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

| POSTAL RATE AND FEE CHANGES, 1997 | Docket No. R97-4 |

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO THE OFFICE OF THE CONSUMER ADVOCATE WITNESS THOMPSON
(USPS/OCA-T100—26-39)

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—26-39.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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USPS/OCA-T100-26.   Please refer to OCA-LR-4, the first paragraph on page 68, and OCA-LR-6, page 12 of 12, of OCA's Updated Cost Roll-forward Model Component Titles and Numbers.

a. Please confirm that the component numbers noted in the paragraph on page 68 of OCA-LR-4 refer to the identical component titles and numbers listed on page 12 of OCA-LR-6. If you do not confirm, please provide the titles associated with the component numbers listed on page 68 of OCA-LR-4.

b. Please confirm that the Cost Segment 23 component list on page 12 of OCA-LR-6 includes "Seg. 2 Employee & Labor Relations 2301" and "Seg. 9 Special Delivery Fixed Attributable 2328", and these two components are not included in the list of components 2302 to 2327 of BY96LP.LR. If you do confirm, please fully explain why these two components are not included in BY96LP.LR. If you do not confirm, please explain how they are included in BY96LP.LR.

USPS/OCA-T100-27.   Please refer to the following statement on pages 68-69 of OCA-LR-4: "[e]ach column imported into this worksheet is moved within the worksheet – columns are placed in increasing cost component sequence (23:01 - 23:30)....[o]nce the EXCEL import is complete and components 23:01 through 23:30 are in increasing order, components 23:31 to 23:44 are deleted."

a. Please confirm that the component numbers 23:01 - 23:28 correspond to the component numbers and titles listed for Cost Segment 23 on page 12 of OCA-LR-6. If you do not confirm, please provide a list of the component titles associated with the component numbers shown in the EXCEL spreadsheet.

b. Please provide the component titles associated with component numbers 23:29 and 23:30 shown on the EXCEL spreadsheet.

c. Please provide a list of the procedures that were accomplished to arrive at the process described on pages 68-69 of OCA-LR-4 to enable the production of the OCA's equivalent of the Postal Service's C Report. Please provide an estimate of the time required to perform each step in the procedure.

USPS/OCA-T100-28.   Please refer to OCA-LR-6, footnote 2 on page 4. Please explain fully why DIST97.XLS "tries to re-establish links" when it loads. Do you know of any way to prevent this problem? If the response is affirmative, please provide a copy of the spreadsheet that loads without this problem. If the response is anything other than affirmative, has any effort been devoted to attempting to resolve this problem?

USPS/OCA-T100-29.   Please refer to OCA-LR-6, pages 7-8. On page 7, the following statement appears: "[v]olumes in component 2101 are revised to include the FY 96 non-RPW volumes for stamped envelopes, special handling and P.O. Boxes." On page 8, the following statement appears: "[t]he rollforward process starts by using the last Base Year data file ending with a "BIN" extension. In this docket, the last base year file is "BY96LP.BIN"."

a. Please confirm that USPS Exhibit-15A (revised 8/18/97) shows the following Base Year 1996 volumes: stamped envelopes of 536.861, special handling of 68.175 and P.O. Boxes of 17211.937.

b. Please confirm that BY96LP.BIN shows the following Base Year 1996 volumes: stamped envelopes of 0, special handling of 0 and P.O. Boxes of 0.

c. Please provide the Base Year 1996 volumes used for the procedure described in this sentence from page 7 of OCA-LR-6: "[a]fter all volumes are updated, XREAD is re-run by typing "**XREAD BASEYEAR.DAT**."

USPS/OCA-T100-30.   Please refer to OCA-LR-6, pages 8-10, where the cost level effect in the rollforward model is described.

a. Please confirm that the only changes to the Docket No. MC96-3, PRC-LR-5 file TYAR96P.FAC are for the percent change in the cost level. Another way of stating this is to confirm that there were no additions to, or deletions from, the components receiving a cost level effect.

b. Please confirm that all of the components receiving a cost level effect in the Postal Service filename VBL1 receive a comparable cost level effect in the OCA model.

USPS/OCA-T100-31.   Please refer to OCA-LR-6, page 10, where the following comments appear: "[d]uring the roll forward process, COSTMOD uses the "ripple" file RIPDAT1 to produce the following cost effects: mail volume, non-volume workload and additional workday. In this docket, the USPS instructions used in the OCA's RIPDAT1.DAT file come from the USPS library reference H-4 at 531-538, "MEMBER NAME VBL2", "op code" 21 and 18."

a. Please confirm that on pages 531-538 of USPS library reference H-4, MEMBER NAME VBL2 defines procedures to be executed for only the mail volume effect in the Postal Service's cost model. If you do not confirm, please explain fully.

b. Please provide your definition of "op code" as you use it in the above quote, and
    provide the citation to the USPS documentation that provides this information.

c. Please explain your understanding of the function of "op code 21 and 18" and how
    the Postal Service's model accomplishes that function.

