inputs on pages II-7, II-9, VI-1, VI-2, VI-8 and VII-1. These are found at spreadsheet pages "FCM Cards," "Worksheet Adjustments," "Pigbkfctrs," and "PremPay." On "FCM Cards," the cells to modify are C68, C72, W27, and W28. On "PremPay" the rows to modify are 21 and 22. The reconciliation with test year costs is done as follows first for pages II-5, III-5 and IV-5 and second for page IV-7. First, go to the spreadsheet page "PremPay" and set each of the cells C25 to O25 to 1. Given that, copy row C19 to O19 using the Special Paste, Values command to row C25 to O25. Second, for page II-7, go to the spreadsheet page "FCM Cards," enter "1" in cell C74. Then copy I62 to L75 using the Special Paste, Values command. Then enter "=D74" in cell C74.

c. They are synonymous.

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OCA/USPS-76. Please refer to the response to MMA/USPS-T32-37b. This response lists the "primary steps" necessary to compute the test year mail processing unit cost for bulk metered First-Class single-piece letters when mail processing costs are assumed to be 100% variable. Please list all other steps in addition to the "primary steps."

Response:

Please see the responses to OCA/USPS-71, 74 and 75.

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OCA/USPS-77. Please refer to USPS library reference H-196.

- a. When USPS library reference H-196 was prepared, did the Postal Service use the Commission's cost programs from MC96-3? If so, please explain what programs were used. If not, please explain the origin and name of the programs used by the Postal Service.
- b. Did the Postal Service prepare any documentation on how to run the Commission's cost model program? If not, please explain why not. If so, please provide a copy of all documentation prepared.
- c. Did the Postal Service conduct any programming analyses of the Commission's cost model programs? If so, please provide the results of all analyses conducted.
- d. Did the Postal Service encounter any logic errors in the Commission's cost model programs? If so, please explain what errors were encountered and how the Postal Service dealt with those errors.
- e. Please identify all problems encountered in replicating the Commission's costing methodology and explain how each problem was resolved.
- f. Did the Postal Service encounter any program results or output that were not internally consistent (for example) row and column totals not accurate? If so, please explain. If not, please indicate whether the Postal Service checked for consistency in program output.

OCA/USPS-77 Response:

- a. Yes, the programs from MC96-3 were used. The programs contained in the Commission's library references PRC-LR-4 and PRC-LR-5 were used.
- b. No, the Postal Service did not prepare any documentation on how to run the Commission's cost model programs because the documentation contained in the Commission's library references PRC-LR-4 and PRC-LR-5 from Docket No. MC96-3 was deemed adequate.
- c. Assuming that the term "programming analysis" means testing to determine if the programs execute properly, the response is yes to the extent that iterations were performed until the FY 1995 results from MC96-3 were replicated. Due to the press

OCA/USPS-77 Response continued:

of the filing schedule, the Postal Service did not keep detailed notes on its replication of the Commission's model.

- d. Assuming that the term "logic errors" means that at the end of the program execution, either the statement "error" or "abend" occurred, no the Postal Service did not encounter any logic errors in the Commission's cost model programs.
- e. Due to the press of the filing schedule, the Postal Service did not keep detailed notes on its replication of the Commission's model. The process of replicating the Commission's model in terms of the Docket No. MC96-3 results was fairly straightforward because the inputs, programs and results were known from Commission library references PRC-LR-4 and PRC-LR-5.
- f. As stated in part e of this response, the Postal Service's intention was to replicate the Commission's cost model provided in PRC-LR-4 and PRC-LR-5 in Docket No. MC96-3. If, by using the Commission's inputs and programs, the Postal Service replicated the Commission's results, there was no need to check for consistency or accuracy. Anything other than that would not have been the Commission's costing model.

OCA/USPS-78. The Notice of United States Postal Service Concerning Provision of Information Pursuant to Rule 54(a)(1), July 10, 1997 at 3, states:

In order to provide the cost model in PC SAS and C language, the Postal Service obtained PC SAS software, C language software, and a C language compiler. The Postal Service then performed several iterations, replicating the Commission's FY 1995 results from Docket No. MC96-3. These steps were required before the Postal Service could begin to develop the Commission's model to incorporate FY 1996 data. At present, the Postal Service is continuing to work on the interim and test year cost presentations which require that the model be modified to incorporate future developments not anticipated in the Commission's Docket No. MC96-3 model.

- a. Have copies of the Postal Service's PC SAS and C programs referenced above been provided by the Postal Service? If so, please identify the applicable library references. If not, please provide copies of all programs written as well as any supporting documentation.
- b. Please specifically identify each modification made to the Commission's model in order to incorporate the "future developments not anticipated in the Commission's Docket No. MC96-3 model."
- c. Please identify all problems encountered in preparing the interim and test year cost presentations and explain how the Postal Service dealt with each.

OCA/USPS-78 Response:

- a. Copies of all the programs used to produce the Commission version were provided in library references USPS-LR-H-196 and USPS-LR-H-215, either as originally filed or in the revisions.
- b. The "future developments not anticipated in the Commission's Docket No. MC96-3 model" are the differences arising from the changes in cost reduction programs, the changes in other programs and the incorporation of the volume mix adjustment in Fiscal Year 1997. In Section 1 of each of the Parts I, II and III of the Postal Service's Library Reference H-215 (original), the control strings are listed in the

OCA/USPS-78 Response continued:

same format as presented by the Commission in its Docket No. MC96-3 PRC-LR-5.

The modifications made to the Commission's model in order to incorporate the "future developments not anticipated in the Commission's Docket No. MC96-3 model" are as follows.

In the Commission's Docket No. MC96-3 model, the control strings shown on page 3 of PRC-LR-5, under the heading "***cost reductions**", at lines 14-41, are the programming instructions to properly include the Test Year 1996 cost reductions in the model. Cost reductions are generally specific to a year, for instance, many of the control strings listed in the Docket No. MC96-3 model are for the diversion of mail from Post Office Box delivery to street delivery. As such, each cost reduction program for FY 1997 in Docket No. R97-1 had to be individually included in the Commission's cost model. As such, those control strings at lines 14-41 of page 3 of PRC-LR-5 are entirely replaced by the control strings shown on the third page of Part I of USPS-LR-H-215 (original) under the heading "***cost reductions**". Likewise in Parts II and III of USPS-LR-H-215 (original), the control strings on the third page under the heading "***cost reductions**" are the replacement control strings for Test Year 1998 Before Rates (Part II) and Test Year 1998 After Rates (Part III).

Similarly, other programs are also developed individually for each year and thus, the control strings from the Docket No. MC96-3 model had to be modified. In the Docket No. MC96-3 model, PRC-LR-5 lists the other programs control strings under the "***other programs**" heading at: lines 43-54 on page 3, lines 1-54 on page 4 and lines 1-21 on page 5. As shown on the third page of Part I of USPS-LR-H-215 (original), the first 24 lines under the heading "***other programs**" replace the PRC-LR-5 lines listed

OCA/USPS-78 Response continued:

above. Also, the last line in the same "***other programs**" section of USPS-LR-H-215 (original), has been added to the Commission's PRC-LR-5 cost model.

Library Reference USPS-LR-H-215 (original) also lists the other programs control string changes for Test Year 1998 Before Rates (Part II) and Test Year 1998 After Rates (Part III). The same lines of PRC-LR-5 that were replaced for FY 1997 are replaced by the first 33 lines on the third page of Section 1 under the heading "***other programs**". For the test year program, in addition to including the new last line, the following new lines are added: lines 46, 47, 62, 69 and 70.

Also, Section 10 of Part I of USPS-LR-H-215 (original) is completely new to incorporate the volume mix adjustment for FY 1997. This adjustment did not exist at the time of Docket No. MC96-1. The control strings for this are shown on the sixth page of Section 1 of Part I of USPS-LR-H-215 (original).

- c. In addition to the modifications discussed in part b. of this response, the other problems encountered in preparing the interim and test year cost presentations were errors or omissions pointed out in Presiding Officer's Rulings No. R97-1/2 and R97-1/7. The Postal Service dealt with these problems by filing the first and second revisions to Library Reference USPS-LR-H-196 and the first revision to Library Reference USPS-LR-H-215. See the Presiding Officer's Rulings listed above and the cover sheet that accompanies each version of the library references for a description of the changes incorporated into the revisions. The inclusion of the base year changes in this discussion is because some of the base year changes needed to be rolled-forward to the interim and test years. For instance, the factor

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for powered transport equipment referred to in part (3) of both Presiding Officer's
Rulings must be incorporated into the ripple effect in both the interim and test years.

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OCA/USPS-79. Please refer to the response to OCA/USPS-T3-1d. This response indicated that the third-class single piece volume increase for the CCS system was not reflected in the RPW system. Please explain why only the carrier cost systems were affected by this problem.

Response:

Please see page 63 of Library Reference H-13, Statistical Programs Guidelines, Special Classification Reform. The second bullet under the screen picture erroneously tells data collectors that "All mail endorsed 'Third-Class', 'Bulk Rate', or 'Blk. Rt.' not bearing a presort endorsement of any type should be recorded as *Standard A Single Piece* (emphasis provided)."

The mistake was found early in the implementation process of classification reform, and a correction was issued. However, the Statistical Programs Guidelines manual had already been distributed to data collection personnel. This erroneous instruction could have been instrumental in the increase in third-class single piece counts in the carrier cost systems.

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OCA/USPS-80. Please refer to the response to DFC/USPS-T5-2c. This states that one of the reasons that cost data were combined for private postcards and stamped cards was that "it was difficult for data collectors to distinguish between the two types of cards."

- a. Please describe any other categories of mail that data collectors have difficulty correctly identifying.
- b. For each category identified in part a of this interrogatory, please identify which data systems are affected.

RESPONSE:

- a. Data collectors have difficulty correctly identifying inadequately endorsed mailpieces.
- b. All data systems are affected to some extent by inadequate endorsements.

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OCA/USPS-81. Please refer to the response to OCA/USPS-T5-11-13, Attachment 1, which provides for FY 1996 the "Total" year-end number of USPS employees of 875,352. For FY 1996, please provide the year-end number and proportion of employees for each craft that comprise the "Total" figure of 875,352.

Response to OCA/USPS-81

See Attachment 1. Please note that revised and supplemental attachments to OCA/USPS-T5-11-13 were filed on September 25, 1997. In the revised page 1 of Attachment 1 to OCA/USPS-T5-11-13, the year-end total number of USPS employees on the rolls was 885,874.

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OCA/USPS-82. Please refer to the response to OCA/USPS-T5-11-13, Attachment 1, which provides for FY 1996 the "Total" year-end number of USPS employees of 875,352. For FY 1996 for each CAG, please provide the year-end number and proportion of employees for each craft that comprise the "Total" figure of 875,352.

Response to OCA/USPS-82

Please see response to OCA/USPS-81.

ON ROLLS AP13 FY 1996

ATTACHMENT 1
OCCASPS-81-82
PAGE 1 OF 1

CAG	Rural	Clients	MT	City	Productivity	PM/GM	PM	Supv	Sp Del	Vehicle	Vehicle	Maint	Other	Other	Temp/Cas	Other Non-	Total
	Carriers			Carriers	Tech	Inst Head	Relief	Mtrs	Mtrs	Maint	Oper	Service	Burg	Non-Burg	Temp/Cas	Burg Temp	
A	3,140	18,535	50,531	78,182	10,808	74	-	21,878	287	1,266	8,634	31,182	-	-	-	55	421,882
B	3,908	11,441	34,828	1,783	82,077	105	880	5,082	208	589	15	3,132	-	-	-	-	66,316
C	11,441	18,440	107	28,215	3	565	-	1,908	14	33	-	1,345	-	-	-	-	120,033
D	16,476	10,804	5	11,488	1	1,465	1	2,284	1	1	-	1,652	-	-	-	-	50,400
E	15,487	8,401	1	5,655	1	1,845	4	885	-	-	-	840	-	-	-	-	66,653
F	11,487	6,608	-	1,459	-	2,970	45	94	-	-	1	337	-	-	-	2	40,655
G	8,567	3,588	-	188	-	3,608	309	2	-	-	-	55	-	-	-	7	33,966
H	7,607	787	-	15	-	4,727	2,268	-	-	-	-	1	-	-	-	36	20,384
I	84	5	-	-	-	8,009	8,339	1	-	-	-	1	-	-	-	28	26,267
J	-	-	-	-	-	1,370	1,557	-	-	-	-	-	-	-	-	15	3,212
K	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,562
L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,569
M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,219
N	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,213
O	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	638
P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	77
Q	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,802
R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,071
S	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	105
T	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	593
U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	888,874
V	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
W	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	102,108	320,878	63,570	246,243	11,036	26,488	12,724	35,282	1,508	4,837	8,666	39,667	2,988	8,071	105	593	888,874

CAG	Rural	Clients	MT	City	Productivity	PM/GM	PM	Supv	Sp Del	Vehicle	Vehicle	Maint	Other	Other	Temp/Cas	Other Non-	Total
	Carriers			Carriers	Tech	Inst Head	Relief	Mtrs	Mtrs	Maint	Oper	Service	Burg	Non-Burg	Temp/Cas	Burg Temp	
A	0.3545%	22.6680%	8.6328%	8.8254%	1.2202%	0.0084%	-	2.4687%	0.1115%	0.1429%	0.0746%	3.5188%	-	-	-	0.0062%	47.6233%
B	0.4411%	2.0873%	0.0952%	4.1179%	0.0131%	0.0189%	-	0.3417%	0.0335%	0.1287%	0.0018%	0.1267%	-	-	-	-	7.4859%
C	1.2815%	3.8418%	0.2013%	7.0071%	0.0119%	0.0768%	-	0.5737%	0.0236%	0.0665%	0.0017%	0.3535%	-	-	-	-	13.5487%
D	0.8878%	1.6278%	0.0338%	2.7030%	0.0003%	0.0638%	-	0.2155%	0.0016%	0.0037%	-	0.1518%	-	-	-	-	5.6863%
E	1.8588%	2.0816%	0.0121%	2.8682%	0.0001%	0.1654%	0.0001%	0.2589%	0.0001%	0.0001%	-	0.1865%	-	-	-	-	7.5240%
F	1.6567%	1.2186%	0.0006%	1.2877%	-	0.2083%	0.0005%	0.1123%	-	-	-	0.0848%	-	-	-	-	4.5804%
G	1.7482%	1.0812%	0.0001%	0.6384%	0.0001%	0.3353%	0.0051%	0.0106%	-	-	0.0001%	0.0360%	-	-	-	0.0002%	3.8373%
H	1.3855%	0.7562%	-	0.1847%	-	0.4073%	0.0349%	0.0002%	-	-	-	0.0062%	-	-	-	0.0008%	2.7087%
I	1.0800%	0.4058%	-	0.0212%	-	0.5336%	0.2561%	-	-	-	-	0.0001%	-	-	-	0.0041%	2.3010%
J	0.8587%	0.0900%	-	0.0017%	-	1.0170%	0.9638%	0.0001%	-	-	-	0.0001%	-	-	-	0.0336%	2.8651%
K	0.0085%	0.0007%	-	-	-	0.1546%	0.1758%	-	-	-	-	-	-	-	-	0.0220%	0.3344%
L	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1750%
M	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.5009%
N	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.1373%
O	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.2753%
P	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Q	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
R	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
T	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
U	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
W	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	11.5282%	36.2330%	7.1760%	27.7866%	1.2457%	2.9902%	1.4363%	3.9827%	0.1703%	0.5573%	0.9782%	4.4777%	0.3382%	1.0127%	0.0119%	0.0869%	100.0000%

Response of the United States Postal Service
to
Interrogatories of OCA

9161

OCA/USPS-83. For FY 1996, please provide the average annual cost per employee for each craft listed in response to OCA/USPS-81 above.

Response to OCA/USPS-83

Dividing personnel costs by the number of employees can result in distorted averages. First, fiscal year total personnel costs may not be consistent with year end employee counts. For example, the number of employees at the end of the year (a point in time) may be much higher or lower than at other times during the year. Fiscal year personnel costs are a cumulative total for the entire fiscal year and relate to the number of employees paid during each of the periods that comprise the fiscal year. Second, part time, transitional, and casual employees in many cases are paid for less than 40 hours per week. This can result in relatively low average costs which seem inconsistent with the number of employees. On the other hand, some employees may work a large amount of overtime. Dividing personnel costs that include large amounts of overtime by the number of employees can result in relatively high average costs which seem inconsistent with the number of employees. In determining average personnel costs, the use of full time equivalents or workyears is preferred. The use of workyears to determine averages compensates for the number of hours paid, changes in the number of employees throughout the year, and part time employment. The average annual cost per workyear by employee type for FY 1996 is provided on page 294 of USPS LR-H-12.

Response of the United States Postal Service
to
Interrogatories of OCA

9162

OCA/USPS-86. Please refer to the response to OCA/USPS-T5-11, where it states that "USPS personnel databases do not contain cross-reference information on CAG and salary levels." Please also refer to LR-H-1, Table A-1.

- a. Please confirm that the total annual salaries for postmasters are reported by finance number. If you do not confirm, please explain.
- b. Please confirm that the total annual wages for clerks are reported by finance number. If you do not confirm, please explain.
- c. Please confirm that the total annual wages for mailhandlers are reported by finance number. If you do not confirm, please explain.
- d. Please confirm that the total annual wages and/or salaries for supervisors are reported by finance number. If you do not confirm, please explain.
- e. Please confirm that in addition to total annual salaries and wages, other compensation and benefit expenses for the employee crafts referred to in parts a. - d. above are reported by finance number. If you do not confirm, please explain.
- g. Please confirm that total annual salaries and wages and other compensation and benefit expenses for employee crafts other than those referred to in parts a. - d. above are reported by finance number. If you do not confirm, please explain.
- h. Please confirm that expense account data are reported by finance number. If you do not confirm, please explain.
- i. Please confirm that cost or expense data is reported by finance number and that the finance number can be associated with a CAG. If you do not confirm, please explain. If you confirm, please provide the cost/expense figures in Appendix A of LR-H-1 by CAG.

Response to OCA/USPS-86

- a. Confirmed for accounting periods 1 through 13 only. Finance number reports are not available on a GFY basis, and do not include accounting period 14 expenses, year end audit adjustments, or account reallocations.

See Opposition of the USPS to OCA motion to compel responses to interrogatories OCA/USPS-T5-34-36.
- b. Confirmed for accounting periods 1 through 13 only. Finance number reports are not available on a GFY basis, and do not include accounting period 14 expenses, year end audit adjustments, or account reallocations.

Response of the United States Postal Service
to
Interrogatories of OCA

9163.

Response to OCA/USPS-86 (cont.)

- See Opposition of the USPS to OCA motion to compel responses to interrogatories OCA/USPS-T5-34-36.
- c. Confirmed for accounting periods 1 through 13 only. Finance number reports are not available on a GFY basis, and do not include accounting period 14 expenses, year end audit adjustments, or account reallocations. See Opposition of the USPS to OCA motion to compel responses to interrogatories OCA/USPS-T5-34-36.
- d. Confirmed for accounting periods 1 through 13 only. Finance number reports are not available on a GFY basis, and do not include accounting period 14 expenses, year end audit adjustments, or account reallocations. See Opposition of the USPS to OCA motion to compel responses to interrogatories OCA/USPS-T5-34-36.
- e. Confirmed. However, a number of employee compensation expenses are charged at the national level rather than the field or headquarters finance number level. These expenses are referred to as corporate-wide personnel compensation (component grouping 18.3), and include repriced annual leave, holiday leave, Civil Service Retirement System unfunded liability, workers' compensation, unemployment compensation, and certain annuitant benefits.
- g. (f missing) Confirmed. However, please see (a-e) above.

Response of the United States Postal Service
to
Interrogatories of OCA

9164

Response to OCA/USPS-86 (cont.)

- h. Confirmed for accounting periods 1 through 13 only. Finance number reports are not available on a GFY basis, and do not include accounting period 14 expenses, year end audit adjustments, or account reallocations. See Opposition of the USPS to OCA motion to compel responses to interrogatories OCA/USPS-T5-34-36.
- i. A partial objection has been filed to this question.

Confirmed for accounting periods 1 through 13 only. Finance number reports are not available on a GFY basis, and do not include accounting period 14 expenses, year end audit adjustments, or account reallocations. See Opposition of the USPS to OCA motion to compel responses to interrogatories OCA/USPS-T5-34-36.

Response of the United States Postal Service
to
Interrogatories of OCA

OCA/USPS-87. Please supply the dates of attendance at the Postal Forum of all Postal Service witnesses in this proceeding.

- a. For any such attendees, please state whether they hosted any meetings or seminars, and describe any such meetings or seminars.
- b. For any such attendees, please submit any prepared remarks they delivered.

Response to OCA/USPS-87

Ralph Moden attended the Postal Forum on September 7-9, 1997.

No other witnesses attended the Postal Forum.

- a. None of the witnesses in this proceeding hosted any meetings or seminars at the Postal Forum.
- b. None of the witnesses in this proceeding delivered remarks at the Postal Forum.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-88. Please refer to LR H-263, "Statement of Work for Qualitative Market Research – Prepaid Reply Mail Concept, In-depth Interviews with Businesses." An addendum states that "[a]t a minimum, Don DeLuca, and Mary Garvin will review all final reports before they are delivered."

- a. Please state the positions of Mr. DeLuca and Ms. Garvin and describe the functions of such positions.
- b. Did they review LR H-226 prior to its final delivery? Please describe.
- c. Please supply all documents relating to their review of LR H-226.

RESPONSE:

- (a) Both Mr. DeLuca and Ms. Garvin are Managing Directors. As Managing Directors, Mr. DeLuca and Ms. Garvin were responsible for overall project quality and direction.
- (b) Yes, both Mr. DeLuca and Ms. Garvin reviewed the draft and final reports.
- (c) There were no written comments related to the review of LR H-226. All communication was verbal.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-89. The next series of questions relate in part to LR H-264, "Transcripts of Qualitative Market Research – Prepaid Reply Mail Concept, In-depth Interviews with Businesses." Please refer to Transcript No. 1, p. 22, where the interviewer is quoted as stating: "So here we've got this, this one variation where it's implicit payment, it's virtually identical to your current BRM process, but it would be at a reduced rate."

- a. Does the Postal Service agree with the interviewer's characterization of implicit PRM? If not, please explain.
- b. Please refer to the response of witness Fronk to OCA/USPS-T32-58(b) which states in part: "Also, the report does not address QBRM at all. Please recognize that while my testimony proposes the same 30-cent postage rate for both products, QBRM is still Business Reply Mail with a per-piece fee and the involvement of Postal Service postage due units (see page 7 of my testimony)." Please reconcile witness Fronk's response with the interviewer's (apparent) characterization of implicit PRM as being virtually identical to current BRM.

