

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

ADDITIONAL

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Postal Rate And Fee Changes, 1997

POSTAL RATE COMMISSION
Docket No. R97-1

**MOTION FOR LATE ACCEPTANCE OF AND RESPONSE OF ALLIANCE
OF NONPROFIT MAILERS WITNESS HALDI TO INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/ANM-T1-1-2)**

(January 30, 1998)

The Alliance of Nonprofit Mailers ("ANM") respectfully requests permission to file the responses to two interrogatories of the United Parcel Service ("UPS") one day late. The Interrogatories are UPS/ANM-T1-1 and UPS/ANM-T1-2. The answers to these interrogatories were due on January 29, 1998. A miscommunication between ANM witness Haldi and counsel prevented filing of the responses yesterday. Copies of the responses were faxed to counsel for UPS yesterday evening, however.

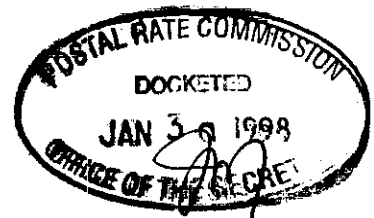
Counsel for UPS was absent from his office when contacted late yesterday. In light of the fax service, however, it does not appear that UPS has been inconvenienced by the late filing of these responses. In view of the foregoing, the ANM asks that it be permitted to file the following responses one day late.

The interrogatories are set forth verbatim and are followed by the responses.

Respectfully submitted,
Alliance of Nonprofit Mailers

By *Joel T. Thomas*
Joel T. Thomas, its Attorney

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January 30, 1998



**RESPONSE OF ALLIANCE OF NONPROFIT MAILERS WITNESS
HALDI TO INTERROGATORIES OF THE UNITED PARCEL SERVICE**

UPS/ANM-T1-1. Please refer to page 31, lines 10-12 of your testimony, where you conclude that Nonprofit Standard Mail (A) Regular IOCS tallies with recorded weight in excess of 16 ounces “are clearly in error, and these tallies should be disregarded.”

- (a) Is it not possible that the class of these IOCS tallies was recorded correctly but the weight was misrecorded?
- (b) Confirm that the IOCS mail weight is not used by Postal Service witness Degen (USPS-T-12) in determining the costs of classes and subclasses of mail in his calculations. If not confirmed, please explain.
- (c) Is [sic] there any other data for these IOCS tallies to suggest that the mail class has been misrecorded?

RESPONSE

- (a) It is of course possible, as you suggest. However, when errors as egregious as those noted in my testimony occur, something is clearly wrong (e.g., the IOCS tally clerk’s attention was diverted in a major way), and in my opinion all such tallies should be deleted from the IOCS database.
- (b) I am not aware that witness Degen used mail weight when determining the costs of classes and subclasses in his calculations. However, I am not sufficiently knowledgeable about witness Degen’s procedures to confirm what he did or did not do. For confirmation, I suggest that you direct the question to witness Degen.
- (c) For the most part, the IOCS is what accountants would describe as a “single-entry” data system. Such data systems typically contain few, if any, checks and balances that enable the detection of errors of any kind.

**RESPONSE OF ALLIANCE OF NONPROFIT MAILERS WITNESS
HALDI TO INTERROGATORIES OF THE UNITED PARCEL SERVICE**

UPS/ANM-T1-2. Please confirm that the situation you describe on page 37, lines 12-14, of your testimony, in which “mail originated by nonprofit organizations may be recorded as regular rate for purposes of counting volume and revenues, but recorded as nonprofit mail if subject to an IOCS tally”, is largely or entirely limited to Nonprofit Standard Mail (A) Regular and that other classes of mail are unaffected by this situation. If not confirmed, please explain.

RESPONSE

For reasons explained below, I am unable to confirm the statement in your interrogatory.

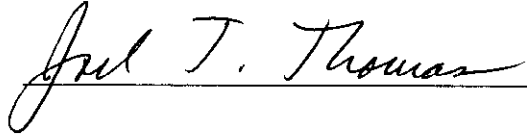
First, each time the cost of nonprofit mail is overstated (i.e., for each nonprofit IOCS tally that should have been recorded as a Standard Mail (A) tally), there is a corresponding understatement in the cost of Standard Mail (A), so other classes are affected by the situation, contrary to what the interrogatory posits.

With respect to Nonprofit Standard Mail (A), I suspect (but cannot confirm) that the situation described in the above-quoted portion of my testimony arises far more often with the Regular subclass than with the ECR subclass. First, unit costs of the nonprofit and commercial rate ECR subclasses have not deviated in a manner similar to that of the Regular subclasses, which would support your supposition. More importantly, mail entered by nonprofit organizations that requires the regular rate (e.g., a mailing promoting some type of travel, insurance or affinity credit card) would typically be sent to the organization’s “house” list (e.g. prior donors or, in the case of colleges and universities, alumni), because this list has the highest likelihood of eliciting a positive response. The house lists of most nonprofit organizations do not have sufficient density to be entered at the ECR rate.

Moving beyond Nonprofit Standard Mail (A), the situation described in my testimony may be far more widespread than imagined. Within First-Class Mail, for example, there exists a large number of discount categories. The RPW system picks up the appropriate revenue and volume when the mail is entered, but it is not clear how the IOCS distinguishes between the various discount categories, most especially for First-Class Mail that is prepared by presort bureaus. The Postal Service is believed to have ongoing at the current time a study on data quality, and the general situation described in my testimony may be among the issues being addressed by that study.

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.



January 30, 1998