

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. R97-1

POSTAL RATE AND FEE CHANGES, 1997

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
THE DIRECT MARKETING ASSOCIATION, INC. WITNESS BUC
(USPS/DMA-T1-15-18)

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 Direct Marketing Association, Inc. witness Buc: USPS/DMA-T1-15-18.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Eric P. Koetting

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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Washington, D.C. 20260-1137
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January 26, 1998


Eric P. Koetting

Postal Service Interrogatories for DMA Witness Buc

USPS/DMA-T1-15. Please refer to your testimony at pages 19-20, and Attachment 1 to this interrogatory.

- (a) Is it your testimony that the observations of letters being handled in flats operations, and so on, are the result of "misclocking"? If your answer is negative, please explain fully.
- (b) Please confirm that the table in Attachment 1 provides a breakdown of the tally count data in spreadsheet DMA17.xls (USPS-LR-H-305) by the activity the employee is observed performing, as recorded in IOCS question 19.
- (c) Please confirm that the table in Attachment 1 indicates that there are observations of letters being handled in flat operations, and so on, based on the employee's sampled (as opposed to clocked in) activity.
- (d) Please confirm that the observations of letters being handled at flat cases, reported in Attachment 1, are not the result of "misclocking."
- (e) If you do not confirm part (d), please explain your theory of how "misclocking" affects the employee's sampled activity. Please also explain, as necessary, whether your theory is simpler than alternate explanations for the data (e.g., that there are some letters in the flats mailstream since the dimensions of pieces are not individually measured when the letter and flat mailstreams are separated).

USPS/DMA-T1-16. Please refer to your testimony at page 20 and to Tr. 17/8143-8144.

Please confirm that you have not calculated the variance of witness Degen's

distribution key entries (the ratio of IOCS costs for a particular subclass in a distribution key to total IOCS costs for the distribution key) or of distributed volume variable costs. If you do not confirm, please provide complete results of your analysis, along with complete documentation of statistical formulas and assumptions.

USPS/DMA-T1-17. Please refer to your testimony at pages 25.

- (a) Is it your testimony that "not handling costs" are not causally related to mail handlings in the same cost pool? If not, please explain fully.
- (b) Is it your testimony that witness Degen's not-handling distribution is incorrect primarily because you believe that "not handling costs" are not causally related to mail handlings in the same cost pool? If not, please explain fully.
- (c) Suppose it is correct to assume that "not handling costs" are causally related to mail handlings in the same cost pool. Would it then be appropriate to distribute the "not handling costs" within the same cost pool? Please explain fully.

USPS/DMA-T1-18. Please refer to your testimony at page 25.

- (a) Please provide the quantitative analysis of variability and/or cost causality, including all statistical tests that demonstrate the causal relationship between your cost driver(s) and "not handling costs," upon which your "not handling cost" distribution is based.
- (b) If your answer to part (a) indicates that you have performed no quantitative analysis of variability or cost causality, please confirm that your proposed "not handling cost" distribution is based on untested assumptions regarding patterns

of cost causality.

- (c) If your answer to part (a) indicates that you have performed no quantitative analysis of variability or cost causality, please confirm that your own proposed "not handling cost" distribution is "unfounded" by the standards you apply to witness Degen's methodology. If you do not confirm, please explain fully.

Attachment 1

FY96 IOCS Clerk/Mailhandler Tallies by IOCS Q19 Response and Shape

All Offices

Q19 Response	Title	Tally Count					Total
		Letters/Cds	Flats	IPPs	Parcels	No Shape	
A	Manual						
F9211	A - Letter Case Distrib	21,395	422	57	24	11,197	33,095
F9211	B - Flat Case Distrib	116	8,601	54	133	4,884	13,788
F9211	C - Parcel Piece Distrib	63	412	517	2,090	3,418	6,500
F9211	D - Coll/Cancel MM Prep	398	118	27	29	809	1,381
F9211	E - Presort Mail Units	294	112	6	10	569	991
F9211	F - Opening Units	1,167	939	192	278	4,262	6,838
F9211	G - Pouch/Rack Units	609	1,126	569	776	4,702	7,782
F9211	H - Platform Units	407	450	67	232	5,744	6,900
F9211	I - Other Manual	2,802	1,432	215	582	11,526	16,557
	Total Manual	27,251	13,612	1,704	4,154	47,111	93,832
B	OCR	2,596	16	0	1	2,592	5,205
C	Mail Proc BCR/BCS	3,527	28	5	4	3,409	6,973
D	Delivery BCR/BCS	2,688	6	0	0	2,155	4,849
E	Carrier Sequence BCS	421	4	0	0	404	829
F	MPLSM/SPLSM	8,217	135	8	0	3,594	11,954
G	Letter Facer/Canceler	803	23	2	2	732	1,562
H	Flat Facer/Canceler	32	259	0	5	261	557
I	Sack Sorting Machine	155	251	42	161	1,356	1,965
J	Parcel Sorting Machine	28	177	305	1,269	1,992	3,771
K	Flat Sorting Machine	82	6,020	20	31	4,302	10,455
L	Small Parcel & Bundle	405	965	441	462	3,460	5,733
M	NMO Machine	31	16	4	87	222	360
N	Multislide	70	107	27	121	857	1,182
P	ACDCS	88	45	25	106	1,198	1,462
Q	Central Banding	171	50	2	7	552	782
R	Culling Machine	153	61	10	13	346	583
S	Remote Barcoding Mach	16	6	2	10	149	183
T	Transport Equipment	79	189	22	68	6,583	6,941
U	All Other	461	353	91	312	5,806	7,023
	Blank	3,266	1,525	126	338	29,414	34,669
	Grand Total	50,540	23,848	2,836	7,151	116,495	200,870