RESPONSE:

- (a) The Postal Service agrees that implicit PRM, as discussed in the 10 business interviews conducted by Price Waterhouse, is similar to current BRM. This is because in both instances the Postal Service would perform the postage accounting and debit the mailer's advance deposit account for each day's postage due. "Virtually identical" is too strong a statement, as is indicated on page 2 of Appendix D of LR-H-226 (the Price Waterhouse summary report of the in-depth business interviews). For instance, implicit PRM, as discussed in the 10 business interviews, may have involved a "bulk destinating" minimum to facilitate processing; current BRM has no such minimum.
- (b) No reconciliation is necessary. The interviews did not include any discussion of the newly proposed rate category for Qualified Business Reply Mail. Also, see part (a) above.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-90. Please refer to Transcript No. 1, p. 23 where the interviewee states: "But you know, would we pass that on to the customers and tell them that? From my perspective, probably not."

- a. Confirm that as to this interviewee, any savings realized from a reduced PRM rate would "probably not" be passed on to customers. If not confirmed, please explain.
- b. Does the Postal Service have any evidence that any savings realized by PRM or QBRM mailers from a reduced PRM rate would be passed on to customers? If so, please explain.

RESPONSE:

- (a) The interviewee's comments speak for themselves.
- (b) Please see the response of witness Fronk to ABA/USPS-T25-4.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

9169

OCA/USPS-91. Please refer to the response of witness Fronk to OCA/USPS-T32-64 where he states, in part: "Mailers may participate in PRM if they feel it meets their needs and if they meet Postal Service requirements for participation."

- a. Assuming that a mailer wishes to participate in PRM and meets all the Postal Service requirements for participation. Will the Postal Service be able to implement all PRM service requests immediately (or on short notice)? Or, is it possible that the Postal Service will limit participation at first while it is setting up and gaining experience with any new auditing systems that are necessary to effectuate PRM? Please discuss.
- b. If implementation will be delayed for some mailers, what criteria will be used to decide who gets to use PRM first?

RESPONSE:

(a)-(b) The Postal Service anticipates being able to respond to and implement all PRM service requests on short notice.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

9170

OCA/USPS-92. Please refer to the response of witness Fronk to OCA/USPS-T32-90. In the second paragraph of that response, he states:

In addition, the interviews [which formed the basis of LR H-226] involved a description of PRM fundamentally different than what was ultimately proposed. For instance, the concept described in the interviews included both "implicit" and "explicit" variations of the product concept (based on whether the business would bill the customer explicitly for the cost of the PRM postage) and assumed in some instances that the Postal Service would perform the postage accounting function rather than the PRM recipient. In the proposal submitted in my testimony, the business rather than the Postal Service decides how to pay for the costs of PRM postage. Also, the PRM recipient performs the postage accounting function with verification by the Postal Service.

- a. Are there any other "fundamental differences" between the forms of PRM discussed in H-226 and what was ultimately proposed? Please discuss.
- b. Refer to the statement: "In the proposal submitted in my testimony, the business rather than the Postal Service decides how to pay for the costs of PRM postage." What evidence does the Postal Service have that businesses will choose an option whereby the customer is directly billed for the costs of postage?
- c. Referring to (b), what evidence does the Postal Service have as to how long it would take businesses to change their billing operations so that the customer is directly billed for the costs of postage?
- d. Please refer to the statement: "Also, the PRM recipient performs the postage accounting function with verification by the Postal Service." Confirm that this is the only material operational difference between PRM and QBRM. If not confirmed, please explain.

RESPONSE:

(a) Witness Fronk identified the fundamental differences in the quoted portion of his response to OCA/USPS-T32-90 that appears in this question.

(b) In its PRM proposal, the Postal Service is leaving the choice of how to fund PRM up to the participating organization, and does not know how many participating organizations may choose to bill their customers explicitly for postage. The Postal Service notes that it is not uncommon for organizations to recover specific charges through individual line items on a bill, for example, a county tax on a cable company bill, or dues for participation in a motor club on an oil company bill, or the cost of insurance on a bank card bill to meet the payment in the event of disability or unemployment.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

9171

RESPONSE to OCA/USPS-92 (continued)

In any event, it is appropriate for the business to determine in which manner the postage will be recovered considering its own unique needs, rather than for the Postal Service to impose a solution which may not be optimal in a particular environment.

(c) The Postal Service has not studied this issue. However, the Postal Service notes that PRM systems are likely to be high quality and relatively flexible. Also, please see response to part (b) above. Some businesses may take longer than others given their unique needs. Witness Fronk has recognized this implicitly through his relatively small test year forecast of usage. However, PRM is not a requirement imposed on customers. No customers are penalized through failing to take advantage of it immediately.

(d) Not confirmed. For instance, the fee structure would be different, the type of financial account used to debit the postage would be different, and the means the Postal Service uses to determine mailer compliance with its requirements would be different.

RESPONSE OF U.S. POSTAL SERVICE TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE

9172

OCA/USPS-93. Under the Postal Service's proposed PRM and QBRM, businesses will apparently have an option of directly billing customers for the postage. See Fronk response to OCA/USPS-T32-(a).

- a. Please evaluate the potential for confusion in the minds of customers in having to deal with two types of prepaid reply mail pieces, one for which they pay directly (e.g., as an additional line on their bill) and one where they pay nothing directly.
- b. In reference to (a), please comment on the response of the interviewee in Transcript No. 9, p. 13, H-263: "The second issue is if a customer disputes that we're going to have to pay for a toll-free telephone call, we're going to have to process an adjustment, we wouldn't argue it." What is the potential for customer confusion causing mailers to incur added costs and suffer customer ill-will?

RESPONSE:

- (a) The Postal Service thinks that customers will understand when they need to pay for the postage explicitly. For instance, most customers have been able to comprehend the "no postage necessary..." endorsement on business reply mail. Also, customers are presumed to understand that the total price they pay for a product or service generally includes all costs incurred by the product or service provider, whether identified as a line item on a statement of account or built into the price implicitly.
- (b) If the mailer chooses to bill the customer explicitly for the postage, there is always the chance of an error, as there is in billing any other type of charge. Correcting such errors does involve cost. It would appear likely that the potential customer goodwill to be gained by offering this product would offset any ill-will from occasional billing problems, assuming the participating mailer chooses to bill the customer directly for postage.

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

9173

OCA/USPS-94. Please refer to the Postal Service response to OCA/USPS-T14-15d, redirected from witness Bradley, regarding steps taken by management to rectify the problems perceived by the Postal Inspection Service. Please provide the memorandum by Chief Operating Officer Henderson to the Assistant Vice Presidents to emphasize district responsibility for data accuracy and integrity.

RESPONSE:

Please see the attached memorandum to Vice Presidents, Area Operations.

OCA/USPS-95. Please refer to witness Lion's response to OCA/USPS-T24-79d, and the table below.

CAG	Nondelivery Facilities	Boxes Installed	Boxes In Use	General Delivery Customers	Customers Subject to the Quarter Mile Rule
[1]	[2]	[3]	[4]	[5]	[6]
A	3				
B	1				
C	6				
D	2				
E	18				
F	59				
G	197				
H	412				
J	874				
K	2622				
L	714				
NA	37				

Please complete the table.

RESPONSE:

The data to complete the columns on Boxes Installed and Boxes In Use are in the file BOXES.DATA in USPS LR-H-216. See responses to OCA/USPS-T24-4 and OCA/USPS-T24-20. There are no available data by CAG on general delivery or on customers subject to the quarter-mile rule.

OCA/USPS-96. Please refer to witness Lion's responses to OCA/USPS-T24-79d, and OCA/USPS-T24-73c.

- a. Please confirm that classified offices and contract stations can be "nondelivery facilities." If you do not confirm, please explain.
- b. In OCA/USPS-T24-79d, please provide, in total and for each CAG, the number of "nondelivery facilities" that are
 - i. contract stations, and
 - ii. classified offices.
- c. In OCA/USPS-T24-73c, for the column "Sept. 1997 Contract Stations," please provide, in total and for each CAG, the number of contract stations that are
 - i. "nondelivery facilities," and
 - ii. delivery facilities.

RESPONSE:

- a. Confirmed.
- b-c. See the tables on the following pages. In these tables "contract facilities" include contract stations, contract branches, and community post offices, sometimes collectively referred to as "contract postal units" or "CPUs".

	Nondelivery Facilities		
CAG	Contract	Classified	Total
A		3	3
B		1	1
C		6	6
D		2	2
E	3	18	21
F	15	59	74
G	11	198	209
H	14	403	417
J	19	866	885
K	24	2,575	2,599
L	1	649	650
NA	1	3	4
Total	88	4,783	4,871

Source: ALMS and DSF, September, 1997.

	Contract Facilities			
CAG	Delivery	Nondelivery	Unknown	Total
A	623		9	632
B	439			439
C	930			930
D	394			394
E	556	3		559
F	305	15		320
G	267	11		278
H	196	14		210
J	157	19		176
K	160	24		184
L	10	1		11
NA	7	1	1	9
Total	4,044	88	10	4,142

Source: ALMS and DSF, September, 1997.

OCA/USPS-97. Please refer to witness Lion's response to OCA/USPS-T24-79d.

- a. Please define the term "facility" as used in the response. Please explain.
- b. Is there a one-to-one relationship between facility and post office or finance number? Please explain.
- c. Is there a one-to-one relationship between facility and 5-digit ZIP Code?
- d. Can a facility be associated with more than one finance number? If so, please explain.
- e. Can a finance number be associated with more than one facility. If so, please explain.
- f. Can a 5-digit ZIP Code be associated with more than one facility? If so, please explain.
- g. Can a facility be associated with more than one 5-digit ZIP Code? If so, please explain.

RESPONSE:

- a. A postal "facility" is a separate building or space in a building owned or paid for the Postal Service that is used to provide postal services or perform postal functions.
- b. The term "post office" is equivalent to finance number. A post office may have multiple facilities.
- c. No.
- d. Yes. There are facilities, such as area offices, which have more than one finance number.
- e. Yes. See the Domestic Mail Manual § D910.5.1.
- f. Yes. For example a subordinate nondelivery facility can share a 5-digit ZIP Code with its parent post office.
- g. Yes. See the responses to parts b-f.

Response of United States Postal Service
to Interrogatories of
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9179

OCA/USPS-98. Please refer to Attachment 1 accompanying the response to OCA/USPS-81. Please provide a description of the duties, activities and responsibilities of the employees belonging to each craft identified in Attachment 1.

OCA/USPS-98 Response:

Generally, reference to the following chart provides the location of the requested descriptions:

Title	Segment	USPS-LR-H-9	USPS-LR-H-1
		Section 1 Page	Section
Rural Carriers	10	3	10.0 - 10.2
Clerks	3	2	3.0 - 3.3
MH	3	2	3.0 - 3.3
City Carriers	6&7	3	6.0 - 7.5
Prof/Admin/Tech	2	2	2.5
PM/GM/Inst. Head	1	1	1.0 - 1.3
PM Relief	1	1	1.0 - 1.2
Supv/Mgrs.	2	2	2.0 - 2.4
Sp. Del. Msgs.	9	3	9.0 - 9.2
Vehicle Maint.	12	4	12.1
Vehicle Oper.	8	3	8.0 - 8.1
Maint. Service	11	4	11.0 - 11.3
Other Barg.	13, 16, 18	3-6	13.5, 16.2, 18.1
Other Non-Barg.	18	3-6	18.1
Other Temp/Casl.	Various	Cannot be determined	
Other Non-Barg. Temp.	Various	Cannot be determined	

The chart is only generally appropriate because the number of CAG employees by the listed categories does not follow the same format as the segments and components listed in Library References H-1 and H-9. For instance, as explained on page 4 of USPS-LR-H-9, "all personnel costs, including supervision" are included in Cost Segments 11 and 12. The number of all supervisors is included in the "Supv/Mgrs." category on Attachment 1 to OCA/USPS-81-82. As such, this comparison

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OCA/USPS-98 Response continued:

is not precise. Additionally, the last four categories listed on the chart above are an amalgam of personnel types that are headquarters and area related and it is impossible to precisely define where they appear in the segments and component, although the citations provided in the chart are the best available.

Response of United States Postal Service
to Interrogatories of
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9181

OCA/USPS-99. Please refer to Attachment 1 accompanying the response to OCA/USPS-81, and the craft, "Maintenance Service."

- a. Please explain how "Maintenance Service" employees relate to Cost Components 11.1.1, 11.1.2, 11.2, and 11.3.
- b. Please explain how "Maintenance Service" employees relate to Cost Component 16.3.1.

OCA/USPS-99 Response:

- a. All of the "Maint. Service" employees shown in Attachment 1 to OCA/USPS-81-82 are included in Cost Segment 11, but the separation into 11.1.1, 11.1.2, 11.2 and 11.3 cannot be made. As noted in the response to OCA/USPS-98, the supervisory costs associated with this maintenance function are included in Cost Segment 11, although the number of these supervisors is included in "Supv/Mgrs." in Attachment 1 to OCA/USPS-81-82.
- b. Component 16.3.1 is for supplies only; there are no personnel costs in this grouping.

Response of United States Postal Service
to Interrogatories of
Office of the Consumer Advocate

9182

OCA/USPS-100. Please refer to Attachment 1 accompanying the response to OCA/USPS-81, and the craft, "Maintenance Service."

- a.
 - i. Please confirm that "Maintenance Service" employee personnel costs are reported in Cost Component 11.1.1. If you do not confirm, please explain.
 - ii. Please identify any other craft employee personnel costs that are reported in Cost Component 11.1.1.
 - iii. Please confirm that "Maintenance Service" employee personnel costs are reported in Cost Component 11.1.2. If you do not confirm, please explain.
 - iv. Please identify any other craft employee personnel costs that are reported in Cost Component 11.1.2.
 - v. Please confirm that "Maintenance Service" employee personnel costs are reported in Cost Component 11.3. If you do not confirm, please explain.
 - vi. Please identify any other craft employee personnel costs that are reported in Cost Component 11.3.
- b.
 - i. Please confirm that "Maintenance Service" employee personnel costs are reported in Cost Component 16.3.1. If you do not confirm, please explain.
 - ii. Please identify any other craft employee personnel costs that are reported in Cost Component 16.3.1.
- c. Please identify all other Cost Segments and Components that report "Maintenance Service" employee personnel costs, other than Cost Segments 11 and 16.
- d. What proportion of total "Maintenance Service" employee personnel costs are reported in Cost Segment 11?
- e. What proportion of total "Maintenance Service" employee personnel costs are reported in Cost Segment 16?

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OCA/USPS-100 Response:

- a. i. Part i. is confirmed.
- ii. There are no other craft employee personnel costs reported in Cost Component 11.1.1.
- iii. Part iii. is confirmed.
- iv. There are no other craft employee personnel costs reported in Cost Component 11.1.2.
- v. Part v. is confirmed.
- ii. There are no other craft employee personnel costs reported in Cost Component 11.1.3.
- b. i. Part i. is not confirmed. Please see the response to OCA/USPS-99b.
- ii. Please see the response to OCA/USPS-99b.
- c. Cost Segment 11 reports "Maintenance Service" employee personnel costs.
- d. One hundred percent.
- e. Zero percent.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-101. The following questions refer to the likely implementation date assumed by several Postal Service witnesses.

- (1) Please refer to October 16, 1997, Tr.9/4584, lines 12-14, where witness Tayman states "the assumption that the rates as filed" will be implemented "in June of '98".
- (2) Please refer to the testimony of witness Tolley, (USPS-T-6) at page 4, lines 14-15, where he states, After-rates Test Year volumes are projected assuming that proposed rates will be implemented on October 1, 1997."
- (3) Please refer to the response of witness Lion to OCA/USPS-T24-96, where he states, "the 'implementation date' [] has not been determined."
 - a. The three statements concerning the "implementation date" for the proposed appear to be inconsistent. Please reconcile them.
 - b. Please confirm that the Postal Service assumes that there will be multiple implementation dates for proposed rates in this proceeding. If you do not confirm, please explain, and state whether the Postal Service assumes that there will be one implementation date for all proposed rates.
 - c. Please confirm that the Postal Service assumes that proposed rates in this proceeding will be implemented in fiscal year 1998. If you do not confirm, please explain.

Response:

- a. - c. The first statement referred to above, made by Mr. Tayman during his oral testimony, refers to the June rate implementation assumption made for the Postal Service's FY 98 Operating Budget. Consistent with witness Tolley's statement, test year after rates volume, revenue, and expense estimates reflected in the Docket R97-1 filing assume a rate implementation on October 1, 1997, the first day of the hypothetical test year. Witness Lion is today revising his response to interrogatory OCA/USPS-T24-96b so that it no longer refers to the implementation

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES
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OCA/USPS-101, Page 2 of 2

date, although it is true that the actual implementation date has yet to be determined.

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9186

OCA/USPS-102. Please refer to the United States Postal Service Response to Presiding Officers Ruling No. R97-1/42, dated October 14, 1997. There is no reference in that document to H-200, "Prepaid Reply Mail: Household Weighting Study." However, Postal Service witness Fronk appears to rely on H-200 at pages 38-39 of his direct testimony. At page 3 of the Response to P.O.R. No. R97-1/42, it is stated: "The Postal Service is also in the process of inquiring about availability of individuals who would be in a position to testify as to other library references that might be identified subsequently during hearings or otherwise."

- a. Has the Postal Service determined whether Postal Service witness Fronk will sponsor H-200?
- b. Were instructions given to telephone interviewers concerning how to conduct the interviews that are the bases for the H-200 study? If so, please supply them?
- c. Please refer to the text of the survey questions set forth at pp. 74-76 of H-200. Were the responses to each question from which interviewees had to choose always read to interviewees in the order in which they appear in the text, i.e., response #1 first, response #2 second, etc.? If not, explain any deviations from the order in the text.

RESPONSE:

- (a) Yes. The Postal Service has determined that witness Fronk will not sponsor H-200.
- (b) Please see Attachment 1. As indicated on the second page of the attachment, additional instructions may have been provided orally. Also, note that instructions to the interviewer are also included among the text of the questions themselves, as indicated on pages 74-76 of Library Reference H-200 (also attached as Attachment 2 for ease of reference).
- (c) Yes, except that capitalized responses, for example, "DON'T KNOW," were not read.

CARAVAN INTERVIEWER INSTRUCTIONS

9187

April 17, 1997

Attachment 1

#70616

Please review with all interviewers the following general instructions:

- 1) In the text to a question, if words are in lower case and in parentheses, they may be read if the respondent seems confused and needs a further explanation. They should not be read if there is no questioning on the part of the respondent. Example: Been treated by a physician for a peptic ulcer of any type. (This includes duodenal, and/or gastric ulcers) -- The part in parentheses should only be read for clarification, if necessary.
- 2) In the answer list to a question, where the whole list is in caps, it is not to be read. If one word or two in a sentence are in caps, they are for emphasis and should be read.
- 3) In the answer list to a question, where the whole list is in lower case, it should be read. If there is an instruction to "read list," the items should be read. Please note that in a "read list," there may be initials, such as NBC and CBS that should be read.
- 4) There are two different ways to read answer lists:
 - a. If the answer list is a single response or record one answer only, read the entire list before accepting one response.
 - b. If the answer list is a "Record as many as apply," be sure to pause for a response after reading each item, before reading the next item. THIS IS VERY IMPORTANT.
- 5) Probing is critical in open-ended questions. Open ends are included when our clients want to hear/see actual responses or not package responses with pre-coding. While some respondents will give full answers initially, most do not or do not really provide the information asked for. Keep in mind that our clients pay extra for the additional time and effort that open ends require. (Please note that instructions to record answers verbatim do not require the interviewer to capture the "ums", "ahs", "Let me thinks", etc. that many people use in conversation.)

While the exact phrasing of a probe will vary with the question, there are some general rules.

- Do not accept responses such as "I do/don't like it." The follow-up should be what do/don't you like about it. If the answer is "I don't know," politely prod the respondent: "Is there any reason you can think of?"
 - After the respondent finishes, generally ask, "What else?," until the respondent says, "Nothing," unless the interviewing instructions or questionnaire state otherwise.
- 6) Other (Specify) should be used carefully. First, only record responses that answer the question. If an answer is non-responsive, re-read the question. Also, "all of the above" should NOT appear in "other (specify)." In the case of a multi-punch question, if a respondent says "all of the above," then punch all responses. On the other hand, if it is a single punch question, probe, "If you had to choose one, which would it be?" Finally, if "none" or "don't know" is in the answer list, DO NOT record it in other specify.

April 17, 1997

#70616

-2-

All interviewers should read the introduction as it appears on the screen. This introduction will run until further notice.

Instructions specifically for "Prepaid Reply Mail" section:

F1-F3, F5-F7, F8A-F8C Read list. Record one answer.

Background for Instructing Interviewers:

For every Caravan survey, a Caravan researcher conducts a telephone briefing (Thursday afternoon) one section at a time with the Caravan interviewing supervisors of the Central Telephone Facility (CTF) in Tucson, Arizona. The complex and less obvious aspects of the survey are always emphasized and discussed in depth for extra clarity. At any time of the briefing, the CTF supervisors have the opportunity to address any questions or issues they may have on any particular section, in this case, "Prepaid-Reply-Mail". Any questions or issues brought up during the briefing are always resolved before the start of interviewing.

Upon completion of the briefing with the Caravan researcher, the CTF supervisors then brief the interviewers mentioning any key points and other relevant details brought up in the initial briefing.

1

The next series of questions are about household bills.

FA Do you have primary or equally shared responsibility for making payments of household and family bills?

- 1 YES, PRIMARY RESPONSIBILITY -->CONTINUE
- 2 YES, EQUALLY SHARED RESPONSIBILITY
- 3 NO, NOT RESPONSIBLE -->SKIP TO NEXT SECTION
- 4 DON'T KNOW

F1 The United States Postal Service may introduce a potential new product for businesses to receive bill payments from their customers. This product would allow businesses to include a prepaid envelope with the bill that they send to your household with THE POSTAGE ALREADY PAID and there would be no need to place any additional stamps or postage to mail the payment back to the biller. However, a charge associated with using this product to cover the postage would either be directly added to your bill OR built into the overall price of the product or service that your household receives from the business. Either way, the total cost to your household would be the same as or less than the current 32 cent postage stamp.

How attractive is this option for bill payment? Is it . . . (READ LIST)

- 1 Very attractive
- 2 Somewhat attractive
- 3 Somewhat unattractive
- 4 Not at all attractive
- 5 DON'T KNOW

F2 How important to you is the potential added convenience associated with having this type of prepaid postage envelope included with the billing statement from the business? Would you say . . . (READ LIST)

- 1 Extremely important
- 2 Somewhat important
- 3 Not very important
- 4 Not at all important
- 5 DON'T KNOW

F3 If businesses included this type of prepaid postage envelope with the billing statement, how likely is it that your household would mail the payment back to them sooner than you are doing now? Would you say . . . (READ LIST)

- 1 Definitely sooner
- 2 Maybe a little sooner
- 3 Probably not sooner
- 4 Definitely not sooner
- 5 DON'T KNOW

2

F4 Does your household currently pay all, some, or none of your bills BEFORE their due dates?

