

UNITED STATES OF AMERICA
Before the
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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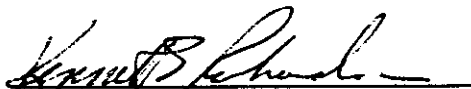
Postal Rate and Fee Changes, 2000)

Docket No. R2000-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS A. THOMAS BOZZO (OCA/USPS-T15-21-43)
February 8, 2000

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-1-14 to the United States Postal Service, dated January 24, 2000, are hereby incorporated by reference.

Respectfully submitted,



TED P. GERARDEN

Director

Office of the Consumer Advocate

KENNETH E. RICHARDSON
Attorney

1333 H Street, N.W.
Washington, D.C. 20268-0001
(202) 789-6830; Fax (202) 789-6819

OCA/USPS-T-15-21. The Excel workbook file "reg9398.xls" does not have any headings identifying the variables.

- (a) Please provide the headings.
- (b) There appear to be 19 variables. Is this correct, and is this the number of variables that the program reads?
- (c) There are a large number of columns in the program. Please identify what is being read in each column.
- (d) It appears that data may be expressed in thousands or millions. Please define the actual total number of units for each data item.

OCA/USPS-T-15-22. Please refer to USPS-LR-I-107, page 4. Please clarify the procedures for the computations when you state that the fourth quarter piece-handling and hours variables are reweighted to make them comparable with the corresponding values in other quarters. Please describe the reweighting approach in detail.

OCA/USPS-T-15-23. Please refer to USPS-LR-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp."

- (a) Please identify and document any computational steps that are not identified in the commentary. To the degree appropriate, page numbers and position on the page in the Library Reference should be adequate.
- (b) Which section of the program sets parameter values and creates lists of variable names?
- (c) Which section of the program reads the data from the Microsoft Excel version 4 workbook file "reg9398.xls"?

- (d) Which section of the program provides the referenced data transformations?
Please denote each transformation in terms of formula(s) and variables used and the resulting computed variable(s).
- (e) Which section of the program reweights the fourth Postal quarter?
- (f) Which section of the program calculates the LDC wages and the manual ratios?
- (g) Which section of the program computes the operation-specific productivity filter bounds set?
- (h) Please identify the portion of the program that computes the lagged TPF terms.
- OCA/USPS-T-15-24. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." For each logical "loop" in your TSP program "varltr-tpf-by98.tsp," please identify the start and end of the loop and the variable(s) or procedures being effectuated. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.
- OCA/USPS-T-15-25. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify in your TSP program "varltr-tpf-by98.tsp" the section of the program that selects and computes the regressions. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.
- OCA/USPS-T-15-26. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify in your TSP program "varltr-tpf-by98.tsp" the section that identifies all usable observations. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-27. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify in your TSP program "varltr-tpf-by98.tsp" all filters. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-28. Please refer to USPS-LR-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify in your TSP program "varltr-tpf-by98.tsp" the portion of the program involving calculation of the lagged TPF terms and the lagging of the variables. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-29. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify in your TSP program "varltr-tpf-by98.tsp" the portion of the program that makes a final check for the eight observations, which need to be consecutive. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-30. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify in your TSP program "varltr-tpf-by98.tsp" the portion of the program that transforms variables into their natural logarithms for the application of the transcendental logarithmic functional form. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-31. Please refer to USPS-LR-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify in your TSP program "varltr-tpf-by98.tsp" the portion of the program that effectuates the calculations

of the 19 elasticities reported. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-32. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify in your TSP program "varltr-tpf-by98.tsp" the portion of the program that defines each elasticity function, including the elasticity. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-33. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify the portion of the program that estimates the variability model using the TSP panel command, assuming the disturbances have a scalar covariance matrix. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-34. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please delineate the part of the program where the fixed-effects residuals and slope parameters are extracted for further processing. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-35. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify the part of the program for the calculation of the Baltagi-Li estimate. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-36. Please refer to USPS-LR-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify the part of the

program for the calculation of the Bhargava-Franzini-Narendranathan estimates of the panel Durbin-Watson statistic, produced from the residuals. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-37. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify the portion of the program where the data are transformed so that a feasible Generalized Least Squares (FGLS) version of the model may be estimated. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-38. Please refer to USPS-LR-I-107, pages 37 through 53. These pages present your TSP program "varltr-tpf-by.tsp." Please identify the portion of the program where the elasticities and their standard errors from the FGLS model are then calculated and evaluated. To the degree appropriate, page numbers and position on the page in the Library Reference will suffice.

OCA/USPS-T-15-39. Please refer to page 7 of USPS-LR-I-107 wherein you indicate that you assumed the existence of first-order autocorrelated disturbances in your calculations.

- (a) What would be the characteristics of the economic process that would be necessary for this assumption to be a reasonable assumption?
- (b) Please state the necessary and sufficient conditions for the homotheticity.
- (c) Please state how your conclusions would have varied if you had not assumed homotheticity.

OCA/USPS-T-15-40. Please refer to page 21 of your testimony, line 21, in which you state, "Therefore, I believe the updated sample selection criteria are not 'excessive'." Do you have a statistical test to substantiate this statement?

OCA/USPS-T-15-41. Please refer to page 7, footnote 5 of USPS-LR-I-107. Please delineate the section(s) of the program that also produce pooled, between, and random-effects estimates, including commands for printout, statistical tests, and all other relevant econometric information.

OCA/USPS-T-15-42. Please refer to page 15 of USPS-LR-I-107. You state that the Christensen Associates' proprietary Economic Programming Language (EPL) software was used to perform certain computations.

- (a) Please provide appropriate documentation for the EPL software and for the computations which you performed using the EPC software.
- (b) Has this software been independently tested and peer reviewed for accuracy and completeness? If so, please provide the documentation.

OCA/USPS-T-15-43. You appear to have used an index of capital intensity in your regressions. In order to have computed the index it would appear that you would have had the following information by site for each function: original acquisition cost of the equipment, average years of equipment life, and year of equipment acquisition,

- (a) Please provide this information by equipment type; in the event that any of the dollars relate to space, please state them separately.
- (b) Please indicate why you chose to use an index number instead of a depreciated, undepreciated, or other dollar measure of equipment.

- (c) Do you maintain that two sites with equal quantity indices for facility capital employ the same amount of capital?

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


Stephanie S. Wallace

Washington, D.C. 20268-0001
January 28, 2000