

DOCKET SECTION

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Docket No. R97-4

POSTAL RATE AND FEE CHANGES, 1997

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE OFFICE OF THE CONSUMER ADVOCATE WITNESS THOMPSON
(USPS/OCA-T100-11-23)

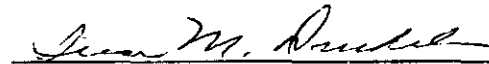
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure and rule 2 of the Special Rules of Practice, the United States Postal Service directs the following interrogatories and requests for production of documents to the Office of the Consumer Advocate witness Thompson: USPS/OCA-T100-11-23.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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January 13, 1998

USPS/OCA-T100-11. Please refer to OCA-LR-4; the narrative on pages 25 and 26 of OCA-LR-4 discusses the PESSA cost factors, including the citation to USPS-T-5, Workpaper A-1 at 138-140.1.

- a. Please confirm that on both pages 25 and 26, component number 572 is defined as the Postal Service's "total rental value" factor.
- b. Please confirm that on pages 137-138.1 of USPS-T-5, Workpaper A-1, component number 562 is defined as the Postal Service's "Total Rental Value".
- c. Is 572 or 562 the correct component number to refer to in OCA-LR-4?
- d. Refer to the following sentences: "As a means of verifying the Postal Service's distribution keys, the Commission's model builds its own distribution keys. Therefore, each Postal Service component (555, 572, 1297, 1298, and 1299) is input into the model as a percent of total. The Postal Service's data for components 555, 572, 1297, 1298, and 1299 is input into the EXCEL spreadsheet DISTKEY.XLS...".
 1. In the list of Postal Service components discussed in the second and third sentences, should component 572 be component 562? If not, please explain fully.
 2. Please explain fully how inputting the Postal Service's factors as percents verifies the Postal Service's distribution keys. Please show all calculations and comparisons used in the verification process.

USPS/OCA-T100-12. Please refer to OCA-LR-4, page 31, Section C, which states in part: "[w]hen COSTMOD.EXE runs, the segment 3 differential pay costs are input into the Commission's cost component 301. Prior to running COSTMOD.EXE, component 301 is equivalent to the Postal Service's component 546. After

COSTMOD.EXE runs, the costs in component 301 are adjusted to reflect the Postal Service's component 35 costs."

- a. Please confirm that executing COSTMOD.EXE serves as the vehicle by which differential pay costs are input into the Commission's cost component 301. If you do not confirm, please explain fully.
- b. Please confirm that after executing COSTMOD.EXE, there are additional steps by which the costs in component 301 are adjusted to reflect the Postal Service's component 35 costs. If you do not confirm, please explain fully.
- c. Please confirm that following these adjustments, the Commission's cost component 301 is identical to the Postal Service's component 35 and additionally, the equivalent of the Postal Service's component 546 ceases to be used. If you do not confirm, please explain fully.
- d. To your knowledge, does the Postal Service's cost model use components 35 and 546 differently? If so, please explain how they are used differently and provide documentation. If not, is component 546 unnecessary in the Postal Service's cost model?
- e. In the third paragraph, the following statement appears: "Di" calculates the incremental cost column *co/seg*'. Please define the use of the term "incremental cost column". Is this analogous to the incremental cost discussion in the testimony of Witness Takis, USPS-T-41 ?

USPS/OCA-T100-13. Please refer to OCA-LR-4, pages 35-36 and the following statements: "There are differences in the Postal Service's and the OCA's results. To more closely replicate Postal Service results, the following changes are made to the

OCA's BY96CP.FAC factor file...." OCA Factor Numbers 143, 156, 157 and 164 are then listed.

- a. For each of the components listed, please explain in detail the reason(s) for the differences.
- b. Was there any analysis performed to understand the causes of these differences? If the response is affirmative, please provide copies and documentation of all tests performed, all hypotheses tested and an estimate of the amount of time expended for each of the stages of the analysis. If the response is anything other than affirmative, please explain in detail the reasons why it was decided that these differences were not of such significance to warrant further study.
- c. Please list any differences other than Factor Numbers 143, 156, 157 and 164, whether due to rounding or any other reason, and explain how these differences were resolved. Please provide documentation for the analysis completed, the results and an estimate of the time expended on this effort.