- 1 ALL --> SKIP TO F6
- 2 SOME
- 3 NONE --> CONTINUE
- 4 DON'T KNOW

F5 If businesses included this type of prepaid postage envelope with the billing statement, how likely is it that your household would pay such bills BEFORE their due dates? Is it . . . (READ LIST)

- 1 Very likely
- 2 Somewhat likely
- 3 Not very likely
- 4 Not at all likely
- 5 DON'T KNOW

F6 If a company which currently mails bills to your household were to include a return envelope with the postage already paid, would the prepaid postage envelope influence your level of customer satisfaction with that company? Would you say the inclusion of this type of envelope would have . . . (READ LIST)

- 1 A strong positive influence on your level of customer satisfaction with that company
- 2 Somewhat of a positive influence
- 3 Somewhat of a negative influence, or
- 4 A strong negative influence on your level of customer satisfaction with that company
- 5 DON'T KNOW

F7 If one billing company offers to include a postage paid return envelope with its monthly bill statement, and an otherwise identical company DOES NOT offer a prepaid return envelope, how likely is it that this difference alone would influence your choice of service provider? Would you say . . . (READ LIST)

- 1 Very likely
- 2 Somewhat likely
- 3 Not very likely
- 4 Not at all likely
- 5 DON'T KNOW

F8 Are ANY of your household bills currently paid using ANY METHOD OTHER THAN SENDING A CHECK IN THE MAIL? This might include, for example, automatic debit from your bank account, paying in-person at the company, via your personal computer, over the telephone, etc.

- 1 YES -->CONTINUE
- 2 NO -->SKIP TO NEXT SECTION
- 3 DON'T KNOW

3

F8A Which methods, other than sending a check in the mail, does your household use for bill payment?
Would you say ... (READ LIST. RECORD ONLY ONE ANSWER)

- 1 Electronic methods including automatic debit, personal computer, over the phone, etc.
- 2 In-person only, or
- 3 A combination of both electronic methods and in-person
- 4 DON'T KNOW

IF F8A [1,3], CONTINUE. IF F8A[2], SKIP TO INSTRUCTIONS BEFORE F8C. IF DON'T KNOW, SKIP TO NEXT SECTION.

F8B For those bills that are currently paid using ELECTRONIC METHODS, how likely is it that you would switch SOME OR ALL of your bill payments from electronic methods to the prepaid postage envelope product if it were available? Would you say ... (READ LIST)

- 1 Very likely
- 2 Somewhat likely
- 3 Not very likely
- 4 Not at all likely
- 5 DON'T KNOW

IF F8A[2-3] CONTINUE. OTHERWISE SKIP TO NEXT SECTION.

F8C For those bills currently paid IN-PERSON, how likely is it that you would switch SOME OR ALL of your bill payments from in-person payment to the prepaid postage envelope product if it were available? Would you say ... (READ LIST)

- 1 Very likely
- 2 Somewhat likely
- 3 Not very likely
- 4 Not at all likely
- 5 DON'T KNOW

RESPONSE OF THE U. S. POSTAL SERVICE
TO INTERROGATORIES OF OCA

9192

OCA/USPS-103. Please refer to the United States Postal Service Response to OCA/USPS-48, filed October 24, 1997 ("Response"). Attachment 1 to the Response shows that for FY 1996, FIM Letter Volume was 7,769,287,000. Please note that First-Class Single-Piece Letter Volume as shown in the CRA Statistics by Class of Mail is 54,150,759,000.

- a. Confirm that Attachment 1 to the Response shows *First Class* FIM volumes. If not confirmed, please explain.
- b. Is it correct to say that 14.3% of First-Class letters are FIM-tagged? (7,769,287,000 divided by 54,150,759,000.) If not, please provide the correct percentage and show the derivation thereof.
- c. Please explain the difference between the 14.3% figure and the 12.51% figure used by witness Fronk (T-32) in his direct testimony, n.16, at 42, to derive his estimate of 6,800 million pieces of courtesy reply envelope mail in Test Year 1998.
- d. The 12.51% figure used by witness Fronk refers to "Stamped and Metered FIM." Please clarify what is meant by the term "Stamped and Metered FIM." Does the term include courtesy reply envelopes provided to a household by businesses such as utilities, mailed by a household, and to which a stamp is affixed by the household?
- e. Please refer to the Rebuttal Testimony of A. Joseph Alexandrovich in Docket No. MC95-1, at 28 (Tr. 36/16321). Table 1 on that page shows a First-Class Single-Piece FIM Letter-Shaped Volume of 5,829,649,144. Does this 5,829,649,144 figure identify the same type of FIM volume identified as FY 1996 FIM Letter Volume of 7,769,287,000, as set forth in Attachment 1 to the Response? If not, please provide an updated FY 1996 figure.

Response:

- a. The response to OCA/USPS-48 mistakenly uses preliminary AP results and will be corrected in a subsequent filing. The results for FY96 are shown in the attachment to this response. FY96 ODIS FIM volumes for single-piece letters, flats, parcels, and cards are shown in the row labeled "Total FIM." The response to OCA/USPS-48 will be corrected once FY95 ODIS volumes have been calculated.
- b. The percentage of First-Class single-piece letters that are FIM tagged can be determined by dividing the ODIS "Total FIM" letters (8,064,978,543) by

RESPONSE OF THE U. S. POSTAL SERVICE
TO INTERROGATORIES OF OCA

9193

the ODIS "Total" letters (50,263,855,497) which is 16.0 percent (see the attachment to this response). The percentage of total First-Class single-piece letters, flats and parcels which is FIM letters can be obtained by dividing the ODIS "Total FIM" letters (8,064,978,543) by the ODIS "Total" for letters, flats and parcels (in the column "Total L,F & P"), (55,723,129,022) which is 14.47 percent. When this percentage is applied to the RPW First-Class single-piece volumes of 54,150,759,000 we obtain the "RPW-Adjusted FIM" volumes for letters of 7,837,405,000 as shown in the attachment.

- c. The 12.51 percent figure used by witness Fronk is calculated using ODIS volumes for all shapes, shown in the last column of the attachment. It is the sum of "Metered FIM" volumes, 516,897,413, and the "Stamped FIM" volumes, 6,885,148,058, divided by total ODIS First-Class single-piece volumes of 59,152,043,001.
- d. This refers to pieces with a FIM that are either stamped or metered indicia. Courtesy reply envelopes provided by utilities and mailed by households with an affixed stamp are included as long as the piece has a FIM.
- e. As noted above the response to OCA/USPS-48 is to be revised. The FY96 ODIS First-Class single-piece letter FIM volume is 8,064,978,543 as shown in the attachment to this response.

ODIS Volumes:		FY96 Single-Piece Volumes																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																								
Indicia/FIM Status	Letters	Flats	Parcels	Total L,F & P	Cards	Single-Piece	Total	Govt FIM	Govt No FIM	Metered FIM	Metered No FIM	Permit FIM	Permit No FIM	Stamped FIM	Stamped No FIM	Total	Total FIM	Total No FIM	RPW-Adjusted Volumes:																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																							
								61,033,323	616,072,281	140,847,047	7,659,315	764,578,643	504,505,958	12,391,455	827,584,028	516,897,413	23,970,152,791	1,131,554,845	262,182,428	617,609,472	3,552,989,592	6,885,148,058	22,077,045,674	59,152,043,001	8,724,270,916	50,427,772,085	57,202,864	8,431,172	48,771,692	3,052,105	3,052,105	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,771,692	57,202,864	8,431,172	48,771,692	511,359	511,359	54,150,759	54,150,759	449,425	19,767	429,659	46,230,946	2,540,746	511,359	511,359	8,431,172	48,77

Note: RPW Adjusted Volumes are based on applying ODIS volume percentages to RPW volumes. For example the RPW-Adjusted Volume, 48,845,533, is determined by multiplying the ODIS percentage of letters (50,263,855,497/55,723,129,022) times the RPW sin piece volumes of 54,150,759. See LR-H-126, Page IV-14 for additional examples of this calculation.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-104. The November 4, 1997 release of the Postal News quotes Chief Financial Officer Riley as reporting at the Board of Governors' meeting of the same date that the Postal Service's Federal Financing Bank(FFB) debt was "\$5.86 billion, as of September 30, 1997."

- a. Please confirm that such debt represents a change in the previously estimated balance of \$7,607,905,(000) for September 30, 1997, shown on the schedule "FFB Note Interest Expense Computation for GFY 1997" in library reference H-12, Chapter VI-b (at 130). If you do not confirm, please explain.
- b. If part a, above, is confirmed, please further confirm that it represents a reduction in the estimated note debt as of the end of FY 97 of \$1,747,905,(000). If you do not confirm, please explain.
- c. Please confirm that the actual amount of debt outstanding at the end of FY 97 is 22.97% less ($\$7,607,905,(000) - \$5,860,000,000 / \$7,607,905,(000)$) than estimated in the above cited library reference. If you do not confirm, please explain.

RESPONSE:

- a. The amount of debt outstanding with the Federal Financing Bank (FFB) on September 30, 1997, was \$ 5,861,404,703. It is confirmed that this amount represents a change from the previously estimated balance of \$7,607,905,000.
- b. The actual debt balance on September 30, 1997 represents a reduction of \$1,746,500,297 from the estimate.
- c. The actual amount of debt outstanding at the end of FY 97 is 22.96% less than estimated.

**RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-105. Total GFY Interest Expense for 1998 (before rates) shown on library reference H-12, Chapter VI.b (at 132) is estimated to be \$429,232,000.

- a. Please confirm that this amount underlies the "Interest on Debt" listed by witness Patelunas under "other programs" for cost segment 20 in exhibit-15A, at 2, and taken from his workpaper WP-A, Pt 2 of 2, Table 7 at 856. If not, please explain.
- b. Please provide for FY 97 and FY 98 the amounts by accounts for capitalized interest, interest-bonds, interest-notes, and interest mortgages, which make up the subtotal for component 587, "Interest on Debt" reflected in witness Patelunas' workpapers WP-A, Pt 2 of 2, Table 1, at 854, Imputed Interest Land/Building, Vehicle & Equipment in the amount of \$368,039,(000) for FY 97 and WP-D, Pt 2 of 2, Table A.7, at 754 in the amount of \$362,214,(000) for FY 98.
- c. Please confirm that the FY 98 savings in interest resulting from lower year end FY 97 note debt will be around \$100,000,000 assuming a pro rata reduction of estimated interest expense (22.97% of \$429,232,000 = \$98,594,590). If you do not confirm, please explain.
- d. Please confirm that the average interest rate on the outstanding notes at the end of FY 97 is less than the average interest rate estimated for notes outstanding at the end of FY 97 on "FFB Note Interest Expense Computation for GFY 97", referenced above. If you do not confirm, please explain.

RESPONSE:

- a. Not confirmed. The Patelunas Exhibit and workpaper you have referenced contains amounts related to FY 1997 interest expense, not FY 1998 before rates. Comparable amounts for FY 1998 before rates can be found in USPS Exhibit - 15A, page 4 (revised 9/2/97), and Patelunas Workpaper D, part 2 of 2, page 752. Please note that the \$429 million number you have referenced relates to note interest

only. In addition to note interest, interest on debt also includes mortgage interest and interest capitalized.

b. Please refer to page 86 of LR H-12 for this information (Chapter IV, Section H). Note that the \$368,039,000 you have referenced is FY 96 actual interest expense, not FY 97 interest expense as you have indicated.

c. The methodology suggested may provide a rough approximation of the anticipated savings from lower than expected FY 97 ending debt balances. However, the Postal Service cannot confirm the methodology for arriving at the stated savings amount of around \$100,000,000 for several analytical reasons. In order for the methodology to be accurate the following assumptions would have to be true: (1) the new financing that was expected to be done on September 30, 1997 would need to have the same assumed interest rate as the rest of the debt portfolio, (2) the expected financing would need to be the same type of debt as the rest of the debt portfolio - all fixed rate or all variable rate, (3) the expected financing would need to have been outstanding for the entire fiscal year to achieve the annual savings, and (4) no scheduled or presumed debt payments could be made that would change the weighted average interest rate. The methodology used in the schedule attached to the response to OCA/USPS-106 c. is preferred.

Please also note that capitalized interest was substantially less than estimated for FY 1997. Based upon this experience it is expected that FY 98 capitalized interest will also be lower thus partially offsetting the lower interest expense.

d. Confirmed.

RESPONSE OF THE U.S. POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE

OCA/USPS-106. The Postal News release also states the Board of Governors has authorized the agency to borrow up to an additional \$1.7 billion in FY 98.

- a. Is it anticipated that all of these funds will be borrowed from the Federal Financing Bank(FFB)? If not, please explain.
- b. Please state whether this amount for FY 98 will result in a reduction in the total amount of FY 98 borrowing which was estimated to total \$10,606,905,(000) at year end (September 30, 1998) in library reference H-12, Chapter VI.b (at 132). If not, please explain.
- c. Please provide an updated schedule of the before rates and after rates "FFB Note Interest Expense Computation for GFY 1998" schedule shown in library reference H-12, Chapter VI.b (at 132-133) based upon the revised information presented at the Board of Governors meeting.

RESPONSE:

- a. Yes.
- b. The \$10.607 billion estimated balance of debt outstanding at the end of end of FY 1998 is a before rates estimate. Since the before rates estimate is hypothetical in nature and based on an event which is not expected to occur, the \$1.7 billion net increase in debt authorized by the Board of Governors for FY 98 is not relevant to this scenario. The \$1.7 billion borrowing authorized by the Board for FY 1998 was based on the Postal Service's FY 98 operating budget which assumes that the rates requested in this filing will be effective on June 1, 1998.
- c. Please see the attached schedules which have been updated to reflect the impact of the actual FY 1997 year end debt balance. The schedules have also

been revised to correct an error in the interest rate used to determine the interest expense for note 55. The original filing used 6.142% instead of the correct rate of 6.49%.

NOTE #	Balance	P/Q	Payments	Balance	Issue Date	Maturity date	Interest Rate	# days	Interest (\$ in Thousands)	Page 1 of 4	OCA/USPS-106
FFB 06	96,000	IV	32,000	64,000	05/30/88	05/31/00	8.075%	243	5,161		
FFB 08	60,000	IV	15,000	45,000	05/30/88	05/31/01	7.800%	243	3,116		
FFB 08	60,000	IV	15,000	45,000	05/30/88	05/31/01	7.800%	122	1,173		
FFB 11	22,505	IV	22,505	0	09/29/86	06/01/98	7.591%	243	1,137		
FFB 11	30,000	IV	22,505	0	06/30/87	06/01/98	8.474%	243	1,692		
FFB 12	35,400	IV	30,000	0	06/30/87	06/01/98	8.474%	122	0		
FFB 13	35,400	IV	35,400	0	08/24/87	06/01/98	8.908%	243	2,099		
FFB 14	60,000	IV	60,000	0	12/01/87	06/01/98	9.074%	243	3,625		
FFB 14	36,000	IV	60,000	0	12/01/87	06/01/98	9.074%	122	0		
FFB 17	36,000	IV	36,000	0	05/31/89	05/31/98	8.773%	243	2,103		
FFB 17	36,000	IV	36,000	0	05/31/89	05/31/98	8.773%	122	0		
FFB 18	36,000		36,000	36,000	05/31/89	05/31/99	8.762%	365	3,154		
FFB 19	36,000		36,000	36,000	05/31/89	05/31/00	8.761%	365	3,154		
FFB 20	450,000	IV	450,000	0	05/31/89	05/31/01	8.760%	364	34,941		
FFB 44	1,500,000		1,500,000	1,500,000	09/05/91	08/15/02	7.367%	365	110,505		
FFB 45	1,000,000				11/12/92	11/30/07	7.615%	60	12,516		
FFB 45					11/12/92	11/30/07	7.615%	305	58,128		
FFB 45					10/01/97	11/30/97	7.615%	60	12,516		
FFB 45	86,500		86,500	500,000	12/01/97	09/30/98	7.615%	305	58,128		
FFB 50	500,000		500,000	500,000	07/17/95	05/16/05	6.274%	365	31,370		
FFB 56*	700,000	I,II,III,IV	Schedule 1	700,000	09/30/96	09/30/97	Schedule 1	Schedule 1	9,672		
FFB 56*	300,000	I,II,III,IV	Schedule 2	300,000	09/30/96	09/30/97	Schedule 2	Schedule 2	1,510		
NEW 97,LT	0			0	09/30/97	09/30/02	7.17%	365	0		
NEW 97,(54)*	963,500		750,000	213,500	09/30/97	11/15/97	6.02%	45	7,148		
					11/16/97	02/16/98	6.29%	92	3,383		
					02/16/98	05/15/98	6.44%	89	0		
					05/15/98	08/15/98	6.60%	93	0		
					08/15/98	11/30/98	6.82%	46	0		
New 98B	575,000	IV	575,000	0	06/15/98	08/15/98	6.60%	60	6,234		
New 98C	875,000	IV		875,000	08/15/98	11/30/98	6.818%	46	7,518		
New 98D	3,855,905	IV		3,855,905	09/15/98	09/30/99	6.818%	1	720		
Balance 9/30/97	5,861,405				Total GFY Interest Expense:					314,943	
Balance 9/30/98	8,861,405										
Net Increase	3,000,000										

* Assumes that FFB Note # 54 is modified to increase the amount available under the note and that the maturity dates of FFB Notes # 55 & # 56 are extended. All financing activity projected after the date of the schedule uses projected interest rates. These projected rates were from the implied forward rates for the three-month Treasury Bill using the source for the yield curve as of 3:00 PM on 5/22/1997. The information was provided by J.P. Morgan but does not represent their forecast.

FFB Note Interest Expense Computation for GFY 1998: Before Rates

Attachment to
OCA/USPS-106
page 2 of 4

Schedule 1 - FFB 56*

Estimated FY 1998 Credit Line activity:									
Balance	& FYE	Pay Periods	Average	Rate	Average	Credit Line Interest			
700,000	2	ays per cycl	6.017%	8	923,1868				
550,000	8	4	6.017%	32	2,901,4444				
450,000		1		8	593,4773				
225,000		1		8	296,7386				
400,000	8	4	6.286%	32	2,204,4405				
300,000		1		8	413,3326				
150,000		1		8	206,6663				
250,000	8	4	6.444%	32	1,412,4493				
150,000		1		8	211,8674				
75,000		1		8	105,9337				
700,000	1	1	6.818%	1	130,7504				
					1,730,2504				
					130,7504				
					130,7504				
Total FFB 56									
27									
Total FFB 56									
9,672,2978									

Schedule 2 - FFB 55*									
FFB 55 (Overnight)									
300,000	13	6.142%	13	656,2899					
100,000	13			218,7633					
150,000	13	6.490%	13	875,0532					
100,000	13			346,7367					
100,000	13			231,1578					
300,000	1	6.943%	1	577,8945					
				57,0633					
				57,0633					
Total FFB 55									
27									
Total FFB 55									
1,510,0110									

* Assumes that FFB Note # 54 is modified to increase the amount available under the note and that the maturity dates of FFB Notes # 55 & # 56 are extended. All financing activity projected after the date of the schedule uses projected interest rates. These projected rates were from the implied forward rates for the three-month Treasury Bill using Telerate as the source for the yield curve as of 3:00 PM on 5/22/1997. The information was provided by J.P. Morgan but does not represent their forecast.

** Represents correction from initial filing. Initial filing used interest rate of 6.142%. Calculation should have used 6.49%.

NOTE #	Balance	9/30/97	P/Q	Date	After Rates	Issue Date	Maturity date	Interest Rate	# days	Interest (\$ in Thousands)
FFB 06	96,000	32,000	IV	05/30/88	64,000	05/30/88	05/31/00	8.075%	243	5,161
FFB 08	60,000	15,000	IV	05/30/88	45,000	05/30/88	05/31/01	7.800%	243	3,116
FFB 11	22,505	22,505	IV	09/29/86	0	06/01/98	06/01/98	7.591%	122	0
FFB 12	30,000	30,000	IV	06/30/87	0	06/01/98	06/01/98	8.474%	243	1,692
FFB 13	35,400	35,400	IV	08/24/87	0	06/01/98	06/01/98	8.908%	243	2,099
FFB 14	60,000	60,000	IV	12/01/87	0	06/01/98	06/01/98	9.074%	243	3,625
FFB 17	36,000	36,000	IV	05/31/89	0	05/31/98	05/31/98	8.773%	243	2,103
FFB 18	36,000	36,000		05/31/89	0	05/31/98	05/31/98	8.773%	122	0
FFB 19	36,000	36,000		05/31/89	36,000	05/31/00	05/31/00	8.761%	365	3,154
FFB 20	36,000	36,000		05/31/89	36,000	05/31/01	05/31/01	8.760%	365	3,154
FFB 37	450,000	450,000	IV	09/05/91	0	09/30/98	09/30/98	7.786%	364	34,941
FFB 44	1,500,000	See below:		11/12/92	0	08/15/02	08/15/02	7.367%	0	0
FFB 44	346,500	1,153,500	III	05/16/98	09/30/98	05/15/98	05/15/98	7.367%	226	68,422
FFB 45	1,000,000	See below:		11/12/92	0	11/30/07	11/30/07	7.615%	139	32,362
FFB 45	0	1,000,000		10/01/97	1,000,000	11/15/97	02/15/98	7.615%	45	9,388
FFB 45	0	1,000,000		11/16/97	1,000,000	02/15/98	02/15/98	7.615%	92	19,194
FFB 45	846,500	153,500	II	02/16/98	05/15/98	05/15/98	05/15/98	7.615%	89	2,850
FFB 45	153,500	0	III	05/16/98	09/30/98	09/30/98	09/30/98	7.615%	139	0
FFB 50	500,000	500,000		07/17/95	500,000	05/16/05	09/30/98	6.274%	365	31,370
FFB 56*	700,000	700,000	I,II,III,IV	09/30/96	09/30/96	09/30/98	09/30/98	Schedule 1		9,672
FFB 55*	300,000	300,000	I,II,III,IV	09/30/96	09/30/96	09/30/98	09/30/98	Schedule 2		1,510
NEW 97, (64)*	963,500	810,000	I	10/01/97	11/15/97	11/15/97	02/15/98	6.02%	45	7,148
		153,500	II	11/16/97	02/15/98	05/15/98	05/15/98	6.44%	89	0
				02/16/98	05/15/98	08/15/98	08/15/98	6.60%	93	0
New 98B	250,000	400,000	IV	08/16/98	09/30/98	09/30/98	09/30/98	6.82%	46	3,437
New 98C	250,000	250,000	IV	08/15/98	08/15/98	08/15/98	08/15/98	6.818%	46	2,148
New 98D	1,440,500	1,440,500	IV	09/15/98	09/30/98	09/30/98	09/30/98	6.818%	1	269
Balance 9/30/97	5,861,405	Total GFY Interest Expense:								
Balance 9/30/98	7,114,500									
Net Increase	1,253,095									

* Assumes that FFB Note # 54 is modified to increase the amount available under the note and that the maturity dates of FFB Notes # 55 & # 56 are extended. All financing activity projected after the date of the schedule uses projected interest rates. These projected rates were from the implied forward rates for the three-month Treasury Bill using Telerate as the source for the yield curve as of 3:00 PM on 5/22/1997. The information was provided by J.P. Morgan but does not represent their forecast.