USPS/OCA-T100-32.   Please refer to the following statement on page 12 of OCA-
LR-6: "[t]he first row of numbers "3,201,216,302,1,301" indicates that 3 components
201, 216 and 302 are affected by 1 component – 1. Similar logic applies to the
remaining 19 rows."

a. Please fully explain which of the cost effects described on page 10 -- mail volume,
    non-volume or additional workday -- are calculated by the line of code
    "3,201,216,302,1,301".

b. Please fully explain which of the cost effects are calculated by the remaining 19
    rows of code.

USPS/OCA-T100-33.   Please refer to the following from page 12 of OCA-LR-6:
"[I]n USPS library reference H-6, \PSMANDO3\FY97RCC\STAT\VBL5 (hereafter,
FY97RCC-VBL5) indicates that the volume mix and workyear mix adjustments use a
different ripple file. The four Postal Service "op code" 21s in FY97RCC-VBL5 are
replicated in the OCA's VOLRIP1.DAT file. The VOLRIP1.DAT file is used to
incorporate the Postal Service's adjustments."

a. Please confirm that FY97RCC-VBL5 defines the Postal Service cost model
    procedures that implement the cost reduction effects of the Volume Mix Adjustment

developed in USPS library reference H-126. If you do not confirm, please explain fully.

b. Please confirm that FY97RCC-VBL5 (see USPS-LR-H-4, pages 579-581) includes control string 18. Please explain fully why the OCA model includes only the four Postal Service "op code 21s" and excludes control string 18.

c. Please confirm that FY97RCC-VBL5 does not define the Postal Service cost model procedures that implement the cost reduction effects of the Workyear Mix Adjustment calculated in USPS library reference H-12. If you do not confirm, please explain fully.

d. Please provide complete citations to the Postal Service documentation where the Workyear Mix Adjustment procedures are defined.

e. Please fully explain how the Postal Service's Workyear Mix Adjustment is incorporated in the OCA model.

USPS/OCA-T100-34.   Please refer to pages 10-16 of OCA-LR-6.

a. Please confirm that the following statement appears on page 10 of OCA-LR-6: "[d]uring the rollforward process, COSTMOD uses the "ripple" file RIPDAT1 to produce the following cost effects: mail volume, non-volume and additional workday."

b. Please confirm that the following statement appears on page 14 of OCA-LR-6: "[a] copy of the FY97CP.FAC mail volume effect instructions follow".

c. Please confirm that the following statement appears on page 15 of OCA-LR-6: "[a] copy of the updated non-volume workload instructions appearing in FY97CP.FAC follows".

d. Please confirm the following statement appears on page 16 of OCA-LR-6: "[a] copy
of OCA's updated additional workday instructions appearing in FY97CP.FAC
follows".

e. Please confirm that RIPDAT1.DAT and FY97CP.FAC are two distinct files and that
they are used separately in the OCA's cost model. If you do not confirm, please
explain fully.

USPS/OCA-T100-35.   Please refer to the following from page 14 of OCA-LR-6:
"[s]ee USPS-LR-4 at 523-533. The instructions given to COSTMOD do not change
total component costs; the intent is to redistribute existing costs." If the total
component costs do not change, please explain fully how the existing costs are
redistributed. Was the intention successfully accomplished?

USPS/OCA-T100-36.   Please refer to these statements from OCA-LR-6 on page
15:

> "A description of the components impacted by the Postal Service's non-volume
> workload is provided in USPS library reference H-4, VBL3 at 539-543. The final
> three "nv" statements highlighted above, "nv,1,215,0", "nv,1,221,0" and
> "nv,1,225,0" are added to zero out the cost effect that occur in components 215,
> 221 and 225, thereby allowing the Commission's cost model to replicate the
> Postal Service data."

a. Please confirm that the following Postal Service components are associated with
the OCA components you discuss: 215 = 30, 221 = 674 and 225 = 678. If you do
not confirm, please provide the Postal Service components associated with the OCA
components you discuss.

b. Please confirm that on pages 539-543 of USPS library reference H-4, VBL3 does

not show any nonvolume workload effect for components 30, 674 or 678.

c. Please explain fully what "cost effects that occur in components 215, 221 and 225"

are zeroed out and why this needs to be done "to replicate the Postal Service data."

