BEFORE THE
POSTAL RATE COMMISSION

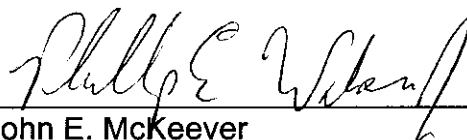POSTAL RATE AND FEE CHANGES, 2000   :   DOCKET NO. R2000-1

INTERROGATORIES FROM
UNITED PARCEL SERVICE TO UNITED STATES
POSTAL SERVICE WITNESS BOZZO
(UPS/USPS-T15-9 through 17)
(March 8, 2000)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby

serves the following interrogatories directed to United States Postal Service witness

Bozzo: UPS/USPS-T15-9 through 17.

Respectfully submitted,

John E. McKeever
William J. Pinamont
Phillip E. Wilson, Jr.
Attorneys for United Parcel Service

Piper Marbury Rudnick & Wolfe LLP
3400 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103-2762
(215) 656-3310
(215) 656-3301 (FAX)
        and
1200 Nineteenth Street, NW
Washington, DC 20036-2430
(202) 861-3900
        Of Counsel.

UPS/USPS-T15-9. Refer to the data presented below for MODS group 1 (OCR):

FNOT14	TTREND	HRS	TPH	MAN	DPT	QICAP	WAGE
0	1	9012.00	75829.00	0.04	413255.00	890207.00	20.94
0	2	9308.00	78540.00	0.03	413327.00	927301.00	21.65
0	3	9955.00	73134.00	0.04	414356.00	942962.00	20.77
0	4	9229.50	66954.00	0.05	415262.00	970228.50	20.01
0	5	9393.00	73083.00	0.06	417593.00	949056.00	20.23
0	6	9812.00	80967.00	0.06	417645.00	959974.00	20.72
0	7	9645.00	74746.00	0.05	418551.00	995016.00	19.82
0	8	9645.75	72858.00	0.05	419943.00	1039347.75	20.39
0	9	10156.00	86694.00	0.04	422496.00	1260435.00	20.41
0	10	10925.00	90738.00	0.06	423605.00	1249987.00	19.79
0	11	11672.00	81509.00	0.05	424874.00	1260687.00	20.20
0	12	12076.50	79896.75	0.04	426909.00	1238822.25	21.39
0	13	11276.00	75555.00	0.04	428174.00	1171348.00	23.01
0	14	13491.00	81919.00	0.04	429608.00	1211470.00	22.79
0	15	11696.00	73618.00	0.04	430269.00	1215913.00	22.74
0	16	10371.00	71914.50	0.04	431992.00	1242970.50	21.95
0	17	11570.00	73159.00	0.04	434216.00	1241618.00	22.12
0	18	13525.00	75886.00	0.05	435436.00	1262696.00	18.48
0	19	11130.00	63744.00	0.04	436177.00	1258917.00	19.62
0	20	10155.75	57360.75	0.04	437311.00	1299757.50	19.78
0	21	10064.00	59780.00	0.05	438670.00	1119442.00	20.01
0	22	9042.00	58343.00	0.06	439441.00	1115111.00	20.12
0	23	10098.00	55828.00	0.06	439996.00	1143298.00	20.38
0	24	9969.00	52599.75	0.06	441045.00	1159366.50	20.62

For each time period for site #1, HRS > 40, TPH > 0, PRODLOW < TPH/HRS <

PRODHIGH, DPT > 0, QICAP > 0 and WAGES > 0, yet you drop all of these

observations from your analysis sample. Why?

UPS/USPS-T15-10. Refer to the data presented below for MODS 2 (LSM), site

#145, for Q195 to Q196:

FNOT14	QTR	HRS	TPH	MAN	DPT	QICAP	WAGE
0	195	44064.00	59929.00	0.14	914587.00	667246.00	24.72
0	295	48099.00	64016.00	0.11	922380.00	673083.00	24.67
0	395	40348.00	52385.00	0.11	925991.00	681034.00	24.73
0	495	35820.00	47967.00	0.10	931401.00	694023.00	24.97
0	196	22754.00	30468.00	0.09	949767.00	662259.00	26.61

For each time period, HRS > 40, TPH > 0, PRODLOW < TPH/HRS < PRODHIGH, DPT > 0, QICAP > 0 and WAGES > 0, yet you drop all of these observations from your analysis sample. Why?

UPS/USPS-T15-11. Refer to the data presented below for MODS 12 (SPBS), site #83, Q294.

FNOT14	QTR	HRS	TPH	MAN	DPT	QICAP	WAGE
0	294	34661.00	3345.00	0.08	238611.0	1816709.00	20.26

For each time period, HRS > 40, TPH > 0, PRODLOW < TPH/HRS < PRODHIGH, DPT > 0, QICAP > 0 and WAGES > 0, yet you drop this observation from your analysis sample. Why?

UPS/USPS-T15-12. To perform your Generalized Least Squares estimation you multiply data for the first period of each run by $(1-\rho^2)^{1/2}$. While this may be the correct transformation in panels without gaps, why do you use the $(1-\rho^2)^{1/2}$ transformation on the first period of each run within panels? What is your source of authority for this approach?

UPS/USPS-T15-13. A number of sites appear to have an intermittent presence of various MODS operations. For example, site # 6 has an intermittent presence of Manual Parcels (MODS group 7) (from 193 to 194 TPH07 > 0, from 294-295 TPH07 = 0, then in 296, TPH07 > 0 again) and Priority (MODS group 8). Explain why these operations appear only intermittently.

INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BOZZO

UPS/USPS-T15-14. What other variables did you consider for your labor demand specification? Describe each such variable and explain why you decided not to pursue it.
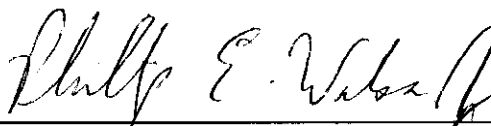
UPS/USPS-T15-15. What other econometric estimators did you consider? Describe each such econometric estimator and explain why you decided not to pursue it.

UPS/USPS-T15-16. What other error structures, other than the AR(1) structure, did you consider? Describe each such error structure and explain why you decided not to pursue it.

UPS/USPS-T15-17. What other functional forms, other than the translog form, did you consider? Describe each such functional form and explain why you decided not to pursue it.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document by first class mail, postage prepaid, in accordance with Section 12 of the Commission's Rules of Practice.

Phillip E. Wilson, Jr.
Attorney for United Parcel Service

Dated: March 8, 2000
Philadelphia, Pa.

60203