FFB Note Interest Expense Computation for GFY 1998:
Schedule 1 - FFB 56*

After Rates

Attachment to
OCAUSPS-106
page 4 of 4

Estimated FY 1998 Credit Line activity:

	Average Balance	Pay Periods & FYE	Days per cycle	Average Rate	Credit Line Interest # days	
FFB 56 (Short Term)	700,000	2	4	6.017%	8	923,1868
Includes the FFB fee of .125% over three-month Treasury Bill	550,000		1		2	181,3403
	275,000		1		2	90,6701
						1,195,1973
						2,901,4444
	550,000	8	4	6.017%	32	593,4773
	450,000		1		8	296,7386
	225,000		1		8	3,791,8603
						2,204,4405
	400,000	8	4	6.286%	32	413,3326
	300,000		1		8	206,6663
	150,000		1		8	2,824,4395
						1,412,4493
	250,000	8	4	6.444%	32	211,8674
	150,000		1		8	105,9337
	75,000		1		8	1,730,2504
						130,7504
	700,000	1	1	6.818%	1	
						Sub Total
						9,672,2978
Total		27				

Schedule 2 - FFB 55*

FFB 55 (Overnight)	300,000	13		6.142%	13	656,2899
Includes the FFB fee of .25% over three-month Treasury Bill	100,000				13	218,7633
						875,0532
	150,000	13		6.490%	13	346,7367
	100,000				13	231,1578
						577,8945
	300,000	1	1	6.943%	1	57,0633
						Sub Total
						1,510,0110
Total		27				

* Assumes that FFB Note # 54 is modified to increase the amount available under the note and that the maturity dates of FFB Notes # 55 & # 56 are extended. All financing activity projected after the date of the schedule uses projected interest rates. These projected rates were from the implied forward rates for the three-month Treasury Bill using Telerate as the source for the yield curve as of 3:00 PM on 5/22/1997. The information was provided by J.P. Morgan but does not represent their forecast.

** Represents correction from initial filing. Initial filing used interest rate of 6.142%. Calculation should have used 6.49%.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS HARA HUSH

OCA/USPS-T3-1. Please refer to page 21 of library reference H-89. The "Data Recoding" section states that counts of third-class single piece increased substantially for PQ 4, and consequently that third-class single piece mail was recoded as third-class bulk rate regular for the city carrier system.

d) Please explain why it was necessary to perform this recoding of third-class single piece mail for the city carrier system.

Response

The initial estimates of third-class single piece in the carrier cost systems for PQ 4 FY 1996 substantially exceeded estimates for any of the four previous quarters, and the estimates from the four previous quarters were all of the same magnitude. Further analysis showed that the change occurred coincident with the implementation of classification reform. In other words, prior to classification reform implementation, third-class single piece volumes, as measured by the carrier cost system, were consistent with historical data, but after implementation, the volumes increased substantially. The Postal Service was unaware of any rationale for a change in mailer behavior reason coincident with classification reform which would cause such a significant shift in third-class single piece mail volume. Furthermore, the RPW system was not reflecting such an increase. This led the Postal Service to believe there was a problem with the data which needed correction.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS MODEN**

OCA/USPS-T4-20. According to page 20-2 of library reference H-1, depreciation is determined for each of the 21 mail processing equipment categories listed in Appendix F of H-1.

- a. For each of the types of equipment listed in your response to OCA/USPS-T4-1, please indicate the mail processing equipment category to which it belongs. If an equipment type does not fit precisely into one of the Appendix F categories, please indicate all categories it might be associated with or explain why it does not fit in any of the categories.
- b. For each Appendix F equipment category, please provide the number of pieces of each equipment type in that category currently installed by CAG of office.
- c. For each Appendix F equipment category, please provide the number of pieces of each equipment type in that category currently installed by type (MODS, Non-MODS, or BMC) of office.
- d. For each Appendix F equipment category, please provide the number of pieces of each equipment type in that category currently installed by CAG by type of office.

Response:

- a. Response provided by witness Moden.
- b. The Postal Service does not have a single information system that is capable of producing the information that you requested. Similarly, we do not have an integrated group of separate information systems that can produce the information. However, the inability to produce the requested information does not mean that we don't track where equipment is located. In fact, we employ several mechanisms, including multiple information systems to monitor where equipment is deployed. For instance, the Personal Property Accounting System (PPAS) is used to determine and record depreciation on capital equipment such as processing equipment. PPAS is the source for the depreciation costs that you referenced in OCA/USPS-T4-23.

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

While PPAS is employed to provide the breakdowns on depreciation costs by CAG and facility type provided in the response to OCA/USPS-T4-23, PPAS cannot produce information on the numbers of each type of equipment by CAG or type of facility. This is because the individual records under a category such as Multi-Position Flats Sorting Machine (MPFSM) include MPFSM components or related equipment as well as MPFSMs. As a result, totaling the number of records under the MPFSM category will result in a number much larger than the amount of MPFSMs. Additional analysis or contacting the facility where the equipment is located would be needed to determine which records are specifically for MPFSMs. Another mechanism that is used to track equipment is the Automation Utilization Tracking for Operations (AUTO) system. However, AUTO, like PPAS, is unable to produce the information that you requested due to its specific limitations. First, AUTO is not up to date. The totals available in AUTO by equipment type do not match the known total deployments, particularly for equipment currently being deployed. AUTO is used to provide a general overview of where processing equipment is located. This information allows Area Offices to ascertain, with a reasonable level of certainty, how many units of each type of specific processing equipment are located at their field sites. AUTO also includes data which can be used to analyze how field sites are utilizing equipment.

In regards to providing the information you requested, AUTO does not contain data fields for CAG and/or MODS designations (or finance numbers). Each site is identified by name only, e.g. Tucson P&DC or Mid-Island NY and a nine digit ZIP

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code. (The latter item may provide a link to other data bases that have CAG and facility type (e.g. MODS, non-MODS, BMC)). Accordingly, the only information that can be extracted from AUTO, and that is relevant to your request, is a detailed list by equipment type, by facility name of where equipment is located. However, as we mentioned above, there are known discrepancies in the aggregate of these numbers and the known deployments. An additional mechanism that is also used to determine the location of processing equipment is the field requirements calls. This process is discussed in our response to OCA/USPS-T4-24.

In summary, we are unable to provide a comprehensive report that lists all pieces of processing equipment by office and by CAG and/or MODS type. If desired, it is possible that we could use AUTO to provide you with a hard copy inventory report for certain types of equipment. This report would be by area, by equipment type and would list only the facility names that had a given type of equipment and the number of units on hand. However, the report would not contain the MODS and/or CAG designation of the office and would therefore have to be cross referenced against a separate list(s) of offices with CAG and/or MODS designations in order to discover the information that has been requested. It also would need to be supplemented by the use of the deployment information contained in LR-H-244 as discussed above. Also, this report would be extremely lengthy; in fact a list of over 40,000 offices by CAG could be over 800 pages in length (assuming 50 offices per page).

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REDIRECTED FROM WITNESS MODEN**

If you do not desire the hard copy reports that were mentioned above, you may still be able to determine some of the information that you have requested based on information that has been provided in response to previous interrogatories. For instance, all of the offices listed on pages 1 through 5 of Library Reference H-244 are CAG A offices. These offices are where most of our processing equipment is located. While the list is not inclusive of where all of our processing equipment is located (for instance, CSBCS machines are generally located at smaller offices that may not be CAG-A), cross-referencing that list of facilities against witness Moden's testimony would allow you to calculate a reasonable estimate of the number of pieces of equipment installed at CAG A offices. To facilitate your calculations, the Postal Service has provided a table below. The table lists the type of equipment and, where known, a reasonable estimate of the number of units located in CAG-A offices. This number is based on inventory levels reported in AUTO. Also, for equipment types which we know are predominantly located at mail processing facilities and of which witness Moden's testimony mentioned the total number of units, we have denoted "USPS-T4 Testimony" in the column labeled as "# in CAG A Offices." In these instances, you can assume that nearly all of the total inventory, as specified in witness Moden's testimony, for a given piece of equipment is located at CAG A offices. Similarly, we have also denoted responses to other interrogatories where the total number, or a detailed list, of equipment deployments has been provided.

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Equipment	# in CAG A Offices
Multiline Optical Character Reader (MLOCR)	USPS-T4 Testimony
Single Line Optical Character Reader (SLOCR)	DFC/USPS-T4-8
Mail Processing Barcode Sorter (MPBCS)	USPS-T4 Testimony
Delivery Barcode Sorter (DBCS)	USPS-T4 Testimony
Carrier Sequence Barcode Sorter (CSBCS)	Not available
Remote Bar Coding System (RBCS)	USPS-T4 Testimony
Letter Mail Labeling Machine (LMLM)	330
Multi-Position Letter Sorting Machine (MPLSM)	244
Multi-Position Flats Sorting Machine (MPFSM) 881	USPS-T4 Testimony
Multi-Position Flats Sorting Machine (MPFSM) 1000	USPS-T4 Testimony
Dual Pass Rough Cull System (DPRCS)	205
Mark II Facer Cancellor/Edger Feeder	656
Advanced Facer Cancellor System (AFCS)	889
Model 15 Flats Cancellor	175
Computerized Forwarding System II (CFS II)	2943
Small Parcel and Bundle Sorter (SPBS)	189
BMC Parcel Sorter	Not available
BMC Sack Sorter	Not available
Linear Integrated Package Sorter (LIPS)	Not available
Integrated Mail Handling System (IMHS)	Not available

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

- c. The information is not available. See 20(b).
- d. The information is not available. See 20(b).

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO THE
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS MODEN**

OCA/USPS-T4-21. Please refer to your response to OCA/USPS-T4-2 and to the instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997. Those instructions stated:

If data requested are not available in the exact format or level of detail requested, any data available in (1) a substantially similar format or level of detail or (2) susceptible to being converted to the requested format and detail should be provided.

- a. Please explain whether the Postal Service maintains any list or file of equipment categories by office or finance number.
- b. Please explain whether the Postal Service maintains any list or file of equipment categories by CAG.
- c. Please confirm that the Postal Service maintains lists or files that contain the CAG of each office or finance number. If you do not confirm, please explain.
- d. Please confirm that the Postal Service maintains records of where mail processing equipment is deployed.
- e. Suppose that an MPBCS is deployed to office A in FY 1995. Will that piece of equipment be there in FY 1996 or FY 1997? If the MPBCS is moved to office B in FY 1997, does the Postal Service maintain records of the move? If so, please describe the records kept. If not, how can future equipment deployments to offices A and B be planned? Please explain.
- f. Suppose that an LSM was deployed to office A in FY 1986, and that in FY 1997 it was removed from service. Does the Postal Service maintain records of equipment removed from service for each office? If so, please describe the records kept. If not, please explain how future mail processing deployments to office A can be planned without the knowledge that some equipment had been retired.
- g. Please confirm that the Postal Service maintains records of where mail processing equipment is located. If you do not confirm, please explain how future deployment schedules can be determined.
- h. Please confirm that the Postal Service maintains a detailed inventory of assets in order to produce account 54330 depreciation of mail processing equipment. If you do not confirm, please explain how depreciation expenses can be determined without an inventory of assets.

Response:

- a. The PPAS data discussed in response to USPS-T4- 20(b) contains equipment depreciation cost information by finance number.

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REDIRECTED FROM WITNESS MODEN**

- b. The PPAS data discussed in response to USPS-T4- 20(b) contains equipment depreciation cost information by CAG.
- c. Yes, the Postal Service has a file that contains the CAG of each office and/or finance number.
- d. See 20(b).
- e. Not necessarily, since equipment is sometimes moved between plants. The PPAS data system should track this change. See the response to USPS-T4-20(b). This information is not used for future deployments, however. On that see the response of witness Moden to USPS-T4-24.
- f. The answer is the same as the response to subpart e.
- g. See the response to USPS-T4-20(b) and witness Moden's response to USPS-T4-24.
- h. See the response to USPS-T4-20(b).

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

OCA/USPS-T4-22. Please refer to your response to OCA/USPS-T4-2 and to the instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997. Those instructions stated:

Please especially note that if you are unable to provide any of the requested documents or information, as to any of the interrogatories, please provide an explanation for each instance in which documents or information cannot be or have not been provided.

Your response to OCA/USPS-T4-2 stated that information "as specified" is not available.

- a. Please explain which specification caused the requested information to be unavailable.
- b. Is it possible to make a minor modification to the specifications so that information could become available? Please explain.
- c. Please make any changes to the specifications of the interrogatory so that you can respond with available information to a request similar to the original OCA/USPS-T4-2.

Response:

a.-c. See the response to USPS-T4-20(b).

OCA/USPS-T4-23. Please refer to Library Reference H-127, page IV-2, entitled "Capital Costs of Mail Processing Equipment for FY 1996."

- a. Please provide the "Equipment Accounting Records" on which the annual depreciation for all of the equipment listed on that page is based.
- b. Please provide a breakdown of the accounting records requested in part a, above, by CAG.
- c. Please provide a breakdown of the accounting records requested in part a, above, by type (MODS, Non-MODS, or BMC) of office.
- d. Please provide a breakdown of the accounting records requested in part a, above, by CAG by type of office.

Response:

a.-d. The attached tables (Attachment 1) show the annual depreciation costs for the 21 categories of mail processing equipment shown in LR-H-127, on page IV-2, disaggregated by CAG, type of office, and by CAG and type of office.

It should be noted that there are two discrepancies between the attached tables and the costs by category provided in LR-H-127, page IV-2. The first discrepancy is for the OCR and RBCS categories. In developing the annual depreciation for these two categories, there is an adjustment made to the accounting results for each category in the following way. The annual depreciation costs for the FY95 and FY96 purchases of the OSS RBCS component are included in the OCR category accounting data. Since the OSS is not a component of the OCR, this normally would not be done, but this likely stems from the combined purchases of ISS and OSS components. As shown in LR-H-127, page IV-10, the OSS component has been included in the RBCS category. As a result, in preparing LR-H-127, page IV-2, the annual depreciation for the OSS components purchased in FY95 and FY96, \$3.908 million, is deducted from the OCR

category and added to the RBCS category. The attached tables (Attachment 1) do not reflect this adjustment since we do not have a disaggregation of this adjustment by CAG and type of office.

The second discrepancy occurs in the annual depreciation for General & Logistics BMC and General & Logistics Non-BMC. In preparing these tables it was determined that annual depreciation costs for these categories shown in LR-H-127 at page IV-2 is incorrect and that the costs in Attachment 1 are correct. The correction leads to a \$1.413 million reduction in the General & Logistics Non-BMC annual depreciation and a corresponding increase in the General & Logistics BMC annual depreciation. Since there is a different distribution of the annual depreciation for these two categories, this change results in the \$1.413 million annual depreciation being distributed differently to the classes and subclasses changing the base year volume variable costs slightly. Attachment 2 shows the impact of this cost change on base year volume variable costs. The impact ranges from a \$663,895.00 decline for First-Class single piece letters and parcels to a \$201,985.00 increase for Parcel Post. Overall volume variable cost declines by \$245,153.00 due to the lower variability for the General & Logistics BMC category (see LR-H-127, page III-1).

EQUIPMENT TYPE	CAG	ANNUAL DEPRECIATION
OCR	A	105,145,569
OCR	B	2,184,914
OCR	C	3,904,421
OCR	D	402,670
OCR	E	73,656
OCR	F	28,005
OCR	M	2,143,051
OCR	N	69,876
OCR	W	204,844
OCR Total		114,157,006
MPBCS	A	24,424,323
MPBCS	B	671,086
MPBCS	C	948,426
MPBCS	D	175,417
MPBCS	E	71,252
MPBCS	F	34,062
MPBCS	G	522
MPBCS	L	8,264
MPBCS	M	363,163
MPBCS	W	76,667
MPBCS Total		26,773,182
DBCS	A	69,181,935
DBCS	B	1,694,816
DBCS	C	6,365,024
DBCS	D	1,647,086
DBCS	E	1,414,086
DBCS	M	499,221
DBCS	W	146,271
DBCS Total		80,948,439
CSBCS	A	2,395,031
CSBCS	B	1,227,485
CSBCS	C	4,102,734
CSBCS	D	2,426,796
CSBCS	E	2,961,535
CSBCS	F	770,402
CSBCS	G	65,506
CSBCS	J	12,638
CSBCS	M	13,434
CSBCS Total		13,975,561
LSM	A	2,316,416
LSM	B	123,067
LSM	C	127,676
LSM	D	2,408
LSM	E	-
LSM	F	1,286
LSM	M	9,676
LSM	W	-
LSM Total		2,580,529
FSM	A	21,011,174
FSM	B	628,767
FSM	C	447,093
FSM	D	10,220
FSM	M	495,516
FSM	S	713
FSM	W	66,997
FSM Total		22,660,480
RBCS	A	21,887,772
RBCS	B	251,392
RBCS	C	18,544

EQUIPMENT TYPE	CAG	ANNUAL DEPRECIATION
RBCS	M	559,694
RBCS Total		22,717,402
CFS	A	713,654
CFS	B	292,172
CFS	C	320,449
CFS	D	16,829
CFS	E	8,564
CFS	M	61,033
CFS Total		1,412,701
CANCEL LETTERS	A	32,196,289
CANCEL LETTERS	B	750,483
CANCEL LETTERS	C	971,192
CANCEL LETTERS	D	123,250
CANCEL LETTERS	E	150,764
CANCEL LETTERS	F	130,142
CANCEL LETTERS	G	66,720
CANCEL LETTERS	H	37,546
CANCEL LETTERS	J	14,737
CANCEL LETTERS	K	3,252
CANCEL LETTERS	M	303,991
CANCEL LETTERS	N	1,637
CANCEL LETTERS	S	1,151
CANCEL LETTERS	W	49,575
CANCEL LETTERS Total		34,800,729
CANCEL FLATS	A	368,587
CANCEL FLATS	B	6,605
CANCEL FLATS	C	6,935
CANCEL FLATS	E	229
CANCEL FLATS Total		382,356
CULLING	A	1,641,287
CULLING	B	31,480
CULLING	C	28,794
CULLING	E	-
CULLING Total		1,701,561
SSM	A	10,435,341
SSM	B	160,732
SSM	C	116,271
SSM	M	19,714
SSM Total		10,732,058
SPBM	A	13,887,774
SPBM	B	500,390
SPBM	C	167,743
SPBM	M	83,070
SPBM	N	24,856
SPBM Total		14,663,833
PSM	A	6,213,339
PSM	B	2,780
PSM	C	1,718
PSM	D	-
PSM	F	-
PSM	M	37,236
PSM Total		6,255,073
ACDCS	A	35,534
ACDCS	B	-
ACDCS	C	-
ACDCS	D	-
ACDCS	E	-
ACDCS	F	998
ACDCS	U	-

EQUIPMENT TYPE	CAG	ANNUAL DEPRECIATION
ACDCS	W	-
ACDCS Total		36,532
STRAPPING	A	1,975,040
STRAPPING	B	77,562
STRAPPING	C	131,448
STRAPPING	D	44,030
STRAPPING	E	32,054
STRAPPING	F	10,454
STRAPPING	G	1,196
STRAPPING	H	82
STRAPPING	M	17,442
STRAPPING	U	5,341
STRAPPING	W	2,555
STRAPPING Total		2,297,204
TRAY TRANSPORT	A	14,308,051
TRAY TRANSPORT	B	170,435
TRAY TRANSPORT	C	537,719
TRAY TRANSPORT	D	3,421
TRAY TRANSPORT	F	378
TRAY TRANSPORT Total		15,020,004
GEN LOG BMC	A	19,592,366
GEN LOG BMC Total		19,592,366
GEN LOG NON-BMC	A	44,495,928
GEN LOG NON-BMC	B	519,415
GEN LOG NON-BMC	C	1,465,478
GEN LOG NON-BMC	D	260,806
GEN LOG NON-BMC	E	354,402
GEN LOG NON-BMC	F	319,325
GEN LOG NON-BMC	G	328,986
GEN LOG NON-BMC	H	206,220
GEN LOG NON-BMC	J	62,933
GEN LOG NON-BMC	K	11,333
GEN LOG NON-BMC	L	450
GEN LOG NON-BMC	M	1,998,159
GEN LOG NON-BMC	N	118,442
GEN LOG NON-BMC	S	138
GEN LOG NON-BMC	U	645
GEN LOG NON-BMC	W	848,557
GEN LOG NON-BMC Total		50,991,217
Powered Trans. Equip.	A	6,389,606
Powered Trans. Equip.	B	120,676
Powered Trans. Equip.	C	240,470
Powered Trans. Equip.	D	75,886
Powered Trans. Equip.	E	76,445
Powered Trans. Equip.	F	30,122
Powered Trans. Equip.	G	7,190
Powered Trans. Equip.	H	667
Powered Trans. Equip.	J	450
Powered Trans. Equip.	M	103,965
Powered Trans. Equip.	N	12,895
Powered Trans. Equip.	S	378
Powered Trans. Equip.	U	7,320
Powered Trans. Equip.	W	27,305
Powered Transport Equip. Total		7,093,375
Grand Total		448,791,608