USPS/OCA-T100-37.   Please refer to pages 12-23 of OCA-LR-6 which describe

the following steps:

1. executing the rollforward commands
2. verify cost level factors
3. building the cost model mail volume effect commands
4. verify mail volume changes
5. building the cost model nonvolume workload commands
6. verify nonvolume workload changes
7. building the cost model additional workday commands
8. verify additional workday changes
9. building the cost reduction commands
10. allocating the segment 2 cost reduction
11. allocating the segment 3 cost reduction
12. allocating the segment 6 cost reduction
13. verify cost reduction changes
14. building the other programs commands
15. verifying FY96LR.BIN

Please provide a complete list of all difficulties encountered while working through each

of these steps and an estimate of the amount of time devoted to each step.

USPS/OCA-T100-38.   Please refer to the following statements from page 24 of

OCA-LR-6: "[w]hen I put Postal Service component 587 data in the Commission's

component 2026, I got an error message regarding file size. Therefore, I put the Postal

Service's other program amount of -88,017, for component 587 (Commission

component 2026) in the Commission's component 2025. There is no adverse impact of putting -88,017 in component 2025 versus 2026."

a. Please provide a complete explanation of why an error message regarding file size resulted from putting Postal Service component 587 data in the Commission's component 2026.

b. Please provide a complete explanation of how the solution of putting the data in component 2025 was arrived at. Include in your explanation a complete list of other solutions that were attempted.

c. Please confirm that page 10 of 12 of OCA-LR-6 shows the following information:

Cost Segment	Title	PRC Component Number	USPS Component Number
20	Other Accrued Expenses - Interest Expense - Annuitant COLA/HB Int.	2025	896
20	Imputed Int. Veh. Ld. & Bldg. Equip.	2026	587

If you do not confirm, please provide the correct information.

d. Please confirm that the file by96lp.bin shows the Base Year 1996 costs that are rolled-forward to FY 1997 in the OCA cost model. If you do not confirm, please provide the name of the correct file.

e. Please confirm that in OCA-LR-4, page 24 of file by96lp.bin shows component 2025 with 0 base year 1996 total costs and component 2026 is not listed. If you do not confirm, please provide the correct information and the source of that information.

f. Please confirm that the file fy97vbr.bin shows the FY 1997 costs that are rolled–

forward to Test Year 1998 in the OCA cost model. If you do not confirm, please

provide the name of the correct file.

g. Please confirm that in OCA-LR-6, page 24 of file fy97vbr.bin shows component

2025 with -88,017 FY 1997 total costs and component 2026 is not listed. If you do

not confirm, please provide the correct information and the source of that

information.

h. Please confirm that the file shown in Patelunas workpaper WP-A, Part 2 of 2 shows

the Base Year 1996 costs that are rolled-forward to FY 1997 in the Postal Service

cost model.

i. Please confirm that Patelunas workpaper, WP-A, Part 2 of 2 shows component 587

with 368,039 base year 1996 total costs (page 854) and component 896 with 0 base

year 1996 total costs (page 860).

j. Please confirm that the file shown in Patelunas workpaper WP-B, shows the FY

1997 costs that are rolled-forward to Test Year 1998 in the Postal Service cost

model.

k. Please confirm that Patelunas workpaper, WP-B shows component 587 with

280,022 FY 1997 total costs (page 320) and component 896 with 0 FY 1997 total

costs (page 324).

USPS/OCA-T100-39.   Please refer to the volume mix adjustments listed on page

26 of OCA-LR-6 and the control strings listed in MEMBER VBL5 on pages 578-581 of

USPS-LR-H-4.

a. Please confirm that the only source of the volume mix adjustment amounts used in

   the OCA cost model is USPS-T-15, WP-B on pages 3-4. If you do not confirm,

   please cite all other sources where this information is available.

b. Please confirm that each of the volume mix adjustment amounts is entered

   individually into the OCA cost model. If you do not confirm, please explain fully.

c. Please confirm that the only volume mix adjustment acted upon by the control

   strings listed in MEMBER VBL5 on pages 578-581 of USPS-LR-H-4 is factor 300 of

   MEMBER BEN2FACT, which can be found on page 586 of USPS-LR-H-4. If you do

   not confirm, please provide a complete list of all volume mix adjustments that are

   acted upon by the control strings listed for MEMBER VBL5.

d. Please confirm that the amounts shown in USPS-T-15, WP-B on pages 3-4 are the

   result of the execution of MEMBER VBL5 on the factors shown in MEMBER

   BEN2FACT. If you do not confirm, please explain the source of the amounts shown

   in USPS-T-15, WP-B on pages 3-4.

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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