

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
(OCA/USPS-T15-64)

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-T15-64, filed on March 31, 2000.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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April 14, 2000

**Response of United States Postal Service Witness Bozzo
To Interrogatory of the Office of the Consumer Advocate**

OCA/USPS-T15-64. Please refer to your response to interrogatory OCA/USPS-T-15-50, filed on March 24, 2000. You provided a variety of files, variously labeled mpe.map, mpe93.txt, pse.map, pse93.txt, among others. The following questions are focused on attempting to determine the meaning of the contents of the files.

- a. Please provide column headings for all files provided, including but not limited to the aforementioned files.
- b. On the assumption that mpe.map and pse.map present a listing of various types of equipment in terms of a type of functional number and equipment description, please explain why there are two different files and explain the contents of the files. If this assumption is incorrect, please provide information that would permit an understanding of the files. Please also provide any relevant documentation with the Postal Service that would assist in understanding the contents of the files.
- c. In the case of the pse93.txt file and the mpe93.txt file, on the assumption that the fourth column refers to the value of capital equipment, please indicate whether the value in the fourth column is in current year or constant year dollars, whether the value of the equipment is a stock of equipment or a flow of equipment dollars, and the year of the relevant dollars.
- d. In the event that you have provided dollar values in a stock of equipment form, please verify whether the data are consistent with the other data in your analysis. On the assumption that the data are in a stock of equipment form and that QICAP is in a flow of equipment dollars form and is adjusted for a variety of depreciation, inflation, and other factors on a quarterly basis, please present the dollar values in a form consistent with the data used in your analysis.
- e. In the case of capital equipment designations, you do not appear to have referenced the equipment in terms of the functions performed as presented in your analysis, e.g., LSM, OCR, etc. Please provide the tie between the capital equipment entries and the function(s) being performed for each IDNUM.
- f. Please confirm that the aggregate of all of the data provided in the response for a facility IDNUM is equal to the total capital at a facility. If not, please explain.
- g. Assuming that these data provide an accurate measure of capital at a facility, why did you not use these data in disaggregated form on a quarterly basis in terms of functions in the analysis rather than using one QICAP variable?

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OCA/USPS-T15-64 Response.

- a. Please note that file format descriptions for all of the files in LR-I-244 were provided in the accompanying text, an electronic version of which was provided in the LR-I-244.doc file. See the section therein entitled, "Description of LR-I-244 data files."
- b. As the text description accompanying LR-I-244 indicates, mpe.map is a "[m]ap [i.e., list with descriptions] of all Property Code Numbers (PCN) for mail processing equipment (MPE)" and pse.map is a "[m]ap of all Property Code Numbers (PCN) for postal support equipment (PSE)." See also the response to part (a). There are two files because MPE and PSE are separate equipment categories.
- c. As the text description accompanying LR-I-244 indicates, the data in the fourth column of the mpe<y>.txt and pse<y>.txt files represent the acquisition cost of the pieces of equipment. It is my understanding that the data are in nominal terms.
- d. I assume that the "dollar values" to which the interrogatory refers are the acquisition cost data presented in the fourth column of the mpe<y>.txt and pse<y>.txt files in LR-I-244; see also the response to part (c). The nominal acquisition cost is neither a measure of the (real) stock of equipment (because it does not account for inflation or depreciation, among other things), nor is it, by definition, a measure of the flow of capital services per unit time from the equipment. Thus, the "assumption that the [acquisition

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- cost] data are in a stock of equipment form” is incorrect. However, I confirm that the provided PPAM data are consistent with QICAP in that the PPAM data are used to impute the flows of capital services from the equipment.
- e. Contrary to the assertion of the interrogatory, a number of the PCN descriptions provided in the file mpe.map identify types of sorting equipment employed in certain operations for which I provide econometric results. Please note, however, that most of the MPE PCNs, and all (or nearly all) PSE PCNs, represent “support” equipment that cannot be uniquely associated with mail processing cost pools. Accordingly, I did not develop a mapping of equipment to cost pools. Please see also USPS-T-15 at page 93, line 21, to page 94, line 1, and the response to UPS/USPS-T15-24(b).
- f. I cannot confirm without knowing the aggregation procedure referenced in the interrogatory. Note, however, that the set of records associated with a facility IDNUM in the mpe<y>.txt or pse<y>.txt file would represent the stock of equipment belonging to the given equipment category installed at the facility at the beginning of fiscal year <y>.
- g. Please see the responses to UPS/USPS-T15-24(b) and UPS/USPS-T15-32(b).

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: 4-14-00

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.

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

Susan M. Duchek

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