FY96 Mail Processing Equipment Annual Depreciation by Category and Office Type

EQUIPMENT TYPE	OFFICE TYPE	ANNUAL DEPRECIATION
OCR	MODS	111,285,426
OCR	NON-MODS	2,835,200
OCR	BMC	36,380
OCR Total		114,157,006
MPBCS	MODS	25,936,178
MPBCS	NON-MODS	837,004
MPBCS Total		26,773,182
DBCS	MODS	71,825,976
DBCS	NON-MODS	8,937,222
DBCS	BMC	185,241
DBCS Total		80,948,439
CSBCS	MODS	3,723,649
CSBCS	NON-MODS	10,251,912
CSBCS Total		13,975,561
LSM	MODS	2,560,821
LSM	NON-MODS	18,671
LSM	BMC	1,037
LSM Total		2,580,529
FSM	MODS	21,871,091
FSM	NON-MODS	730,929
FSM	BMC	58,460
FSM Total		22,660,480
RBCS	MODS	22,157,708
RBCS	NON-MODS	559,694
RBCS Total		22,717,402
CFS	MODS	1,297,229
CFS	NON-MODS	115,472
CFS Total		1,412,701
CANCEL LETTERS	MODS	33,366,593
CANCEL LETTERS	NON-MODS	1,095,106
CANCEL LETTERS	BMC	339,030
CANCEL LETTERS Total		34,800,729
CANCEL FLATS	MODS	381,898
CANCEL FLATS	NON-MODS	458
CANCEL FLATS Total		382,356
CULLING	MODS	1,694,183
CULLING	NON-MODS	7,378
CULLING Total		1,701,561
SSM	MODS	8,520,222
SSM	NON-MODS	20,493
SSM	BMC	2,191,343
SSM Total		10,732,058
SPBM	MODS	12,477,883
SPBM	NON-MODS	107,926
SPBM	BMC	2,078,024
SPBM Total		14,663,833
PSM	MODS	731,073
PSM	NON-MODS	38,954
PSM	BMC	5,485,046

FY96 Mail Processing Equipment Annual Depreciation by Category and Office Type

EQUIPMENT TYPE	OFFICE TYPE	ANNUAL DEPRECIATION
PSM Total		6,255,073
ACDCS	MODS	35,534
ACDCS	NON-MODS	998
ACDCS Total		36,532
STRAPPING	MODS	2,068,764
STRAPPING	NON-MODS	155,274
STRAPPING	BMC	73,166
STRAPPING Total		2,297,204
TRAY TRANSPORT	MODS	14,760,488
TRAY TRANSPORT	NON-MODS	1,562
TRAY TRANSPORT	BMC	257,954
TRAY TRANSPORT Total		15,020,004
GEN LOG BMC	BMC	19,592,366
GEN LOG BMC Total		19,592,366
GEN LOG NON-BMC	MODS	45,888,940
GEN LOG NON-BMC	NON-MODS	5,102,277
GEN LOG NON-BMC Total		50,991,217
Powered Trans. Equip.	MODS	5,143,222
Powered Trans. Equip.	NON-MODS	573,926
Powered Trans. Equip.	BMC	1,376,227
Powered Transport Equip. Total		7,093,375
 Grand Total		 448,791,608

**FY96 Mail Processing Equipment Annual Depreciation by Category
by Office Type and CAG**

EQUIPMENT TYPE	OFFICE TYPE	CAG	ANNUAL DEPRECIATION
OCR	MODS	A	105,026,150
OCR	MODS	B	2,137,079
OCR	MODS	C	3,798,769
OCR	MODS	D	323,428
OCR	NON-MODS	A	83,039
OCR	NON-MODS	B	47,835
OCR	NON-MODS	C	105,652
OCR	NON-MODS	D	79,242
OCR	NON-MODS	E	73,656
OCR	NON-MODS	F	28,005
OCR	NON-MODS	M	2,143,051
OCR	NON-MODS	N	69,876
OCR	NON-MODS	W	204,844
OCR	BMC	A	36,380
OCR Total			114,157,006
MPBCS	MODS	A	24,423,754
MPBCS	MODS	B	524,469
MPBCS	MODS	C	825,078
MPBCS	MODS	D	143,303
MPBCS	MODS	E	19,574
MPBCS	NON-MODS	A	569
MPBCS	NON-MODS	B	146,617
MPBCS	NON-MODS	C	123,348
MPBCS	NON-MODS	D	32,114
MPBCS	NON-MODS	E	51,678
MPBCS	NON-MODS	F	34,062
MPBCS	NON-MODS	G	522
MPBCS	NON-MODS	L	8,264
MPBCS	NON-MODS	M	363,163
MPBCS	NON-MODS	W	76,667
MPBCS Total			26,773,182
DBCS	MODS	A	68,471,144
DBCS	MODS	B	938,780
DBCS	MODS	C	2,155,769
DBCS	MODS	D	260,283
DBCS	NON-MODS	A	525,550
DBCS	NON-MODS	B	756,036
DBCS	NON-MODS	C	4,209,255
DBCS	NON-MODS	D	1,386,803
DBCS	NON-MODS	E	1,414,086
DBCS	NON-MODS	M	499,221
DBCS	NON-MODS	W	146,271
DBCS	BMC	A	185,241
DBCS Total			80,948,439
CSBCS	MODS	A	2,169,132
CSBCS	MODS	B	771,115
CSBCS	MODS	C	719,527
CSBCS	MODS	D	63,875
CSBCS	NON-MODS	A	225,899

FY96 Mail Processing Equipment Annual Depreciation by Category
by Office Type and CAG

EQUIPMENT TYPE	OFFICE TYPE	CAG	ANNUAL DEPRECIATION
CSBCS	NON-MODS	B	456,370
CSBCS	NON-MODS	C	3,383,207
CSBCS	NON-MODS	D	2,362,921
CSBCS	NON-MODS	E	2,961,535
CSBCS	NON-MODS	F	770,402
CSBCS	NON-MODS	G	65,506
CSBCS	NON-MODS	J	12,638
CSBCS	NON-MODS	M	13,434
CSBCS Total			13,975,561
LSM	MODS	A	2,314,093
LSM	MODS	B	123,067
LSM	MODS	C	121,253
LSM	MODS	D	2,408
LSM	NON-MODS	A	1,286
LSM	NON-MODS	B	-
LSM	NON-MODS	C	6,423
LSM	NON-MODS	D	-
LSM	NON-MODS	E	-
LSM	NON-MODS	F	1,286
LSM	NON-MODS	M	9,676
LSM	NON-MODS	W	-
LSM	BMC	A	1,037
LSM Total			2,580,529
FSM	MODS	A	20,942,142
FSM	MODS	B	567,018
FSM	MODS	C	361,931
FSM	NON-MODS	A	10,572
FSM	NON-MODS	B	61,749
FSM	NON-MODS	C	85,162
FSM	NON-MODS	D	10,220
FSM	NON-MODS	M	495,516
FSM	NON-MODS	S	713
FSM	NON-MODS	W	66,997
FSM	BMC	A	58,460
FSM Total			22,660,480
RBCS	MODS	A	21,887,772
RBCS	MODS	B	251,392
RBCS	MODS	C	18,544
RBCS	NON-MODS	M	559,694
RBCS Total			22,717,402
CFS	MODS	A	684,152
CFS	MODS	B	292,172
CFS	MODS	C	312,341
CFS	MODS	D	-
CFS	MODS	E	8,564
CFS	NON-MODS	A	29,502
CFS	NON-MODS	C	8,108
CFS	NON-MODS	D	16,829
CFS	NON-MODS	E	-

FY96 Mail Processing Equipment Annual Depreciation by Category
by Office Type and CAG

EQUIPMENT TYPE	OFFICE TYPE	CAG	ANNUAL DEPRECIATION
CFS	NON-MODS	M	61,033
CFS Total			1,412,701
CANCEL LETTERS	MODS	A	31,855,333
CANCEL LETTERS	MODS	B	717,648
CANCEL LETTERS	MODS	C	785,776
CANCEL LETTERS	MODS	D	6,796
CANCEL LETTERS	MODS	E	1,040
CANCEL LETTERS	NON-MODS	A	1,926
CANCEL LETTERS	NON-MODS	B	32,835
CANCEL LETTERS	NON-MODS	C	185,416
CANCEL LETTERS	NON-MODS	D	116,454
CANCEL LETTERS	NON-MODS	E	149,724
CANCEL LETTERS	NON-MODS	F	130,142
CANCEL LETTERS	NON-MODS	G	66,720
CANCEL LETTERS	NON-MODS	H	37,546
CANCEL LETTERS	NON-MODS	J	14,737
CANCEL LETTERS	NON-MODS	K	3,252
CANCEL LETTERS	NON-MODS	M	303,991
CANCEL LETTERS	NON-MODS	N	1,637
CANCEL LETTERS	NON-MODS	S	1,151
CANCEL LETTERS	NON-MODS	W	49,575
CANCEL LETTERS	BMC	A	339,030
CANCEL LETTERS Total			34,800,729
CANCEL FLATS	MODS	A	368,587
CANCEL FLATS	MODS	B	6,605
CANCEL FLATS	MODS	C	6,706
CANCEL FLATS	NON-MODS	C	229
CANCEL FLATS	NON-MODS	E	229
CANCEL FLATS Total			382,356
CULLING	MODS	A	1,641,287
CULLING	MODS	B	31,480
CULLING	MODS	C	21,416
CULLING	NON-MODS	C	7,378
CULLING	NON-MODS	E	-
CULLING Total			1,701,561
SSM	MODS	A	8,243,998
SSM	MODS	B	160,732
SSM	MODS	C	115,492
SSM	NON-MODS	B	-
SSM	NON-MODS	C	779
SSM	NON-MODS	M	19,714
SSM	BMC	A	2,191,343
SSM Total			10,732,058
SPBM	MODS	A	11,809,750
SPBM	MODS	B	500,390
SPBM	MODS	C	167,743
SPBM	NON-MODS	M	83,070
SPBM	NON-MODS	N	24,856
SPBM	BMC	A	2,078,024

**FY96 Mail Processing Equipment Annual Depreciation by Category
by Office Type and CAG**

EQUIPMENT TYPE	OFFICE TYPE	CAG	ANNUAL DEPRECIATION
SPBM Total			14,663,833
PSM	MODS	A	728,293
PSM	MODS	B	2,780
PSM	MODS	C	-
PSM	NON-MODS	C	1,718
PSM	NON-MODS	D	-
PSM	NON-MODS	F	-
PSM	NON-MODS	M	37,236
PSM	BMC	A	5,485,046
PSM Total			6,255,073
ACDCS	MODS	A	35,534
ACDCS	MODS	B	-
ACDCS	MODS	C	-
ACDCS	MODS	D	-
ACDCS	NON-MODS	C	-
ACDCS	NON-MODS	D	-
ACDCS	NON-MODS	E	-
ACDCS	NON-MODS	F	998
ACDCS	NON-MODS	U	-
ACDCS	NON-MODS	W	-
ACDCS Total			36,532
STRAPPING	MODS	A	1,896,474
STRAPPING	MODS	B	56,848
STRAPPING	MODS	C	91,810
STRAPPING	MODS	D	22,173
STRAPPING	MODS	E	1,459
STRAPPING	NON-MODS	A	5,400
STRAPPING	NON-MODS	B	20,714
STRAPPING	NON-MODS	C	39,638
STRAPPING	NON-MODS	D	21,857
STRAPPING	NON-MODS	E	30,595
STRAPPING	NON-MODS	F	10,454
STRAPPING	NON-MODS	G	1,196
STRAPPING	NON-MODS	H	82
STRAPPING	NON-MODS	M	17,442
STRAPPING	NON-MODS	U	5,341
STRAPPING	NON-MODS	W	2,555
STRAPPING	BMC	A	73,166
STRAPPING Total			2,297,204
TRAY TRANSPORT	MODS	A	14,050,097
TRAY TRANSPORT	MODS	B	170,435
TRAY TRANSPORT	MODS	C	537,719
TRAY TRANSPORT	MODS	D	2,237
TRAY TRANSPORT	NON-MODS	D	1,184
TRAY TRANSPORT	NON-MODS	F	378
TRAY TRANSPORT	BMC	A	257,954
TRAY TRANSPORT Total			15,020,004
GEN LOG BMC	BMC	A	19,592,366
GEN LOG BMC Total			19,592,366

FY96 Mail Processing Equipment Annual Depreciation by Category
by Office Type and CAG

EQUIPMENT TYPE	OFFICE TYPE	CAG	ANNUAL DEPRECIATION
GEN LOG NON-BMC	MODS	A	44,395,334
GEN LOG NON-BMC	MODS	B	428,757
GEN LOG NON-BMC	MODS	C	1,020,363
GEN LOG NON-BMC	MODS	D	41,238
GEN LOG NON-BMC	MODS	E	3,248
GEN LOG NON-BMC	NON-MODS	A	100,594
GEN LOG NON-BMC	NON-MODS	B	90,658
GEN LOG NON-BMC	NON-MODS	C	445,115
GEN LOG NON-BMC	NON-MODS	D	219,568
GEN LOG NON-BMC	NON-MODS	E	351,154
GEN LOG NON-BMC	NON-MODS	F	319,325
GEN LOG NON-BMC	NON-MODS	G	328,986
GEN LOG NON-BMC	NON-MODS	H	206,220
GEN LOG NON-BMC	NON-MODS	J	62,933
GEN LOG NON-BMC	NON-MODS	K	11,333
GEN LOG NON-BMC	NON-MODS	L	450
GEN LOG NON-BMC	NON-MODS	M	1,998,159
GEN LOG NON-BMC	NON-MODS	N	118,442
GEN LOG NON-BMC	NON-MODS	S	138
GEN LOG NON-BMC	NON-MODS	U	645
GEN LOG NON-BMC	NON-MODS	W	848,557
GEN LOG NON-BMC Total			50,991,217
Powered Trans. Equip.	MODS	A	4,893,210
Powered Trans. Equip.	MODS	B	92,393
Powered Trans. Equip.	MODS	C	136,115
Powered Trans. Equip.	MODS	D	21,504
Powered Trans. Equip.	NON-MODS	A	120,169
Powered Trans. Equip.	NON-MODS	B	28,283
Powered Trans. Equip.	NON-MODS	C	104,355
Powered Trans. Equip.	NON-MODS	D	54,382
Powered Trans. Equip.	NON-MODS	E	76,445
Powered Trans. Equip.	NON-MODS	F	30,122
Powered Trans. Equip.	NON-MODS	G	7,190
Powered Trans. Equip.	NON-MODS	H	667
Powered Trans. Equip.	NON-MODS	J	450
Powered Trans. Equip.	NON-MODS	M	103,965
Powered Trans. Equip.	NON-MODS	N	12,895
Powered Trans. Equip.	NON-MODS	S	378
Powered Trans. Equip.	NON-MODS	U	7,320
Powered Trans. Equip.	NON-MODS	W	27,305
Powered Trans. Equip.	BMC	A	1,376,227
Powered Transport Equip. Total			7,093,375
Grand Total			448,791,608

Attachment 2

Estimated Impact on Base Year Volume Variable Costs by Category
 Due to Shifting \$1.4 million Annual Depreciation from
 General & Logistics Non-BMC to General & Logistics BMC

	Net Impact	Total Volume Variable Costs in USPS-T-5
First Class:		
Letters and Parcels	(663,895)	12,046,631,000
Presort Letters	(148,547)	3,804,528,000
Single Piece Cards	(21,889)	429,135,000
Presort Cards	(5,646)	125,994,000
	-	
	-	
Priority Mail	(50,586)	1,584,229,000
Express Mail	(10,993)	342,623,000
Mailgrams	(15)	432,000
	-	
Second Class:	-	
In-county	(2,050)	75,056,000
Outside County:	-	
Regular	(21,507)	1,448,904,000
Nonprofit	(1,236)	317,766,000
Classroom	1,286	14,874,000
	-	
Third Class:	-	
Single Piece	24,658	188,355,000
Regular Car Rt Presort	10,395	1,821,927,000
Regular Other Presort	192,404	4,164,366,000
Non-prof Car Rt Presort	533	136,575,000
Non-profit Other Presort	9,478	969,720,000
	-	
Fourth Class	-	
Zone Rate Parcel Post	201,985	694,997,000
Bound Printed Matter	90,346	285,041,000
Special Fourth	114,559	226,526,000
Library Rate	24,577	47,835,000
	-	
Penalty Mail USPS	(673)	196,097,000
	-	
Free Mail	4,546	26,406,000
	-	
	-	
International Mail	46,408	1,158,518,000
	-	
Registry	(15,184)	83,098,000
Certified	(6,819)	283,016,000
Insurance	(109)	36,296,000
COD	(629)	19,683,000
Special Delivery	(199)	3,494,000
Money Orders		122,986,000
Stamped Envelopes		10,930,000
Special Handling	(48)	1,136,000
Post Office Boxes		529,560,000
Other	(16,302)	146,217,000
TOTALS	(245,153)	31,342,951,000

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9228

OCA/USPS-T12-44. Please provide the average miles per piece (i.e., total miles divided by total pieces) separately for Special Fourth Class rate and for Library rate mail.

RESPONSE:

Please see response to OCA/USPS-T12-47.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9229

OCA/USPS-T12-45. Please provide the average length of haul (similar to Form 12 information) for Special Fourth Class rate and for Library rate mail.

RESPONSE:

Please see response to OCA/USPS-T12-47 and -48.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9230

OCA/USPS-T12-46. Which postal data collection systems collect information on the total or average number of miles traveled by Special Fourth Class rate and Library rate mail, respectively?

RESPONSE:

None of our systems collect such information. ODIS data collected subsequent to the implementation of Classification Reform, in July 1996, can be used to estimate great circle distances.

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9231

OCA/USPS-T12-47. Does the Postal Service collect ODIS information on
Special Fourth Class rate (SFCR) mail?

- a. If so, can such information be used to determine average distances traveled by SFCR?
- b. If these questions are answered affirmatively, then please provide ODIS-derived information on the average distance traveled by SFCR.

RESPONSE:

Yes, since the implementation of Classification Reform, in July 1996.

- a. No.
- b. N/A

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE

9232

OCA/USPS-T12-48. Does the Postal Service collect ODIS information on Library rate (LR) mail?

- a. If so, can such information be used to determine average distances traveled by LR?
- b. If these questions are answered affirmatively, then please provide ODIS-derived information on the average distance traveled by LR.

RESPONSE:

Yes, since the implementation of Classification Reform, in July 1996.

- a. No.
- b. N/A

OCA/USPS-T12-49. Which Postal Service data systems measure mileage by great circle distances?

- a. Can any of them be used to determine the total or average distances traveled by Special Fourth Class rate (SFCR) and/or Library rate (LR) mail? Please explain.
- b. If so, please provide total or average distances traveled by SFCR and LR mail derived from such systems.

RESPONSE:

ODIS data can be used to measure mileage by great circle distances.

- a. No. Great circle distances may be substantially different from total or average distances. Please see response to OCA/USPS-T12-47-48.
- b. N/A.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(REDIRECTED FROM WITNESS DEGEN)

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

a-b. Witness Alexandrovich responded to these questions in a response filed September 23.

c.i. Witness Nieto is responding to this question.

cii-iv. Tallies are recorded observations in IOCS. IOCS is not used in development of segment 14 costs.

OCA/USPS-T12-51. Please refer to W/S 14.1.2.3, (PQ 1, 1996 Purchased Transportation Report), Workpaper B-14, USPS-T-5, at pages 5-7, (which presents the "Distribution Process" using TRACS keys for various modes of "Highway Service").

- a. Confirm that the TRACS intra-BMC key (p. 5) shows the following ratio of Special Fourth Class rate (SFCR) to Library rate (LR): $5580 \div 1654 = 3.4$; i.e., approximately 3.4 to 1.
- b. Confirm that the TRACS inter-BMC key (p. 6) shows the following ratio of SFCR to LR: $4976 \div 1010 = 4.9$; i.e., approximately 5 to 1.
- c. Confirm that the TRACS inter-BMC and freight rail key (p. 7) shows the following ratio of SFCR to LR: $5906 \div 1147 = 5.1$; i.e., approximately 5 to 1.
- d. If you are unable to confirm parts a. through c., then please furnish all appropriate corrections.

RESPONSE:

- a. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- b. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- c. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- d. N/A

- OCA/USPS-T12-52. Please refer to W/S 14.1.2.2, (PQ 2, 1996 Purchased Transportation Report), Workpaper B-14, USPS-T-5, at pages 5-7, (which presents the "Distribution Process" using TRACS keys for various modes of "Highway Service").
- a. Confirm that the TRACS intra-BMC key (p. 5) shows the following ratio of Special Fourth Class rate (SFCR) to Library rate (LR): $6132 \div 2440 = 2.5$; i.e., approximately 2.5 to 1.
 - b. Confirm that the TRACS inter-BMC key (p. 6) shows the following ratio of SFCR to LR: $6109 \div 1339 = 4.6$; i.e., approximately 4.6 to 1.
 - c. Confirm that the TRACS inter-BMC and freight rail key (p. 7) shows the following ratio of SFCR to LR: $5501 \div 1121 = 4.9$; i.e., approximately 5 to 1.
 - d. If you are unable to confirm parts a. through c., then please furnish all appropriate corrections.

RESPONSE:

- a. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- b. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- c. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- d. N/A

OCA/USPS-T12-53. Please refer to W/S 14.1.2.1, (PQ 3, 1996 Purchased Transportation Report), Workpaper B-14, USPS-T-5, at pages 5-7, (which presents the "Distribution Process" using TRACS keys for various modes of "Highway Service").

- a. Confirm that the TRACS intra-BMC key (p. 5) shows the following ratio of Special Fourth Class rate (SFCR) to Library rate (LR): $5266 \div 749 = 7$; i.e., approximately 7 to 1.
- b. Confirm that the TRACS inter-BMC key (p. 6) shows the following ratio of SFCR to LR: $5654 \div 1411 = 4$; i.e., approximately 4 to 1.
- c. Confirm that the TRACS inter-BMC and freight rail key (p. 7) shows the following ratio of SFCR to LR: $6122 \div 1661 = 3.6$; i.e., approximately 3.6 to 1.
- d. If you are unable to confirm parts a. through c., then please furnish all appropriate corrections.

RESPONSE:

- a. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- b. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- c. Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- d. N/A

- OCA/USPS-T12-54. Please refer to W/S 14.1.2, (PQ 4, 1996 Purchased Transportation Report), Workpaper B-14, USPS-T-5, at pages 5-7, (which presents the "Distribution Process" using TRACS keys for various modes of "Highway Service").
- Confirm that the TRACS intra-BMC key (p. 5) shows the following ratio of Special Fourth Class rate (SFCR) to Library rate (LR): $6409 \div 1654 = 3.8$; i.e., approximately 4 to 1.
 - Confirm that the TRACS inter-BMC key (p. 6) shows the following ratio of SFCR to LR: $7485 \div 1054 = 7.1$; i.e., approximately 7 to 1.
 - Confirm that the TRACS inter-BMC and freight rail key (p. 7) shows the following ratio of SFCR to LR: $7815 \div 1233 = 6.3$; i.e., approximately 6 to 1.
 - If you are unable to confirm parts a. through c., then please furnish all appropriate corrections.

RESPONSE:

- Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- Confirmed. Please note that, for these modes, TRACS distribution keys are based on cubic-foot miles.
- N/A

OCA/USPS-T12-55. The following table assembles the ratios computed in interrogatories OCA/USPS-T12-51 through -54.

