

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

UNITED STATES POSTAL SERVICE
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO
UNITED PARCEL SERVICE WITNESS NEELS
(USPS/UPS-T1-7-12)

Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to United Parcel Service witness Neels: USPS/UPS-T1-7-12.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Susan M. Duchek

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May 31, 2000

USPS/UPS-T1-7. Please refer to your testimony at page 62 (Table 9).

- a. Please provide copies of all exhibits referenced in the notes to Table 9. If the referenced material is provided elsewhere in your testimony or workpapers, provide correct citations.
- b. Note 3 appears to refer erroneously to "Appendix 5." Please provide the correct reference.
- c. Please provide estimated standard errors for all quantities reported in Table 9, other than those obtained directly from Dr. Bozzo's testimony.
- d. Please describe fully the method used to compute the standard errors provided in response to part (c). If the method is described elsewhere in your testimony or workpapers, provide appropriate citations.

USPS/UPS-T1-8. Please refer to your testimony at page 62 (Table 9).

- a. Confirm that the number (1.597) reported in the OCR line of Table 9 in the column labeled "MODS Level Variability of TPH w.r.t. FHP" is an estimate of the elasticity of OCR TPH with respect to OCR FHP. If you do not confirm, please provide the interpretation you believe to be correct.
- b. Confirm that the number (2.062) reported in the OCR line of Table 9 in the column labeled "Shapes Level Variability of TPH w.r.t. FHP" is an estimate of the elasticity of total TPH for letter-shape operations with respect to total FHP for letter-shape operations. If you do not confirm, please provide the interpretation you believe to be correct.

- c. Confirm that the numbers reported in the lines of Table 9 other than OCR, in the column labeled "MODS Level Variability of TPH w.r.t. FHP," are estimates of the elasticity of TPH in the specified "MODS Group" with respect to FHP in the specified "MODS Group." If you do not confirm, please provide the interpretation you believe to be correct.
- d. Confirm that the numbers reported in the lines of Table 9 other than OCR, in the column labeled "Shapes Level Variability of TPH w.r.t. FHP," are estimates of the elasticity of total TPH for the shape of mail corresponding to the specified "MODS Group" with respect to total FHP for the shape of mail corresponding to the specified "MODS Group." If you do not confirm, please provide the interpretation you believe to be correct.

USPS/UPS-T1-9. Please refer to your testimony at page 26, lines 7-9. You state, referring to Dr. Bozzo's response to UPS/USPS-T15-13 (Tr. 15/6387-6388), "For Site #6 in particular, Dr. Bozzo indicates that the gaps in the data series corresponded to periods where data for the SPBS and Manual Parcels MODS activities were commingled and reported together as data for the SPBS MODS group."

- a. Confirm that the "data series" for site #6 addressed in UPS/USPS-T15-13 are the TPH series for the manual parcels and manual Priority Mail operation groups. If you do not confirm, please explain.
- b. Confirm that in response to oral examination by counsel for UPS, Dr. Bozzo indicated that he used the term "commingled" to mean "that site [#6] had

handled manual and SPBS parcels together up to a point prior to separating them according to the mail processing technology that was used to sort them" (Tr. 15/6431, lines 2-5).

- c. Where did Dr. Bozzo state, either in the cited response to UPS/USPS-T15-13, or in response to oral examination at Tr. 15/6430-6431, that "data for the SPBS and Manual Parcels MODS activities were commingled and reported together as data for the SPBS MODS group"? If Dr. Bozzo did not make this statement, please so indicate.

USPS/UPS-T1-10. Please refer to your testimony at page 24, line 15, to page 25, line 2. Please also refer to Table 4 on page 25.

- a. Confirm that the data in Table 4 do not reflect the errata to USPS-T-15 filed on January 25, 2000. If you do not confirm, please explain.
- b. Confirm that Table 4, corrected to reflect the errata to USPS-T-15, filed on January 25, 2000, would read as follows:

Table 4
MODS Data Quality

MODS Group	Non-Missing	Threshold	Threshold and Productivity	% of Observations Exhibiting Gross Data Errors
BCS	6885	6883	6780	1.53%
OCR	6644	6639	6495	2.24%
FSM	5442	5442	5424	0.33%
LSM	5156	5150	5127	0.56%
Manual Flats	6914	6914	6420	7.14%
Manual Letters	6914	6914	6824	1.30%
Manual Parcels	5835	5625	4713	19.23%
Priority	5717	5644	4995	12.63%
SBPS	2244	2239	2213	1.38%
Metered Cancellations	6746	6718	6599	2.18%

Notes and Sources:

1. Data from USPS-T-15, p. 107 (revised 1/25/00).
2. Because Dr. Bozzo records both true missing values and bad data as zeros, these data underestimate the percent of gross errors.

If you do not confirm, please explain fully.

- c. Confirm that the percentages of observations you report for the manual flats, manual parcels, and manual Priority Mail operations at page 24 (lines 17-18) of UPS-T-1 are inconsistent with the corrected version of Table 4 from part (b). If you do not confirm, please explain fully.
- d. Confirm that to be consistent with the corrected version of Table 4 from part (b), the percentages reported at page 24 (lines 17-18) of UPS-T-1 for manual

flats, manual parcels and manual Priority Mail should be (respectively) 7 percent, 19 percent, and 13 percent, when rounded to the nearest percentage point. If you do not confirm, please explain fully.

USPS/UPS-T1-11. Please refer to the analysis you describe in UPS-T-1 at pages 63-71 (line 10).

- a. Provide, using mathematical notation (see, e.g., USPS-T-15 at page 118, line 4), the estimating equation for each reported "volume-variability" result in Table 11 and Table 12.
- b. Did you explore any alternative model(s) or specification(s) to those provided in response to part (a)? If so, for each alternative model or specification, describe the alternative model or specification, indicate the difference(s) between the alternative and the corresponding model from part (a), and provide a statement of the reasons for rejecting that alternative.

USPS/UPS-T1-12. For each reported "volume-variability" result in Table 11 and Table 12, please provide the data actually employed in the corresponding regression (i.e., after any transformations performed in program volume.prg in UPS-Neels-WP-1). Please provide the data in Microsoft Excel spreadsheet format, and include column labels consistent with the response to USPS/UPS-T1-11(a).

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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