

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

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOZZO  
TO INTERROGATORY OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(REDIRECTED FROM WITNESS CRUM)  
(OCA/USPS-T27-3(a))

The United States Postal Service hereby provides the response of witness Bozzo to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS-T27-3(a), filed on February 4, 2000, and redirected from witness Crum.

The interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 18, 2000

**Response of United States Postal Service Witness Bozzo  
to Interrogatory of the Office of the Consumer Advocate  
(Redirected from Witness Crum, USPS-T-27)**

OCA/USPS-T27-3. Please refer to your testimony [USPS-T-27] at page 8, lines 7-13. You state that:

The second change from my presentation in Docket No. R97-1 is the calculation of mail processing costs. In Docket No. R97-1, the Postal Service proposed explicit econometric-based volume variability factors as part of their mail processing cost presentation. That was not done in this docket for effectively all of the parcel operations and some portion of the flats operations. The impact of this change is to expand the cost difference between flats and parcels beyond its level under the Docket No. R97-1 volume variability proposal.

- a. Please explain fully the Postal Service rationale for not proposing “explicit econometric-based volume variability factors as part of their mail processing cost presentation.” (If you are not the witness responsible for this decision, then redirect this question to the responsible witness for an answer).

OCA/USPS-T27-3 Response.

- a. The question’s implication that the Postal Service does not propose econometric volume-variability factors in this docket is incorrect. See my testimony, USPS-T-15, at pages 119-120. For an explanation of the Postal Service’s decision to employ the traditional IOCS-based mail processing variability method (i.e., “implicit” variabilities) in mail processing operations not covered by my econometric models, please see USPS-T-15 at pages 132-139.

**DECLARATION**

I, A. Thomas Bozzo, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A. Thomas Bozzo

Dated: 2/18/00

**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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