<u>Postal Quarter</u>	<u>Intra-BMC</u>	<u>Inter-BMC</u>	<u>Inter-BMC & Freight Rail</u>
1	3.4 to 1	5 to 1	5 to 1
2	2.5 to 1	4.6 to 1	5 to 1
3	7 to 1	4 to 1	3.6 to 1
4	4 to 1	7 to 1	6 to 1

- a. With the exception of PQ 3, would you agree that these ratios tend to establish that Special Fourth Class rate (SFCR) utilizes comparatively more inter-BMC and inter-BMC/freight-rail service and less intra-BMC service than does Library rate (LR) mail? If you do not agree, please explain.
- b. Do you further agree that these ratios tend to show that SFCR exhibits a more nationwide distribution pattern than LR, and, that LR, in turn, exhibits a more localized distribution pattern? If you do not agree, please explain.

RESPONSE:

- a. Agree that the distribution keys reflect that, on average, Special Fourth-Class Rate used more cubic-foot miles of freight rail than did Library Rate, and less cubic-foot miles of intra-BMC highway transportation than Library Rate.
- b. Disagree. We can make no conclusions about the geographic concentration of distribution patterns of classes of mail; TRACS simply reflects the relative proportions of cubic-foot miles by class on each mode of transportation. Each mode of transportation has a separate cost account, and a separate distribution key is calculated for each. Comparing distribution keys across different modes of transportation does not necessarily indicate which mode may be more heavily used by a particular class of mail because the total costs by mode may be different.

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OCA/USPS-T13-29. Please refer to your response to OCA/USPS-T4-9, including the standard Postal Service forms that were attached.

- a. The first page of the attachment is entitled "Transportation Services Bid or Proposal & Contract for Regular Service." Is this the basic contract document from which information is extracted to be put into the HCSS system? If not, what is its purpose?
- b. Refer to the block with the heading "2. Rate of Compensation, Bid or Proposal" on that same first page. Inside the block appears the following: "WRITE IN DOLLAR AMOUNT (Bid or proposal ... submitted on a single annual rate basis unless the solicitation specifically calls for bids/proposals at a per mile, per trip, or other unit rate.)" Is it possible that some of the "unusual observations" noted in your analysis may have occurred because of confusion as to what type of solicitation was called for, e.g., a contract recorded as having an "annual cost" of \$1 in reality reflected a contract for \$1 per mile?
- c. Refer to the page entitled "Highway or Domestic Water Transportation Contract Information and Instructions" which follows the page entitled "Amendment No. 3." In Part (A)(2) of the instructions, reference is made to contract solicitations for "advertised contracts" and "negotiated contracts." Please explain the differences between the two types of contracts, and what discretion the Postal Service has to employ one kind of contract over another. Please also supply documents containing guidelines or regulations that explain the differences and the scope of Postal Service discretion.

RESPONSE

- a. Forms are not stored in the conventional sense in HCSS.

Rather all possible language used on the forms is available for selection. To generate the forms for a particular contract, the operator executes a program that generates the forms with the contract-specific data entered in the appropriate places. In essence, a template of standard language is overlaid onto the contract specifications.

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- b. Answered by witness Bradley.
- c. Basic purchasing methods are described in the Postal Service Procurement Manual, Chapter 4, and the Postal Service Purchasing Manual, Chapter 4. These manuals are available in the Postal Service library. The Purchasing Manual is sold to the public through the Superintendent of Documents, Government Printing Office, 941 W. Capitol Street, NE, Washington, D.C. 20402-9371, (202) 512-1800.

Traditionally, the Postal Service has used advertised contracts to purchased regular transportation service and negotiated contracts to purchase emergency service. The Postal Service is in the trial stage of converting all highway contracting to negotiated contracts. Once the implementation of this change begins, it will take approximately four years to convert all contracts to the new negotiated purchasing method. HCSS handles contract data for both types of contracts.

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OCA/USPS-T13-37

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OCA/USPS-T13-37. Please refer to your response to OCA/USPS-T4-7 and to your workpaper WP-1.

a. Your response to part a of OCA/USPS-T4-7 states,

There was no data entry required for the construction of the dataset I used. It existed in electronic form before the construction of the extract of the data used in my analysis.

Page 1 of WP-1 states,

A program was developed that was used to extract the required variables from the HCSS data base at each individual HCSS site.

Do you consider entering data and developing a program to be different processes? If so, please describe the differences.

- (i) Would you agree that entering data and writing computer code both involve keystroking? If not, please explain.
- (ii) Did the data in the HCSS data base always exist in electronic form? If so, please describe how the data were initially generated.

b. Your response to part b of OCA/USPS-T4-7 states,

I did work closely with postal data processing professionals and HCSS experts to ensure that the same type of data that I had used in Docket No R87-1 would be available, in reliable form, from HCSS.

- (i) Did you participate in drafting the "Programming Specifications" that appear at pages 4-7 of WP-1? If so, please describe your participation and state the beginning and ending dates of your participation.
- (ii) What is meant by the statement, "This project will initially be independent of the HCSS system." (WP-1 at 4.)
- (iii) Please provide a copy (hard copy and diskette) of the program LAC990C1.PC referred to at page 4 of WP-1. How many versions of this program were tested at a single site before data were extracted at the 12 HCSS sites? At which HCSS site was the program tested? What "checks were made to ensure that the data were extracted correctly"?

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- (iv) Please provide copies (hard copy and diskette) of the programs actually used at each of the 12 HCSS sites to extract the variables required for your dataset
- (v) Please provide a copy (diskette) of the file LAC990D1.LST referred to at page 4 of WP-1.
- (vi) Please provide copies (diskettes) of the files actually generated at each of the 12 HCSS sites containing the variables required for your dataset and "sent to the St. Louis ISSC for collating into one file." State the dates on which each file was "sent to the St. Louis ISSC."
- (vii) Please provide a copy (diskette) of the collated file prepared at the "St. Louis ISSC [and] forwarded to Headquarters." State the dates on which this collated file was (a) completed and (b) received at Headquarters.
- (viii) Please provide a copy of the programming specifications and the actual code (hard copy and diskette) used for collating the data from 12 HCSS sites at the "St. Louis ISSC."
- (ix) Please describe the measures taken at the "St. Louis ISSC" and at Headquarters to maintain the integrity of the data extracted at the 12 HCSS sites.
- (x) Please state the number of records (observations, contract segments) in each of the following datasets: the extracted file produced at each HCSS site, the file for each HCSS site as received at the "St. Louis ISSC," the collated file produced at the "St. Louis ISSC," the collated file as received by Headquarters, and the collated file received by you.
- (xi) Is it your belief that no records (observations, contract segments) were lost, modified, or created during the process of being transferred from the 12 HCSS sites to the "St. Louis ISSC"? Please state the basis for your belief.
- (xii) Is it your belief that no records (observations, contract segments) were lost, modified, or created during the process of being collated at the "St. Louis ISSC"? Please state the basis for your belief.
- (xiii) Is it your belief that no records (observations, contract segments) were lost, modified, or created during the process of being transferred from the "St. Louis ISSC" to Headquarters? Please state the basis for your belief.

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- (xiv) Is it your belief that no records (observations, contract segments) were lost, modified, or created at any time during the process of being transferred from the 12 HCSS sites to your custody? Please state the basis for your belief.
- (xv) Is it your belief that no records (observations, contract segments) were accidentally deleted, modified, or created while in your custody? Please state the basis for your belief.

RESPONSE

- a) Answered by witness Bradley.
- b)(i) Answered by witness Bradley.
- b)(ii) Answered by witness Bradley.
- b)(iii) A diskette containing the code for program LAC990C1.PC referred to at page 4 of WP-1, written in C language, will be furnished in Library Reference H-217, Materials Provided in Response to OCA/USPS-T13-37, within several days. There were not different "versions" of the program. The program initially was prepared and then modified a few times before it was used. Since this was done approximately two years ago, the Postal Service does not recall the exact number or nature of the modifications made, other than the fact that they were not extensive. The program was reviewed initially at the St. Louis ISSC and subsequently tested by a contract specialist at the Seattle DNO. The program was designed to ensure accurate data extraction, to the extent possible. In addition, during its review of the program, the St. Louis ISSC tested it on its developmental data base, with actual data from a DNO.

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b)(iv) The program was created to be run at all 12 sites; in other words, it was not site-specific. A diskette containing the code for that program -- program LAC990C1.PC -- will be furnished in Library Reference H-217, Materials Provided in Response to OCA/USPS-T13-37, within several days.

b)(v) Such a file never actually existed. The program was coded to store the data from each of the 12 sites under 12 different file names.

b)(vi) Copies of the files generated by the 12 HCSS sites and sent to the St. Louis ISSC will be furnished on diskettes in Library Reference H-217, Materials Provided in Response to OCA/USPS-T13-37, within several days. To the extent any of those files contain dates, those dates would represent the last time the file was saved. The St. Louis ISSC did not maintain a record of when each file was received, but believes that most, if not all of them, would have been received within several days of when they were created or of the last time they were saved.

b)(vii) To the best of the Postal Service's recollection, diskettes containing the collated file prepared by the St. Louis ISSC were mailed to Headquarters, and those same diskettes were turned over to witness Bradley by Headquarters personnel. Copies of the diskettes given to witness Bradley will be furnished in Library Reference H-217, Materials Provided in Response

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to OCA/USPS-T13-37, within several days. To the extent the collated file contains a date, that date would represent the last time the file was saved. Records showing when the collated file was mailed to and received by Headquarters cannot be located, but presumably these events occurred shortly after the last time the file was saved.

b)(viii) There are no program specifications or code used for collating the data from the 12 HCSS sites. The St. Louis ISSC created the collated file by merging the 12 files from the HCSS sites in DOS.

b)(ix) The files from the 12 HCSS sites were merged in DOS. To the best of the Postal Service's knowledge, no data from the files was omitted or deleted during this process.

b)(x) To the best of the Postal Service's recollection, the "extracted file produced at each HCSS site" and "the file for each HCSS site received by the St. Louis ISSC are one and the same. To the best of the Postal Service's recollection, the collated file prepared by the St. Louis ISSC, the collated file prepared at Headquarters, and the collated file received by witness Bradley are one and the same. The OCA can compare the materials that will be furnished in Library Reference H-217, Materials Provided in Response to OCA/USPS-T13-37, within several days to perform a record count.

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b)(xi) Answered by witness Bradley.

b)(xii) Answered by witness Bradley.

b)(xiii) Answered by witness Bradley.

b)(xiv) Answered by witness Bradley.

b)(xv) Answered by witness Bradley.

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OCA/USPS-T14-15d. Please describe what steps Postal Service Management has taken to rectify the problems perceived by the Inspector General. If you do not have personal knowledge of what steps have been taken, please redirect this question to the Postal Service for an institutional response.

Response:

The Postal Inspection Service findings and management actions were in three areas, described as follows:

1. ODIS and RPW.

Management actions are fully described in the Audit Report.

2. Management Operating Data System (MODS).

a. Increase accuracy of volume data, eliminate weights and conversion factors.

Machine piece counts are used more extensively since, for example, over 80% of letter processing and over 50% of flats processing is now accomplished on automated or mechanized equipment. Machine counts have eliminated the need to weigh some mail as in cancellation operations. Although weighted conversions to pieces for FHP will continue for now, updated conversion rates will improve overall accuracy.

b. Update existing weight conversion factors.

An engineering study to update conversion factors is planned. The update effort is currently defining detailed study requirements.

c. Comparative analysis of volume from DUVRS and MODS, task districts with responsibility to review and take action to ensure integrity of data.

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AVP Howard's productivity effort noted in the audit has been tabled. The indicator construction effort in support of *Customer Perfect* is currently evaluating productivity indicators.

COO Henderson sent a memo to the AVPs to emphasize district responsibility for data accuracy and integrity.

Delivery is testing the new Projected Office and Street Time system (POST) which combines machine counts with the remaining linearly measured volume using new conversion factors to project the day's volume, carrier leave times and return times.

3. Delivery Unit Volume Recording System (DUVRS).

a. Revise DUVRS to use End-of-Run reports and piece counts.

The revised system has been tested and will be rolled-out nationally throughout FY 98.

b. Revise manual measures to use standard linear or weight conversion rates.

Three national studies were conducted to determine pieces per foot for letter and flat mail. The new conversion factors are being implemented beginning in AP 1, FY 98.

c. Explore options that allow local discretion in recording volumes that differ from standard conversions to obtain more accurate piece counts.

Mailings such as detached address cards, full coverage flats, etc. will not be measured linearly. Validation of volume credit for full coverage flat mailings is complete. No further linear counts of these types of mailings

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are required. Additional software changes are planned which will allow the application of the same practices to letter size mailings.

- c. d. Comparative analysis of volume from DUVRS and MODS, task districts with responsibility to review and take action to ensure integrity of data.

See 2c above.

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REDIRECTED FROM WITNESS MILLER**

OCA/USPS-T23-1. Please refer to your direct testimony on page 4 where you describe the functions of the Remote Encoding Center ("REC"). In September of 1995 the General Accounting Office ("GAO") issued a report entitled "Performing Remote Barcoding In-House Costs More Than Contracting Out." A part of that report dealt with the Postal Service's decision to use contractors rather than Postal Service personnel at REC's.

- a. What is the current mix of contract versus Postal Service employees at REC's?
- b. What is the projected mix of contract versus Postal Service employees for the next three fiscal years at REC's? Please include in your discussion any relevant labor relations factors, such as agreements reached through collective bargaining. To the extent you are not aware of relevant collective bargaining issues, please refer this question to another person or to the Postal Service for an institutional response. If the projected mix is not known, why not?
- c. What is the current productivity in images processed per hour of contract versus Postal Service employees, and what was it in the eight quarters preceding the most current analysis of productivity?
- d. If documents exist describing productivity of contract versus Postal Service employees, and the documents were written or generated on or after January 1, 1996, please supply them.
- e. What is the current cost per image processed using contract versus Postal Service employees, and what was it in the eight quarters preceding the most current analysis of productivity?
- f. If documents exist describing cost per image processed using contract versus Postal Service employees, and the documents were written or generated on or after January 1, 1996, please supply them.

RESPONSE:

a. b. c. d. e. f. The current mix is 0% contract and 100% postal. There are no plans to change this mix in the next three fiscal years. Therefore, no productivities or cost per image data are provided.

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OCA/USPS-T23-2. The GAO report referenced above also states that the Postal Service is changing its mix of transitional versus career employees at the REC's. Report at 4-5.

- a. What is the current mix of transitional versus career Postal Service employees at the REC's?
- b. What is the projected mix of transitional versus career Postal Service employees at REC's for the next three fiscal years? Please include in your discussion any relevant labor relations factors, such as agreements reached through collective bargaining. To the extent you are not aware of relevant collective bargaining issues, please refer this question to another person or to the Postal Service for an institutional response. If the projected mix is not known, why not?
- c. What is the current productivity of transitional versus career Postal Service employees in images processed per hour, and what was it in the eight quarters preceding the most current analysis of productivity?
- d. If documents exist describing productivity of transitional versus career Postal Service employees, and the documents were written or generated on or after January 1, 1996, please supply them.
- e. What is the current cost per image processed using transitional versus career Postal Service employees, and what was it in the eight quarters preceding the most current analysis of productivity?
- f. If documents exist describing cost per image processed using contract versus Postal Service employees, and the documents were written or generated on or after January 1, 1996, please supply them.

RESPONSE:

- a. The cumulative year-to-date mix of career employees for Fiscal Year 97 (in terms of the percentage of total console hours keyed) is 30.12%.
- b. The projections for the next three years are to maintain a mix of 30% career workhours and 70% transitional workhours, as agreed upon with the APWU in the original RBCS Memorandum Of Understanding.

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c. d. e. f. In the RBCS reporting system, image data are only available at the aggregate level. Therefore, it is not possible to provide separate productivity and cost per image figures for transitional employees and career employees.

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OCA/USPS-T23-8. Please refer to LR H-130, the 1997 OCR/RBCS Accept and Upgrade Rates Study. At page 2 it is stated: "For any piece where the OCR cannot read the address, the electronic image is sent to a remote encoding center (REC) where someone working at [a] computer terminal keys in certain information contained in the image. This information is used to determine the correct barcode for the mail piece."

- a. Does the Postal Service have minimum image processing standards that REC workers must meet? If so, please describe. Indicate whether these standards differ for career, transitional, and contract employees. If the standards differ, please explain why they differ.
- b. Do salary incentives exist for REC employees to exceed certain processing levels? If so, please describe. Indicate whether these standards differ for career, transitional, and contract employees. If the standards differ, please explain why they differ.

RESPONSE:

- a. Yes. Data Conversion Operators (DCOs) must be able to achieve a 7,150 keystrokes per hour keying speed with 98% accuracy. This standard applies to both career and transitional employees. The Postal Service currently has no contract REC employees.
- b. No.

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OCA/USPS-T23-9. Does local mail exist which completely bypasses the operations described in H-130, e.g., mail deposited at a local facility in a "local box" which is hand sorted and distributed to the route carriers? If so, please describe.

- a. If such local mail exists, please quantify the amount by class of mail.
- b. If such local mail exists, how does the Postal Service costing methodology take it into account?

RESPONSE:

"Local box" mail may still exist at some facilities, but in a Delivery Point Sequencing (DPS) environment, this mail should eventually be processed with regular collection mail.

- a. Postal Service data systems do not specifically measure mail volumes that are deposited in "local boxes" as described above.
- b. The costs associated with mail deposited in "local boxes," as described above, are not specifically measured in the testimony for USPS-T-23.

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OCA/USPS-T23-10. Please refer again to page 2 of H-130. It states, in relevant part:

The two pieces of equipment involved in the study are the OCR input sub system (ISS) and the BCS output sub system (OSS).

The ISS is a feature on certain OCRs that will take an electronic image of the address of a mail piece and spray an identifying (ID tag) on the back of the mail piece. For any piece where the OCR cannot read the address, the electronic image is sent to a remote encoding center (REC) where someone working at [a] computer terminal keys in certain information contained in the image. This information is used to determine the correct barcode for the mail piece. The correct bar code is associated with the ID tag and is sent back to the processing facility where it originated. Once the data is received by the processing facility, the mail pieces are run on the OSS. The OSS is a BCS that is able to read the ID tag, find the correct barcode, spray the barcode on the piece, and sort it to the appropriate stacker.

This study is designed to measure the performance of these two operations in several ways. First, for the OCR ISS, this study measures the accept rate, upgrade rate, and encode rate. The accept rate of the machine is simply the percentage of pieces that are fed through the machine that is able to successfully sort to a stacker. The upgrade rate is the portion of accepted pieces that the machine is able to apply a barcode representing the FDOS [Finest Depth of Sort]. The encode rate represents the portion of pieces fed through the machine that it is able to apply a barcode representing the FDOS.

The encode rate, on the other hand, measures the performance of the machine in both accepting and upgrading pieces.

- a. Please refer to Table 5.1 on page 10. Confirm that the rates listed in Table 5.1 are percentages, i.e., an accept rate of 0.8735 means that 87.35 of the surveyed mail pieces were accepted. If not confirmed, please explain.
- b. Referring to Table 1, OSS Accept, Upgrade and Encode Rates, please explain why the accept, upgrade and encode rates for Handwritten First-Class collection mail are higher than for all other classes of mail surveyed.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS MILLER**

RESPONSE:

- a. Confirmed.
- b. No specific studies were conducted to determine why the number of pieces of one type of mail were accepted or upgraded more often than another type of mail. However, it is logical to expect that the accept and upgrade rates through the OSS are higher for handwritten First-Class Mail than for other types of mail.

Some reasons why machine addressed letters are not upgraded by the ISS, and therefore passed on through the OSS include misfaced pieces, double fed pieces, and addresses not correctly aligned in a window envelope. In each of these cases, the image that is sent through to the REC is useless and the OSS will not be able to accept or upgrade the piece. On the other hand, the majority of handwritten pieces that are sent through the OSS were not upgraded by the ISS because the machine could not read the handwriting. In these situations, the image sent to the REC is effective and there is a higher probability that the OSS will accept and upgrade the piece.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS MILLER**

OCA/USPS-T23-11. According to page 7 of H-130, data were collected for ten days, from February 24, 1997 to March 7, 1997.

- a. Why were these dates chosen?
- b. Are the mail flows during this time period representative of the rest of the year? Please discuss.
- c. Would times of increased or decreased mail flows, e.g., the pre-Christmas season, affect the rates shown in the tables? Please discuss. For example, does the efficiency of the machines under examination differ during periods of high mail flow?

RESPONSE:

- a. These dates were chosen for a variety of reasons including: the availability of processing facility staff to participate in the survey, the rate case schedule, the availability of headquarters resources and the magnitude of mail processing volumes.
- b. Mail volumes during this time of year tend to be generally representative of mail volumes throughout most of the rest of the year. One of the reasons that this part of the year was chosen was that it avoided peak processing times such as those encountered around the holiday season.
- c. No. How often a piece of equipment accepts and/or upgrades a piece of mail depends almost entirely on the piece of mail. Since the characteristics of the different types of mail studied would not be expected to change during times of increased or decreased mail flows, then the accept and upgrade would not be expected to change either.

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE,
REDIRECTED FROM WITNESS LION

OCA/USPS-T24-31: Please refer to your testimony at page 1, lines 17-22.

- a. Please provide a tabulation of the total number of post offices by city delivery offices, non-city delivery offices, and nondelivery offices.
- b. Please describe the process by which a post office is converted from
 - (i) a non-city delivery office to a city delivery office;
 - (ii) a nondelivery office to a non-city office; and
 - (iii) a nondelivery office to a city delivery office.
- c. Please provide a tabulation of the number of post offices by conversion process as described in (i), (ii), and (iii) above by fiscal year for the past five fiscal years.
- d. Please confirm that no post offices have been converted from a city delivery office to a non-city delivery office, from a city delivery office to a nondelivery office, and from a non-city delivery office to a nondelivery office during the past five fiscal years. If you do not confirm, please explain and provide a tabulation of the number of offices by conversion process by fiscal year for the past five fiscal years.

Response:

- a. [Not redirected from witness Lion]
- b-d. For purposes of this answer, we presume that the reference to "converted" relates to changes in the types of carrier delivery administered by an office, such as when a specific non-city delivery post office has rural carrier routes and adds a single city carrier route, thus "converting" it from a non-city delivery office to a city delivery office.

The Postal Service has no single "process" governing the types of changes addressed in the interrogatory, and certainly has no system tracking such changes.