USPS/OCA-T100-14. Please refer to OCA-LR-4, page 36, where it states: "[I]n the future, if a problem with distribution calculations occurs, start comparing the Commission's components in segment 22 with the Postal Service's Base Year data." In Docket No. MC96-3, PRC-LR-5, Part I and in Docket No. R97-1, OCA-LR-6, the only explanation provided for segment 22 is "Working Storage". How would a comparison of Commission components with Postal Service components proceed? Please provide a list of steps that would accomplish this comparison.

USPS/OCA-T100-15. Please refer to OCA-LR-4, page 36. Footnotes 14-17 cite USPS-T-5, Workpaper A-3 at 0.3 as the source of the amounts used to calculate OCA's Cost Model Inputs for components 143, 156, 157 and 164.

- a. Please confirm that USPS-T-5, Workpaper A-3 at 0.3 is the Postal Service's Base Year 1996 Factor Report.
- b. Please confirm that the calculations resulting in the Factor Report and the production of the Factor Report occur after the Postal Service's Manual Input Report is complete.
- c. Please confirm that the calculations resulting in the Factor Report and the production of the Factor Report occur after the Postal Service's A Report is complete.
- d. Please explain in detail how the OCA's cost model replicates the Postal Service's Peak Load Mail Processing Adjustments without relying on the output of the Postal Service's Factor Report. Please provide all workpapers and calculations.
- e. Please explain how the OCA's adjustments to its Cost Model Inputs verifies Postal Service data as indicated by title 2 on page 35: "A Comparison of the OCA's Peak Load Mail Processing Adjustments In BY96ACP.BIN Verifies Postal Service Data".
- f. Was any analysis done or OCA model executions performed using the OCA Calculated Results rather than the OCA Cost Model Inputs? If the response is

affirmative, please provide copies and documentation of all analysis and executions performed and an estimate of the amount of time expended for the analysis. If the response is anything other than affirmative, please explain in detail the reasons why it was decided that the differences were not of such significance to warrant further testing.

USPS/OCA-T100-16. Please refer to OCA-LR-4 and the following statement that appears on page 41: “[e]ach OCA file is a copy of a file used by the Commission in Docket No. MC96-3, PRC-LR-5”. Refer also to the end of section 2 on page 42 that describes the process of editing the Commission’s program to eliminate errors, resulting in the edited file “OCARIP1.DAT”.

- a. Please describe in detail all of the errors and problems that arose while attempting to update the Commission’s MC96-3 ripple file.
- b. Please provide all analyses performed to understand the errors and formulate solutions to the error messages. Please provide copies and documentation of all programming analysis, all tests performed, all edits, all hypotheses tested and an estimate of the amount of time expended for each of the stages of the analysis.

USPS/OCA-T100-17. Please refer to OCA-LR-4, pages 41-42. The following statement appears on page 41: “[f]or purposes of this documentation, the OCA’s “ripple” files are OCARIP1.DAT, OCARIP2.DAT and OCARIP3.DAT”. The following statement appears on page 42: “[s]ee library reference H-6 and H-4 for the commands

appropriate to the ripple files in this docket". For each line of code in the files:

OCARIP1.DAT, OCARIP2.DAT and OCARIP3.DAT:

- a. Please provide a complete explanation of each command in English. For example, please explain the expression "4,201,216,219,302,1,301" in English.
- b. Please provide the complete citation from USPS library references H-6 and H-4 for each line of code appearing in OCARIP1.DAT, OCARIP2.DAT and OCARIP3.DAT. For example, provide the complete source, including page number, for the commands appropriate for "4,201,216,219,302,1,301".

USPS/OCA-T100-18. Please refer to the following paragraph from page 44 of

OCA-LR-4:

"In the Commission's cost model, components 2201 to 2299 are used as temporary working storage. Therefore, each of the Commission's cost model printouts is compared with the Postal Service's data prior to executing another program command. At present, the data in components 2201 (22:1) to 2221 (22:21) successfully replicate USPS-T-5, Workpaper A-3, Factor Report at 76-84."

- a. Please explain fully what the term "prior to executing another program command" means. For instance, is the program halted at this point to verify the "temporary working storage" components 2201 to 2299?
- b. Does the term "each of the Commission's cost model printouts" mean every specific page of the Commission's model is compared to the Postal Service's model. If the response is anything other than affirmative, please provide a complete list of all of the "Commission's cost model printouts" that are compared.

