

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

NOTICE OF UNITED STATES POSTAL SERVICE OF FILING OF ERRATA TO
TESTIMONY OF WITNESS BOZZO (USPS-T-15)
(January 28, 2000)

The United States Postal Service hereby provides notice that it is today filing errata to the testimony of witness Bozzo (USPS-T-15). The changes are as follows:

Page 107, Table 3 -- all numbers in the columns entitled "Productivity," "Minimum Obs," and "Lag Length (Regression N)" for the categories "MANF," "MANP," "Priority," and "1cancMPP" change.

Page 119, Table 6 -- the numbers in the columns entitled "BCS" and "OCR" for the category "N observations" change.

Page 131, Table 10 -- all numbers in the "Between" columns under both "Manual Letters" and "Manual Flats" change.

All changes are peripheral to the proposed variabilities presented in the testimony. Copies of the revised pages are attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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1 **Table 3. Summary of Effect of Sample Selection Rules on Sample Size**

Cost Pool	Non-missing	Threshold	Productivity	Minimum Obs	Lag Length (Regression N)
BCS	6885	6883	6780 98.5%	6694 97.2%	5391 78.3%
OCR	6644	6639	6495 97.8%	6394 96.2%	5089 76.6%
FSM	5442	5442	5424 99.7%	5339 98.1%	4357 80.1%
LSM	5156	5150	5127 99.4%	5014 97.2%	3889 75.4%
MANF	6914	6914	6420 92.9%	6156 89.0%	4879 70.6%
MANL	6914	6914	6824 98.7%	6780 98.1%	5499 79.5%
MANP	5835	5625	4713 80.8%	3915 67.1%	3024 51.8%
Priority	5717	5644	4995 87.4%	4195 73.4%	3241 56.7%
SPBS	2244	2239	2213 98.6%	1966 87.6%	1569 69.9%
1CancMPP	6746	6718	6599 97.8%	6503 96.4%	5235 77.6%

Percentages are of non-missing observations.

2 **VI.E.2. MODS TPF edits**

3 Since TPH is defined as TPF less rejects, in theory TPF should always
4 exceed TPH. However, a number of observations have recorded TPH higher

1
2

**Table 6. Principal results for letter and flat sorting operations,
USPS Base Year method**

Cost Pool	BCS	OCR	FSM	LSM	Manual Flats	Manual Letters
Output Elasticity or Volume- Variability Factor	.895 (.030)	.751 (.038)	.817 (.026)	.954 (.022)	.772 (.027)	.735 (.024)
Deliveries Elasticity	.250 (.046)	.333 (.062)	.223 (.037)	.039 (.045)	.313 (.043)	.462 (.040)
Wage Elasticity	-.826 (.052)	-.605 (.071)	-.613 (.041)	-.138 (.077)	-.232 (.060)	-.682 (.051)
Capital Elasticity	.024 (.019)	-.003 (.027)	.050 (.014)	.010 (.022)	.054 (.020)	.036 (.017)
Manual Ratio Elasticity	.071 (.015)	-.007 (.020)	-.047 (.011)	-.055 (.018)	-.032 (.028)	-.193 (.021)
Auto- correlation coefficient	.642	.701	.623	.558	.674	.693
Adjusted R- squared	.985	.970	.993	.991	.987	.990
N observations	5391	5089	4357	3889	4879	5499
N sites	297	289	235	273	277	299

Elasticities evaluated using arithmetic mean method; standard errors in parentheses.

1 handlings could sometimes reduce workhours, implied by the between model is
2 infinitesimal at most. Therefore, I find that the results of the between model,
3 even augmented with additional control variables, are completely unreliable. The
4 fixed-effects model, in contrast, produces elasticities in a much narrower range,
5 and with far more reasonable values at the extremes of the distributions. Table
6 10 provides a comparison of results for the manual letter and manual flat
7 operations (similar results obtain for other cost pools; see LR-I-107 for additional
8 results).

9 **Table 10. Comparison of Selected Diagnostic Statistics for the Fixed-**
10 **Effects and Between Models, Manual Letters, and Manual Flats cost pools**

	Manual Letters		Manual Flats	
	Fixed-Effects	Between	Fixed-Effects	Between
Output Elasticity (arithmetic mean method)	.735	.906	.772	.963
Standard error	.024	.074	.027	.084
Number of "significant" slope coefficients (90% confidence level)	27	6	21	6
Median elasticity	.699	.888	.740	.959
Interquartile range of elasticities	.099	.289	.062	.590
Minimum elasticity	.266	0.002	.494	-1.594
Maximum elasticity	1.197	1.559	1.067	5.169

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.

A handwritten signature in cursive script, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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