The closest thing to a "process" by which offices are routinely "converted" occurs

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE,
REDIRECTED FROM WITNESS LION

in the context of post office closings wherein, for example, a nondelivery office may cease to exist as an independent entity and be replaced by a community post office administered by a neighboring—generally non-city—delivery office. A few offices that have been closed were nondelivery offices at that time, but had been delivery offices sometime in the past. Accordingly, there is likely a basis for not confirming the piece of part (d) of the interrogatory concerning non-city delivery offices being “converted” to nondelivery offices. However, it is unclear whether any of these have occurred in the past five fiscal years. Moreover, since the independent post office ceases to exist, it is not clear whether closings constitute a “conversion” of an office as intended by the interrogatory.

The example in the first paragraph of this answer is addressed, in part, in *Postal Operations Manual (POM)* §§ 641 and 642 (establishment and extension of city delivery routes). Other sections of the *POM* also bear in some respects on other “conversions”, including: 1) 643 (requests for delivery service); 2) 644 (conversions from city to rural carriers); 3) 652 (establishment of rural delivery service); 4) 653 (extensions of rural delivery service); 5) 654 (replacement of rural delivery service); 6) 662 (establishment of highway contract route (HCR) service); and 7) 663 (HCR box delivery and collection). These regulations provide that decisions and approvals are made at local levels so as to accommodate what are essentially local concerns. The mere existence of some of these regulations gives rise to an inference that some of the “conversions” addressed in part (d) of the interrogatory, which seeks confirmation that they do

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
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REDIRECTED FROM WITNESS LION

not take place, do actually take place.

As a practical matter, "conversions" involving either city or rural carriers also touch on the concerns of respective labor organizations and their contracts with the Postal Service. The contracts thus tend to act as constraints on "conversions".

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
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REDIRECTED FROM WITNESS LION

OCA/USPS-T24-32. The following interrogatory refers to the classification of post offices by CAG.

- a. Please describe the process by which a post office receives a new CAG rating.
- b. Please provide a tabulation of the total number of post offices by CAG rating for the most recent fiscal year.
- c. Please provide the number of post offices receiving a new CAG rating during each of the past five fiscal years, showing the old CAG rating and the new CAG rating.

RESPONSE:

The following responses are provided from financial accounting systems data:

- a. Each post office is given a CAG rating each fiscal year based on its number of revenue units. If the number of revenue units is over 356,250 then its CAG is A, between 118,750 and 356,249 its CAG is B, between 23,750 and 188,749 its CAG is C, between 11,875 and 23,749 its CAG is D, between 4,750 and 11,874 its CAG is E, between 2,150 and 4,749 its CAG is F, between 950 and 2,149 its CAG is G, between 430 and 949 its CAG is H, between 190 and 429 its CAG is J, between 36 and 189 its CAG is L, below 36 its CAG is L. The number of revenue units is determined by dividing the office's gross revenue for the fiscal year by the value of a revenue unit. The value of the revenue unit is the estimated average revenue for 1,000 pieces of originating mail and special service transactions. By way of an example, if the value of the revenue unit for the fiscal year was estimated at \$276.78, and an office's revenue for the fiscal year was \$100,000 the revenue unit would be 361 (\$100,000 divided by \$276.78) and its CAG would be J.

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
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REDIRECTED FROM WITNESS LION

- b. The number of offices by CAG for fiscal year 1996 are provided in Attachment 1.
- c. Attachments 2 through 5 provide the counts of old and new CAG ratings for post offices receiving a new CAG rating during fiscal years 1992, and 1994 through 1996. The financial accounting data file could not be located to provide the requested information for fiscal year 1993, apparently because of the Postal Service restructuring at that time.

13:38 Thursday, August 7, 1997

NUMBER OF OFF1
POSTAL FISCAL YEA.

FY96 CAG	COUNT
A	185
B	177
C	718
D	616
E	1500
F	1964
G	3020
H	3720
J	4908
K	9295
L	1667
=====	
	27770

NUMBER OF OFFICES WITH
POSTAL FISCAL YE.

DATING

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FY96 CAG	FY95 CAG A	FY95 CAG B	FY95 CAG C	FY95 CAG D	FY95 CAG E	FY95 CAG F	FY95 CAG G	FY95 CAG H	FY95 CAG J	FY95 CAG K	FY95 CAG L
A	0	10	1	0	0	0	0	0	0	0	0
B	3	0	13	0	0	0	0	0	0	0	0
C	0	15	0	33	1	2	0	0	0	0	0
D	0	0	31	0	53	3	1	0	0	0	0
E	0	0	1	31	0	57	2	1	0	0	0
F	0	0	0	1	47	0	110	3	0	0	0
G	0	0	0	0	2	50	0	125	0	0	0
H	0	0	0	0	1	1	81	0	181	5	0
J	0	0	0	0	0	1	2	106	0	273	0
K	0	0	0	0	0	1	1	1	137	0	154
L	0	0	0	0	0	0	0	0	1	115	0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	3	25	46	65	104	115	197	236	319	393	154

ATTACHMENT 2 TO RESPONSE TO
OCA/USPS-T24-32

NUMBER OF OFFICES WITH NEW
POSTAL FISCAL YEAR

ATING

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FY95 CAG	FY94 CAG A	FY94 CAG B	FY94 CAG C	FY94 CAG D	FY94 CAG E	FY94 CAG F	FY94 CAG G	FY94 CAG H	FY94 CAG J	FY94 CAG K	FY94 CAG L
A	0	5	0	0	0	0	0	0	0	0	0
B	0	0	19	0	0	0	0	0	0	0	0
C	0	6	0	24	2	1	0	0	0	0	0
D	0	0	29	0	30	1	0	0	0	0	0
E	0	1	0	44	0	59	1	1	0	0	0
F	0	0	0	0	45	0	100	2	0	0	0
G	0	0	1	0	2	53	0	164	3	0	0
H	0	0	0	1	0	0	72	0	229	2	0
J	0	0	0	0	0	0	2	111	0	264	1
K	0	0	0	0	0	0	0	5	142	0	148
L	0	0	0	0	0	0	1	0	0	128	0
	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	0	12	49	69	79	114	176	283	374	394	149

ATTACHMENT 3 TO RESPONSE TO
OCA/USPS-T24-32

NUMBER OF OFFICES WITH N
POSTAL FISCAL YEAR

ATING

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FY94 CAG	FY93 CAG A	FY93 CAG B	FY93 CAG C	FY93 CAG D	FY93 CAG E	FY93 CAG F	FY93 CAG G	FY93 CAG H	FY93 CAG J	FY93 CAG K	FY93 CAG L
A	0	1	0	0	0	0	0	0	0	0	0
B	2	0	21	0	0	0	0	0	0	0	0
C	0	3	0	41	4	2	0	0	0	0	0
D	0	0	19	0	53	1	0	0	0	0	0
E	0	0	0	27	0	80	0	0	0	0	0
F	0	0	0	0	43	0	98	2	0	1	0
G	0	0	0	0	0	50	0	186	2	0	0
H	0	0	0	0	0	0	77	0	208	4	0
J	0	0	0	0	0	0	2	117	0	280	1
K	0	0	0	0	0	0	1	3	182	0	147
L	0	0	1	0	0	0	1	4	1	231	0
=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====	=====
	2	4	41	68	100	133	179	312	393	516	148

ATTACHMENT 4 TO RESPONSE TO
OCA/USPS-T24-32

13:38 Thursday, August 7, 1997

	NUMBER OF OFFICES WITH POSTAL FISCAL YE.						RATING				
FY92 CAG	FY91 CAG A	FY91 CAG B	FY91 CAG C	FY91 CAG D	FY91 CAG E	FY91 CAG F	FY91 CAG G	FY91 CAG H	FY91 CAG J	FY91 CAG K	FY91 CAG L
A	0	1	0	0	0	0	0	0	0	0	0
B	5	0	10	0	0	0	0	0	0	0	0
C	3	13	0	22	3	0	0	0	0	0	0
D	0	0	32	0	24	0	0	0	0	0	0
E	0	0	1	33	0	56	2	0	0	0	0
F	0	0	0	2	66	0	67	0	0	0	0
G	0	0	0	0	2	81	0	111	0	1	0
H	0	0	0	0	0	2	101	0	159	6	0
J	0	0	0	0	0	0	2	169	0	220	0
K	0	0	0	0	0	0	0	1	200	0	144
L	0	0	0	0	0	0	0	1	1	147	0
	====	====	====	====	====	====	====	====	====	====	====
	8	14	43	57	95	139	172	282	360	374	144

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
OF THE OFFICE OF THE CONSUMER ADVOCATE,
REDIRECTED FROM WITNESS LION

OCA/USPS-T24-35. Please refer to PRC Op. MC96-3 at 63, where "the Commission encourages the Postal Service to explore alternative post office box groupings in the future." Please identify and describe any and all such efforts to explore alternative post office box groupings, and file as a library reference any documents prepared by or for the Postal Service as a result of these efforts.

RESPONSE:

A partial objection to this interrogatory was filed on the grounds that the Postal Service's ongoing decision making on this topic is protected from scrutiny by the deliberative process privilege.

Notwithstanding (and without waiving) the objection, the Postal Service has very little documentation regarding its consideration of this issue. The Postal Service began work on re-defining the post office box fee structure when preparing the Special Services case, Docket No. MC96-3. As the filing of that case approached, however, resources were focused exclusively upon the proposals that were included.

Attached to this response is the Statement of Work (SOW), pursuant to which re-definition of the post office box fee structure was studied prior to Docket No. MC96-3. See the section entitled "Subtask 2: Post Office Boxes" on the fourth page of the attachment. While the Postal Service believed when filing the partial objection to this interrogatory that the SOW resulted in a final report, such was

RESPONSES OF UNITED STATES POSTAL SERVICE TO INTERROGATORIES
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REDIRECTED FROM WITNESS LION

not the case. Subtask 2 was essentially abandoned in favor of other work specified in the SOW.

The Postal Service remains interested in re-defining the post office box fee structure, but was unable in the brief interim between issuance of the Commission's Opinion and Recommended Decision in Docket No. MC96-3 and finalization of the present case to decide what approach to use. See also, Rebuttal Testimony of Altaf Taufique at 14, Docket No. MC96-3, Tr. V10/3650 (discussion of issues related to re-definition of post office box fee structure).

Finally, the Postal Service is considering issuance of another SOW to work on this issue; should this occur, the SOW will be provided as a supplemental response to this interrogatory.

U.S. Postal Service		1. Requisition Number		2. Request Date 12/22/95		3. Required Delivery Date 12/27/95		Page Number	
Position For Supplies, Services, Or Equipment		4. Job Order Number (Maintenance Use Only)							
		WC	Acronym		Equipment No.		EC	Work Order No.	
See Instructions on Reverse								Number of Pages	
5. To: Susan W. Medico Purchasing, Room 4541					6. From: (Facility Name, Address and ZIP + 4) Pricing, Marketing Systems 475 L'Enfant Plaza, Room 6670 Washington, DC 20260-2406				
7. Complete Delivery Address Pricing 475 L'Enfant Plaza, Room 6670 Washington, DC 20260-2406					8. For Information Call				
					a. Name Ashley Lyons		b. PEN/COMM Telephone Number 202 268-3119		
9. Budget Finance No. 10-2544	10. Prop. Acct. Fin. No.	11. Acct. No.	12. FEDSTRIP Address Code	13. CAG	14. PCN	15. Requestor <input type="checkbox"/> VMF <input checked="" type="checkbox"/> Other		16. ID No.	
17. Description									
PSN, NSN, PSIN or Part Number (a)	Supplies, Services or Equipment Requested (b)			Quantity (c)	Unit (d)	Unit Price (e)	Estimated Cost (f)		
	Consulting Services and Surveys Price Waterhouse LLP 1616 North Fort Meyer Drive Arlington, VA 22209-3100					110,000.00			
ATTACHMENT 1 TO RESPONSE TO OCA/USPS-T24-35, PAGE 1									
18. Justification To conduct surveys and assist in the development of new fees for special services.									
19. Suggested Source of Supply Price Waterhouse LLP 1616 North Fort Meyer Drive Arlington, VA 22209-3100									
20. Requesting and Approval Signatures									
a. Requested By W. Ashley Lyons Manager, Pricing National Center Approval			b. Approved By John H. Ward Vice President, Mktg Systems Division Approval			c. Certifying Funds Available Amount Signature 			
			e. Division Approval			f. Other Approval			
21. Source of Supply					22. Contract/Order Number				
23. Notes					24. Order Date				
Procurement Use Only									

USPS TASK ORDER

CONTRACTOR: Price Waterhouse LLP 1616 North Fort Myer Drive Arlington, VA 22209-3100 Attention: Philip A. Hatfield	TASK ORDER NO. 	EFFECTIVE DATE 12/27/95
	CONTRACT NO. 102590-95-H-3094	SEQUENCE NO. 001 (TASK 10)
TYPE OF TASK ORDER Time and Materials	PROJECT NO. 	ACCOUNT NO. 52321
TASK TITLE Post Office Box Fee Increases	FINANCE NO. 	

PART A *(to be completed by USPS -- use additional sheets as necessary)*

I. DEFINITION OF PROBLEM See attached statement of work. <div style="text-align: right; margin-top: 20px;"> ATTACHMENT 1 TO RESPONSE TO OCA/USPS-T24-35, PAGE 2 </div>
II. WORK TO BE PERFORMED See attached statement of work.
III. PERSONNEL REQUIREMENTS See attached statement of work.
IV. PERIOD OF PERFORMANCE December 27, 1995 through March 31, 1996.
V. FURNISHED MATERIALS <i>(include dates)</i> See attached statement of work.
VI. DELIVERABLE ITEMS See attached statement of work.

USPS Task Order _____
Contract No. 102590-95-H-3094
Attachment A

Post Office Box Fee Increases

I. Introduction

Post Office Boxes and Special Services provide significant revenue for the U.S. Postal Service. The Postal Service seeks to improve revenue by increasing fees over 25 percent to reflect the competitive market position and the cost of providing Post Office boxes. In addition, the Postal Service seeks to increase the fees charged for selected Special Services. Extensive analysis and assistance is needed to determine how this is to be done.

II. Workplan

Subtask 1: Special Services

The contractor will analyze specific Special Service issues. This analysis will support the Postal Service as it develops presentations and testimony. The contractor will perform various other tasks as requested.

Two Special Services merit immediate attention: Insurance and Certified Mail.

Insurance:

The contractor will determine the maximum amount of insurance that customers would like to purchase. Presently, the maximum amount is \$600. There is some evidence that customers would prefer the maximum amount to be \$5,000. To verify this, the contractor shall conduct a limited telephone survey of mailers who purchase insurance to determine the maximum amount they would wish to purchase. The contractor will work with the Postal Service to determine appropriate mailers to survey and information to collect.

In addition, the contractor will determine market rates for this insurance. This will be done by identifying parcel insurers and determining the rates they charge for this insurance. As appropriate, the contractor may be asked to determine the economic implications of various rates charged and pay-out scenarios.

Certified Mail:

The contractor will conduct a short telephone survey of companies believed to be users of Certified Mail. The purpose of this survey will be to identify their use and knowledge of the product and possible alternatives. The Postal Service will supply the sample of companies to call. The contractor will develop a method of identifying the appropriate person(s) to talk with at each company and collect this information.

Subtask 2: Post Office Boxes

The contractor will assist in the development of new fees for Post Office Boxes. The contractor will perform analysis, develop materials, provide advice and insight, prepare rate case filings, and assist in the development of testimony. The contractor will perform various other tasks as requested.

III. Deliverables

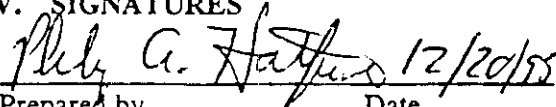
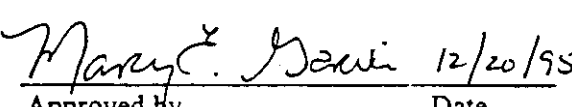
Specific deliverables and schedules will be determined with the Postal Service on an *ad hoc* basis. They will include the case development and testimony to support a March 11 rate case filing.

IV. Schedule

The project will begin December 27, 1995 and end on March 31, 1996.

Contract No. 102590-95-H-3094
USPS Task Order _____

PART B (to be completed by contractor - use additional sheets as necessary)

I. LABOR ESTIMATES					
<u>Labor Category</u>	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>		
Partner					
Director					
Principal Consultant II					
Principal Consultant I					
Consultant II					
Consultant I					
Clerical					
Total Amount			\$109,679.40		
II. MATERIALS AND MISCELLANEOUS ESTIMATE					
<u>Item</u>					<u>Amount</u>
Miscellaneous Expenses					\$0.00
Total Amount					\$0.00
III. TRAVEL ESTIMATE					
<u>No. Trips</u>	<u>Avg. No. Days</u>	<u>From</u>	<u>To</u>	<u>Amount</u>	
				\$0.00	
Total Amount					\$0.00
IV. COST AGGREGATE				<u>Amount</u>	
		Totals of I, II, & III above		\$109,679.40	
		Burden (if any) 5% of II+III		\$0.00	
		G&A		\$0.00	
		Shared Cost		\$0.00	
		Cost of completing project		\$109,679.40	
V. SIGNATURES					
 Prepared by _____ Date 12/20/95		 Approved by _____ Date 12/20/95			

PART C (to be completed by USPS)

Authorization to Proceed	
Cost not to exceed \$	_____
USPS Contracting Officer	Date _____

PART D (to be completed by contractor)

Acknowledgement and Acceptance	
Approved By	Date _____

RESPONSE OF UNITED STATES POSTAL SERVICE TO INTERROGATORY
OF THE OFFICE OF THE CONSUMER ADVOCATE
(REDIRECTED FROM WITNESS LION)

OCA/USPS-T24-37. Please refer to the excel file "caller service," sheet "Key Parameters," and footnote (5) in LR-H-107, which refers to "USPS LR-SSR-104."

- a. Please confirm that the "Total Number of Firms or Callers" from USPS LR-SSR-104 is 43,305. If you do not confirm, please explain.
- b. Please provide the source for the figure, 44,045, the "Total Number of Firms or Callers" from LR-H-107.
- c. Please explain the discrepancy between the figure, 44,045, the "Total Number of Firms or Callers" from LR-H-107, and the figure from part a. above.

RESPONSE:

- a. Confirmed
- b. & c.

In response to the errata to witness Lion's number of caller service separations (USPS-T-24, Table 9B), filed on August 14, 1997, the "Total Number of Firms or Callers" in LR-H-107 will be revised to 39,115. This figure is less than the 43,435 in LR-SSR-104 because of the impact of the Docket No. MC96-3 caller service fee change for some Group D customers. As will be shown in a revised footnote 5 on page 10 of LR-H-107, the 39,115 is not taken from LR-SSR-104, but instead is calculated by dividing witness Lion's revised number of separations by the number of separations per caller in LR-H-207.

RESPONSES OF UNITED STATES POSTAL SERVICE TO
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ADVOCATE, REDIRECTED FROM WITNESS LION

OCA/USPS-T24-48. Please refer to your testimony at page 1, lines 17-22.

- a. Please provide the number of city delivery routes during each of the past five fiscal years.
- b. Please provide the number of rural delivery and highway contract routes during each of the past five fiscal years.

RESPONSE:

- a-b. See the TOTAL lines in the Responses to OCA/USPS-T24-49.

RESPONSES OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER
ADVOCATE, REDIRECTED FROM WITNESS LION

OCA/USPS-T24-49. Please refer to your testimony at page 1, lines 17-22.

- a. Please provide the number of city delivery routes by CAG during each of the past five fiscal years.
- b. Please provide the number of rural delivery and highway contract routes by CAG during each of the past five fiscal years.

RESPONSE:

a.	<u>CAG</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
	A	--	48035	48629	--	xxxx
	B	--	22388	22277	--	xxxx
	C	--	40098	42211	--	xxxx
	D	--	15651	16447	--	xxxx
	E	--	16795	17403	--	xxxx
	F	--	7859	8153	--	xxxx
	G	--	4314	4375	--	xxxx
	H	--	1129	1174	--	xxxx
	J	--	131	143	--	xxxx
	K	--			--	xxxx
	L	--			--	xxxx
	TOTAL	157386	156400	60812	168812	167813

Generally speaking, counts of city carrier routes by CAG are not retained. Counts of routes by CAG for FY 1993 and FY 1994 were obtained from ORFEO files. The ORFEO file for FY 1992 is no longer available. With the implementation of MEPs in FY 1995, the ORFEO frame was no longer updated, so usable counts are not available for FY 1995. Programming problems have been encountered in trying to obtain counts by CAG from a different source for FY 1996. This response will be supplemented when that information becomes available, which is expected to happen within one week.

Aggregate counts routes for FY 1993 and FY 1994 may not agree with other sources of similar data due to different sources and when files were created, and also perhaps because of the inclusion or deletion of various small categories of route types.

RESPONSES OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER
ADVOCATE, REDIRECTED FROM WITNESS LION

b.	<u>CAG</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
	A	1448	1510	1695	1644	1727
	B	1807	1857	2050	1889	2229
	C	5358	5528	6025	6011	6666
	D	3667	3783	4086	4385	4470
	E	7639	7852	8456	8373	8884
	F	6870	7014	7437	7715	7940
	G	7300	7430	7813	7796	8298
	H	5698	5742	6011	6276	6439
	J	4660	4686	4834	5032	5172
	K	3806	3792	3845	4001	4059
	L	58	56	48	51	42
	TOTAL	48311	49250	52300	53173	55926

The counts of routes shown above may differ slightly from counts shown in other sources. Differences may be due to the time of source file creation and the inclusion or deletion of various small categories of route types. These figures may or may not include HCR routes. Comprehensive Statements on Postal Operations indicate approximate counts of HCR delivery routes for the fiscal years 1992 through 1996, respectively, as follows: 5,684; 5,843; 5,740; 5,600; and 6,200.

RESPONSES OF UNITED STATES POSTAL SERVICE TO
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ADVOCATE, REDIRECTED FROM WITNESS LION

OCA/USPS-T24-50. Please refer to your testimony at page 1, lines 17-22.

- a. Please provide the number of city delivery carriers during each of the past five fiscal years.
- b. Please provide the number of rural delivery and highway contract carriers during each of the past five fiscal years.

RESPONSE:

- a-b. No counts of highway contract carriers, as distinct from highway contract routes, have been located. The counts of city and delivery carriers the 1996 Postal Service Annual Report appear below.

	<u>1996</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>	<u>1992</u>
City Carriers	238,370	239,877	229,138	211,893	223,088
Rural Carriers	48,340	46,113	45,049	43,694	43,283

RESPONSES OF UNITED STATES POSTAL SERVICE TO
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ADVOCATE, REDIRECTED FROM WITNESS LION

OCA/USPS-T24-51. Please refer to your testimony at page 1, lines 17-22.

- a. Please provide the number of city delivery carriers by CAG during each of the past five fiscal years.
- b. Please provide the number of rural delivery carriers by CAG during each of the past five fiscal years.