- c. The terms “temporary working storage” and “[a]t present” indicate the transient nature of components 2201 to 2299. Did the initial comparison of components 2201 to 2221 show a successful replication of USPS-T-5, Workpaper A-3, Factor Report at 76-84? If the response is anything other than affirmative, please provide copies of all the printouts from the initial run to the final run that actually replicated the Postal Service’s results.
- d. Please provide an estimate of the amount of time expended for each of the stages of comparing and editing the Commission’s files to replicate the Postal Service’s results.

USPS/OCA-T100-19. Please refer to OCA-LR-4, pages 45 and 46.

- a. Please refer to the statement: “sum “7” components (301, 302, 303, 601, 602, 603, and 604) and store the results in component 2170. The seven components represent administrative clerk’s quality control and data collection costs.” Please confirm that the sum of these components is more than the total costs for clerk’s quality control and data collection costs. If you do not confirm, please explain fully.
- b. Please refer to the second line of code listed for SEG3SR.FAC:
“xs,2171,3,301,302,303” and the first sentence on page 46: “[t]he line
“xs,2171,4,301,302,303,306” instructs the computer to sum 4 components (301, 302, 303 and 306) and store the results in component 2171.”
 1. What is the correct line of code for SEG3SR.FAC?

2. Was either of the different lines of code the result of an earlier version of the OCA cost model? If the response is affirmative, please provide copies of all versions developed to arrive at the final version. If the response is anything other than affirmative, please provide an explanation for this apparent discrepancy.

USPS/OCA-T100-20. Please refer to the statement “a comparison of BY96BRP.BIN with the Postal Service’s data confirms that the results are comparable. USPS-T-5, Workpaper A-1, A Report at 30-40.1.”

- a. Does the term “comparable” mean equal to? If the response is anything other than affirmative, please provide the definition of “comparable” as used in this sentence. If possible, provide a quantitative definition, for instance, within a 2% difference.
- b. Please provide a complete list of all components compared with USPS-T-5, Workpaper A-1, A Report at 30-40.1 that are “comparable” and those that are identical.

USPS/OCA-T100-21. Please refer to the statement “some of the highlighted components contain zeros and cause program error messages” on page 49 of OCA-LR-4.

- a. Please provide a complete list of all “the highlighted components” that contain zeros and cause program error messages.
- b. Please provide a complete list of all non-highlighted components that contain zeros and cause program error messages.

- c. Please a complete explanation of why these components listed in response to (a) and (b) above caused program error messages.

USPS/OCA-T100-22. Please refer to footnote 18 on page 50 of OCA-LR-4.

- a. Please fully explain why this particular line of code “generates an error message if the batch file “startup.bat” is used to run the Commission’s cost model initially”, while apparently the other lines of code do not.
- b. Please fully explain what is different in the Commission’s model between the first program run and subsequent program runs that allow “STARTUP.BAT” to be used for the subsequent runs.
- c. Was an analysis performed to understand this particular error message? If the response is affirmative, please provide all analyses performed to understand what specifically caused this error message and formulate solutions to the error message. Please provide copies and documentation of all programming analysis, all tests performed, all edits, all hypotheses tested and an estimate of the amount of time expended for each of the stages of the analysis. If the response is anything other than affirmative, please provide the rationale for deciding that this error message was not worthy of investigation.

USPS/OCA-T100-23. Please refer to pages 51-54 of OCA-LR-4.

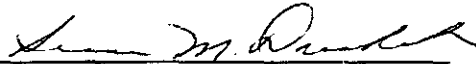
- a. Please confirm that the development of the 59.301% proportion of higher level supervisor variable costs occurs outside of the OCA cost model. If this is not

confirmed, please provide a detailed explanation of how it is accomplished and show where it is accomplished in the model.

- b. Please explain in detail why “[t]he Postal Service’s cost methodology changes require the addition of variability statements at the end of HLSDIST.FAC to reset program variabilities to 1 to eliminate previous variability settings.” In your explanation, please address which particular variabilities are being cited and how this modification of the Commission’s MC96-3 cost model was implemented.
- c. Please explain in detail how “[r]esetting variabilities in HLSDIST.FAC prepares the Commission’s programs for the roll forward process.” In your explanation, please address why these changes were required to replicate the Postal Service’s rollforward results and how this rollforward implementation differs from the base year implementation described in part b.
- d. Please provide copies and documentation of all programming analyses, all tests performed, all edits, all hypotheses tested and an estimate of the amount of time expended to implement these changes in the base year and the rollforward years.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.



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January 13, 1998