RESPONSE:

The only data available are from the last three years. Attachment 1 to the Response to this interrogatory provides counts of city and rural carriers by CAG for accounting period 12 in 1997, 1996 and 1995, as reported by the Minneapolis Information Services Center. The "D/A" codes used as column headings correspond as follows to respective types of carriers.

<u>D/A Code</u>	<u>Description</u>
13-4	Full time city carriers
33-4	Part time regular city carriers
43-4	Part time flexible city carriers
63-4	Casual city carriers
71-1	Full time rural carriers
72-0	Substitute rural carriers on vacant routes
73-0	Substitute rural carriers
75-0	Relief/replacement rural carriers
77-0	Auxiliary rural carriers
79-0	Casual rural carriers

AP 12-97 COUNT SELECTED D/A'S BY CAG

	D/A	D/A	D/A	D/A	D/A	D/A	D/A	D/A	D/A
	13-4	33-4	43-4	63-4	71-0	72-0	73-0	75-0	77-0
A	66,027	597	6,969	2,018	1,628		2	18	1
B	31,409	220	3,393	969	2,009		3	34	1
C	51,787	156	6,996	1,456	5,868		10	72	3
D	19,495	43	3,382	554	3,988		5	64	3
E	20,629	44	4,396	591	8,189	1	20	107	9
F	8,252	10	2,800	271	7,144		21	131	7
G	3,383	3	2,060	150	7,398		37	163	15
H	720		683	35	5,564		39	138	24
J	64		109	6	4,416		40	136	26
K	7		7		3,574	1	63	128	14
L					35		1	4	2

Attachment 1, p.1

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AP 12-96 COUNT SELECTED D/A'S BY CAG

CAG	D/A 13-4	D/A 33-4	D/A 43-4	D/A 63-4	D/A 71-0	D/A 72-0	D/A 73-0	D/A 75-0	D/A 77-0	D/A 79-0
A	66,119	526	7,260	1,559	1,458		2	24	1	153
B	32,117	205	3,467	659	1,902		4	39		198
C	54,975	124	7,448	1,189	5,664		14	93	2	662
D	19,608	27	3,450	402	3,867		7	76	4	423
E	20,410	26	4,435	495	7,675		24	123	12	867
F	8,312	11	2,824	239	6,917		27	146	8	803
G	3,475		2,133	132	7,171		49	190	19	913
H	733		710	36	5,495		52	179	28	789
J	72		116	10	4,412		61	154	27	640
K	1		5		3,630		82	164	18	328
L					38		1	3		2

Attachment 2, p. 3

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PAGE 2

AP 12-96 COUNT SELECTED D/A'S BY CAG

CAG	D/A	D/A	D/A	D/A	D/A	D/A	D/A	D/A	D/A
	13-4	33-4	43-4	63-4	71-0	72-0	73-0	75-0	77-0
	205,902	919	31,848	4,721	48,229		323	1,191	119
									5,778

9285

Attachment 2, p. 4

9286

CAG	D/A	13-4	33-4	43-4	63-4	71-0	72-0	73-0	75-0	77-0	79-0
A	66,512	385	7,338	1,468	1,368	2	68	2	2	148	
B	30,177	172	3,335	695	1,621	3	74	1	158		
C	55,853	107	7,754	1,101	5,121	18	232	3	571		
D	20,300	24	3,722	381	3,772	9	195	6	427		
E	20,801	19	4,700	484	7,266	31	380	13	741		
F	8,347	6	2,870	207	6,724	33	365	16	737		
G	3,555		2,172	131	6,780	56	378	25	812		
H	728		711	40	5,379	72	320	42	712		
J	74		123	6	4,384	73	251	33	536		
K	2				3,647	92	243	21	259		
L											

Attachment 1, p. 5

AP 12-95 COUNT SELECTED D/A'S BY CAG

CAG	D/A	D/A	D/A	D/A	D/A	D/A	D/A	D/A	D/A	D/A
	13-4	33-4	43-4	63-4	71-0	72-0	73-0	75-0	77-0	79-0
206,349	713	32,732	4,513	46,109	2	392	2,512	162	5,102	

Attachment I, p. 6

RESPONSES OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER
ADVOCATE, REDIRECTED FROM WITNESS LION

OCA/USPS-T24-52. Please refer to your testimony at page 1, lines 17-22.

- a. Please define city delivery.
- b. Please define Rural delivery.
- c. Please describe the features that distinguish a city delivery route from a rural delivery route and a rural delivery route from a city delivery route.

RESPONSE:

- a. "City delivery" refers to services provided by city letter carriers, on city letter routes.
- b. "Rural delivery" refers to services provided by rural letter carrier, on rural routes.
- c. City and rural delivery differ primarily on the basis of craft jurisdiction and method of compensation. City letter carriers are represented by the National Association of Letter Carriers. City letter route assignments are normally structured to required 8 hours of work for full time regular employees, less for auxiliary routes carried by part-time flexible or casual employees. Employees are compensated at an hourly rate for actual hours worked, and overtime is payable for work in excess of 8 hours per day or 40 hours per week.

Rural carriers are represented by the National Rural Letter Carriers' Association. Regular routes are normally structured to require between 39 and 58 hours of work over a six day week, based on specific time standards applied to measured or "evaluated" workload elements like miles traveled, boxes served and mailpieces, by type. Regular carriers may work each of the six days ("H" route status), or receive one day off per pay period or week to limit the total workhours required (larger "J" or "K" routes, respectively). Auxiliary routes normally

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evaluate less than 39:00 hours per week. With some limited exceptions, rural carriers receive salary reflecting the average measured workload or "evaluated" hours, even though their actual workloads and workhours will vary on a daily basis. Mileage or "M" routes form an exception to this compensation structure. M routes have an evaluated value, but compensation for their assigned carriers is grandfathered based on their required miles of service. As these routes are vacated, M status is eliminated and carriers are compensated in accordance with the evaluated salary schedule, as appropriate. There are only 70 M routes remaining at this time.

The "L" designator may be applied to all rural route types (A, H, J, K and M). It denotes a box density of 12.0 per mile or greater as a result of a mail count, for that particular route, and therefore a different time standard applied to regular-type mailboxes.

As indicated above, the term "rural delivery" is a reflection of a work structure and compensation system, and not a limitation to a particular customer base or geographic delivery area. Rural routes historically existed in "rural" areas. However, rural delivery service meets customer needs in an efficient and cost effective manner and is normally continued as areas grow and develop. Consequently, rural delivery is commonplace in all types of communities and delivery situations, including suburban, high-density, high-rise, and corporate office settings.

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Conversely, city routes rarely occur in sparsely populated areas. Rural carriers are often characterized as a "post office on wheels" because they maintain stamp stock for sale to customers at their boxes. They also provide a variety of retail services, including the sale of money orders, acceptance of parcels for weighing and rating, and acceptance of items for registry. While customers of city routes can purchase stamps by mail or phone, city carriers do not provide the same degree of retail services as rural carriers.

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OCA/USPS-T24-53. Please refer to your testimony at page 1, lines 17-22.

- a. Please define highway contract delivery.
- b. Please confirm that highway contract delivery is a form of rural carrier delivery. If you do not confirm, please explain.
- c. Please confirm that the costs of highway contract delivery are contained in Cost Segment 10. If you do not confirm, please explain.

RESPONSE:

- a-b. Rural carriers are postal employees. Rural routes are evaluated, compensated and administered in accordance with a labor agreement, handbooks and manual references specific to rural delivery. Highway contract delivery is not a form of rural carrier delivery. Highway contract carriers are independent contractors rather than postal employees, whose workloads and routes are documented and compensated through an entirely different channel: contracts.
- c. Redirected to witness Alexandrovich.

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OCA/USPS-T24-54. Please refer to your testimony at page 1, lines 17-22.

- a. Please explain how the Postal Service determines whether postal customers receive city or rural delivery service. Please identify and explain all factors in making this determination.
- b. Please identify the final decision authority for determining whether postal customers receive city or rural delivery service.
- c. Please provide, and file as a library reference, any guidelines, manuals or other documents that assist in the determination whether postal customers shall receive city or rural delivery service.

RESPONSE:

- a. Generally, the Postal Service tries to meet customer needs in the most efficient manner possible through its coherent and cohesive service structure. Many factors can be involved in determining whether customers receive city or rural delivery service, and decisions vary based on their relative significance in a particular situation. Unfortunately, it is impossible to define every possible consideration and outcome, but factors include: the total number of customers requiring service in the immediate, near and long terms; any plans for further development; the location of the area to be served in relation to existing ZIP Code and municipal boundaries; the location in relation to existing city or rural service; accessibility of the location from existing lines of carrier travel; any ability of existing assignments to absorb the workload; the availability and suitability of support equipment; expected mail type, volume characteristics and customer needs; the cost of providing service; and impacts on scheduling and staffing.
- b. Establishment of city delivery service is considered when the essential requirements of POM (Issue 7) § 641.2 a. - h. have been met. Establishment of

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city delivery service must be approved by District Managers, Customer Service and Sales or their designees, POM §§ 641.2, 641.3. Extension of city delivery service in accordance with POM § 642.2 can be approved by local postmasters. However, this does not preclude Districts from requiring postmasters to submit requests for extensions of city delivery service for review so as to ensure consistency with established post office boundaries, sort plans, municipal identity concerns, growth management plans, or similar factors. Any conversion of existing city delivery service to rural delivery service must be approved by the district manager, POM § 644.1. Establishment or extension of rural delivery service is considered and approved by the district manager or designee, POM §§ 652.421 and 653.7.

Any conversion of existing rural delivery service must be approved by the district manager, except when cost is the basis of conversion, in which case an Area review is required, POM §§ 654.1, 654.21(d).

- c. Responsive material is provided in library reference H-240.

RESPONSES OF UNITED STATES POSTAL SERVICE TO
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OCA/USPS-T24-55. Please refer to your testimony at page 1, lines 17-22.

- a. Please explain how the Postal Service determines where to locate new post offices to serve postal customers. Please identify and explain all factors in making this determination.
- b. Please explain how the Postal Service determines whether to expand an existing post office, or build a new post office, to service postal customers.
 - (i) Please identify and explain all factors in making this determination.
 - (ii) What role do mail volume and revenue play in determining whether to expand an existing post office.
- c. Please identify the final decision authority for determining whether to expand existing post offices, or build new post offices, to serve postal customers.
- d. Please provide, and file as a library reference, any guidelines, manuals or other documents that assist the final decision authority in determining whether to expand existing post offices, or build new post offices, to serve postal customers.

RESPONSE:

- a. There are a number of postal facility types or functions but the two most common are Customer Service Facilities (CSF), which are retail centers, and Processing & Distribution Centers (P&D) that are major mail sorting facilities.

All are site acquisition projects, whether owned or leased, and begin with a Request for Services (RFS) from Operations to Facilities for a new or expanded facility to meet a current or future operational need. The request is the culmination of a study showing that a particular facility is no longer adequate or is based upon a lease expiration when the owner refuses to renew it. The RFS is a space requirements package that sets certain parameters such as the preferred area, the ideal site, and building size.

The preferred area is the delivery area served by the facility. For CSF facilities,

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the new building is ideally located in the center of this area to equalize driving distances for carrier routes. From a practical standpoint, the center may be in the middle of a residential subdivision, so the most common placement would be in a commercial zone, or business hub, closest to the center of the delivery area. New site, building, and parking requirements arise from population growth; new or expanded routes necessary to meet local community needs; new automation equipment that will not fit in the present space; or environmental, fire and safety codes, or handicap accessibility issues.

P&D Centers are generally located in industrial areas and along major transportation routes such as interstate highways or major roads since much of the operation is served by heavy truck traffic.

Another type of postal building is the Air Mail Facility which is located at airports. Also, a Carrier Annex is generally located away from the downtown business district, preferably in industrial areas. Finally, there are stations and branches which are the extensions of Main Post Offices.

In choosing a site within a defined area, the Postal Service will look for locations that provide the best overall "package", looking at location, access, topography, subsurface conditions, improvement costs, zoning, environmental, expressed community wishes, as well as the negotiated acquisition or lease costs. A low cost site is generally no bargain if, for example, it is located in a wetlands area or

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is far removed from the business district or major transportation routes.

Additionally, a less favorable location may result in higher transportation or carrier costs throughout the life of the facility. In many cases, operational and customer benefits outweigh all other factors. The Postal Service strives to obtain those locations that provide the best overall value for the dollar and allow it to meet its operational and/or customer service needs.

- b. Although the RFS identifies the ideal site size and building space requirements, first consideration in meeting new space requirements is through expansion of the existing facility; including acquiring additional adjacent land as necessary to meet site and parking needs. If it is physically impossible to expand or acquire sufficient land around the building, consideration is next given to advertising for an existing building and/or land to construct a new facility, preferably in close proximity to the present office but always within the identified preferred area.

Factors considered when expanding include acquisition cost of adjacent property, facility and engineering costs, and expectations of operational requirements verses costs to acquire and construct a new facility.

Mail volume is a factor, but only as it relates to area population growth or the need and ability to install automated equipment in the existing facility. Revenue generated at a facility is not a factor in the decision to expand or relocate.

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- c. Based on the idealized site and building size in the RFS, Facilities will *recommend to the appropriate Operational office that the existing facility can be economically expanded to meet new space requirements. If approved, the project is converted to an expansion project.*

For new construction or Alternate Quarters leased projects costing less than \$2,500,000, site locations are approved by a Site Review Committee consisting of the following postal members: District Manager (CSF)/Plant Manager (P&D), or designee Manager; Facilities Service Office (FSO)/Major Facilities Office(MFO), or designee Postmaster.

If the project is planned as postal-owned or lease/alternate quarters and the total project costs exceed \$2,500,000, but less than \$5,000,000, the Vice President, Area Operations, or designee, is added as a voting member of the Committee.

If the facility project costs exceeds \$5,000,000, voting members of the Site Review Committee consists of: Vice President, Area Operations, or designee; Manager, Planning & Approval (Headquarters), or designee; Manager, Human Resource (Area Office), or designee; Manager, FSO/MFO, or designee; District Manager/Plant Manager, or designee.

New construction projects exceeding \$5,000,000 but less than \$7,500,000 are approved by Postal Service's Chief Operating Officer.

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Projects exceeding \$7,500,000 but less than \$10,000,000 are approved by the Postmaster General.

All projects exceeding \$10,000,000 are approved by the Board of Governors.

- d. Materials responsive to this interrogatory are filed as library reference H-241. This library reference will be supplemented with a copy of RE-1, *Realty Acquisition and Management*, when it arrives in the next week. (A copy had to be ordered.)

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OCA/USPS-T24-56.

This interrogatory was redirected to witness Alexandrovich.

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ADVOCATE, REDIRECTED FROM WITNESS LION

OCA/USPS-T24-57. Please refer to your testimony at page 1, lines 17-22.

- a. Please confirm that there are three types of "evaluated" routes for rural carriers: H Routes, J Routes, and K Routes. If you do not confirm, please explain.
- b. Please confirm that there are two types of "other" routes for rural carriers: Mileage (M) Routes, and Auxiliary (A) Routes. If you do not confirm, please explain.
- c. Please confirm that all "evaluated" routes and the auxiliary routes are designated as "L" routes and "Non-L" routes depending on rural box density.
- d. Please confirm that "L" routes have 12 or more boxes per mile and "Non-L" routes have fewer than 12 boxes per mile. If you do not confirm, please explain.
- e. Please confirm that "L" routes can be found in every CAG. If you do not confirm, please explain.
- f. Please confirm that "Non-L" routes can be found in every CAG. If you do not confirm, please explain.
- g. Please provide the number of "evaluated" and auxiliary routes designated as "L" routes and "Non-L" routes, and the percent of "L" routes and "Non-L" routes to the total number of routes, for each CAG during each of the past five fiscal years.

RESPONSE:

a-d. See the Response to OCA/USPS-T24-52.

- e-f. Generally, any type of rural route routinely occurs in post offices in CAG A through CAG K. It is conceivable, but much less likely, that any type of rural route could also occur in a CAG L office, since the workload represented by a rural route is normally associated with sufficient revenues, workloads, and hours of operation to push a CAG L office up to CAG K or greater.
- g. In the tables which follow there are two lines of data for each CAG and route category combination. The top line shows the number of routes, and the bottom line, its percent of total routes.

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ADVOCATE, REDIRECTED FROM WITNESS LION

NOTE: Counts of routes shown may differ slightly from counts shown in previously supplied documents. Differences may be due to the time of source file creation and the inclusion or deletion of various small categories of route types.

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	FY 96		
	<u>H, J, K, & A. ROUTES</u>		<u>OTHER</u>
	<u>L</u>	<u>NON-L</u>	
A	1357	370	0
	2.43	0.66	0.00
B	1482	747	0
	2.65	1.34	0.00
C	4187	2479	0
	7.49	4.43	0.00
D	2694	1776	0
	4.82	3.18	0.00
E	4857	4027	0
	8.68	7.20	0.00
F	3532	4405	3
	6.32	7.88	0.01
G	3082	5210	6
	5.51	9.32	0.01
H	1456	4971	12
	2.60	8.89	0.02
J	492	4659	21
	0.88	8.33	0.04
K	90	3923	46
	0.16	7.01	0.08
L	0	40	2
	0.00	0.07	0.00
SUM	23229	32607	90
	41.54	58.30	0.16

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	FY 95		
	<u>H. J. K. & A ROUTES</u>		<u>OTHER</u>
	<u>L</u>	<u>NON-L</u>	
A	1282	362	0
	2.41	0.68	0.00
B	1275	614	0
	2.40	1.15	0.00
C	3774	2236	1
	7.10	4.21	0.00
D	2666	1719	0
	5.01	3.23	0.00
E	4439	3934	0
	8.35	7.40	0.00
F	3465	4248	2
	6.52	7.99	0.00
G	2866	4922	8
	5.39	9.26	0.02
H	1368	4894	14
	2.57	9.20	0.03
J	467	4536	29
	0.88	8.53	0.05
K	84	3855	62
	0.16	7.25	0.12
L	0	48	3
	0.00	0.09	0.01
SUM	21686	31368	119
	40.78	58.99	0.22

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	FY 94		
	<u>H. J. K. & A ROUTES</u>		<u>OTHER</u>
	<u>L</u>	<u>NON-L</u>	
A	1337	358	0
	2.56	0.68	0.00
B	1404	646	0
	2.68	1.24	0.00
C	3841	2183	1
	7.34	4.17	0.00
D	2494	1592	0
	4.77	3.04	0.00
E	4669	3787	0
	8.93	7.24	0.00
F	3230	4204	3
	6.18	8.04	0.01
G	2883	4923	7
	5.51	9.41	0.01
H	1251	4742	18
	2.39	9.07	0.03
J	404	4400	30
	0.77	8.41	0.06
K	69	3710	66
	0.13	7.09	0.13
L	0	44	4
	0.00	0.08	0.01
TOTAL	21582	30589	129
	41.27	58.49	0.25

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	FY 93		
	<u>H, J, K, & A ROUTES</u>		<u>OTHER</u>
	<u>L</u>	<u>NON-L</u>	
A	1147	363	0
	2.33	0.74	0.00
B	1202	655	0
	2.44	1.33	0.00
C	3391	2136	1
	6.89	4.34	0.00
D	2204	1579	0
	4.48	3.21	0.00
E	4112	3740	0
	8.35	7.59	0.00
F	2841	4168	5
	5.77	8.46	0.01
G	2560	4859	11
	5.20	9.87	0.02
H	1047	4658	37
	2.13	9.46	0.08
J	359	4285	42
	0.73	8.70	0.09
K	57	3653	82
	0.12	7.42	0.17
L	1	50	5
	0.00	0.10	0.01
TOTAL	18921	30146	183
	38.42	61.21	0.37

RESPONSES OF UNITED STATES POSTAL SERVICE TO
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	FY 92		
	<u>H, J, K, & A ROUTES</u>		<u>OTHER</u>
	<u>L</u>	<u>NON-L</u>	
A	1098	350	0
	2.27	0.72	0.00
B	1149	658	0
	2.38	1.36	0.00
C	3254	2103	1
	6.74	4.35	0.00
D	2123	1544	0
	4.39	3.20	0.00
E	3964	3675	0
	8.21	7.61	0.00
F	2742	4122	6
	5.68	8.53	0.01
G	2470	4817	13
	5.11	9.97	0.03
H	991	4661	46
	2.05	9.65	0.10
J	342	4268	50
	0.71	8.83	0.10
K	60	3641	105
	0.12	7.54	0.22
L	1	52	5
	0.00	0.11	0.01
TOTAL	18194	29891	226
	37.66	61.87	0.47

RESPONSES OF UNITED STATES POSTAL SERVICE TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER
ADVOCATE, REDIRECTED FROM WITNESS LION

OCA/USPS-T24-58. Please refer to your testimony at page 1, lines 17-22.

- a. Please confirm that the number of K routes has increased as a percent of total rural routes, while H routes have decreased as a percent of the total, during each of the past five fiscal years. If you do not confirm, please explain.
- b. Please explain the reason for, and the significance of, the increase (if any) in the number of K routes as a percent of total rural routes.
- c. Also, please explain the reason for, and the significance of, the decrease (if any) in the number of H routes as a percent of total rural routes.

RESPONSE:

- a. Substantially confirmed. While there has been an increase, only four of the five previous years have actually exhibited increases over the previous year.
- b-c. The recent changes in the balance of route types reflect preparation for a more fully automated mail stream. Without this type of preparation, the Postal Service would be more likely to end up with a plethora of underburdened routes and/or excess employees.

OCA/USPS-T24-73. Please refer to your testimony at page 1, lines 17-22.

- a. Please confirm that "contract postal units" (herein contract stations) can be grouped by the type of carrier delivery service provided, i.e., as a city delivery office, a non-city delivery office, or a nondelivery office. If you do not confirm, please explain.

RESPONSE:

- a. Confirmed, in the sense that contract postal units, like classified stations and branches, are categorized by the type of carrier delivery provided by the administering post office.

RESPONSE OF UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF THE OFFICE OF THE
CONSUMER ADVOCATE, REDIRECTED FROM WITNESS LION

OCA/USPS-T24-92. Please refer to the supplement to LR-H-188, Workbook "Cost98.xls," Sheet "Unit Costs."

- e. Please explain why the Postal Service does not treat the attributable allocated costs of Fee Group E as an institutional cost.

RESPONSE:

- e. Fee Group E post office box volume variable costs are incurred in the same manner as any other fee group post office box volume variable costs. Total post office box volume variable costs vary directly and indirectly with changes in mail volume. See Patalunas response to OCA/USPS-T15-14. There is no reason to treat Fee Group E volume variable costs any differently from the other fee groups' volume variable costs.