

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  
OCA WITNESS EWEN  
(USPS/OCA-T5-1-9)

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 OCA witness Ewen: USPS/OCA-T5-1-9.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
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June 6, 2000

UNITED STATES POSTAL SERVICE INTERROGATORIES TO  
THE OFFICE OF THE COMSUMER ADVOCATE

USPS/OCA-T5-1. Please refer to your testimony at pages 8-9.

- a. Please confirm that if a variable X is independent of another variable Y, then X is fixed with respect to changes in Y.
- b. If your answer to (a) is anything other than an unqualified "confirmed," please explain how X can be independent of Y and yet vary in response to Y. Please give examples of this phenomenon.
- c. Please refer to page 8 line 6 of your testimony, where, quoting the Commission, you state that "coverage-related load time 'is independent of volume delivered at a stop.'"

(1) One interpretation of this quotation is the following, derived from witness Baron's testimony: **Coverage-related load time is fixed with respect to volume delivered at a stop.** (See for example, USPS-T-12, page 6, 2-4 and page 9 lines 3-13). Do you believe that this interpretation of the quotation at page 8 line 6 of your testimony reads far too much into the language of that quotation? If so, please state specifically what about this interpretation constitutes reading "far too much" into the quotation. Please also explain fully how and why the interpretation reads "far too much" into the quotation, and what about the quotation stands in conflict with Mr. Baron's interpretation.

(2) Do you believe Mr. Baron's interpretation just given to the quotation "coverage-related load time is independent of volume delivered at a stop" violates the Webster's Dictionary (any edition) definition of any of the individual words in this quotation? If so, please provide the dictionary definition of each word Mr. Baron's interpretation is violating, and explain fully how each violates the definition.

USPS/OCA-T5-2. Please refer again your statement at page 8 line 6 that "coverage-related load time 'is independent of volume delivered at a stop.'" You state at page 8 lines 10-11 that in its R97-1 Decision, "the Commission sought to clarify the meaning of this statement."

- (a) Please explain the ambiguity in this statement that requires clarification.
- (b) Please explain which specific words or phrases from this statement are ambiguous, and explain why the dictionary definitions of the words are insufficient to convey their true meanings.
- (c) Do you confirm that the additional load time that results when, due to volume growth, a carrier delivers mail at a previously uncovered delivery point is coverage-related load time? If you do not confirm, please explain why this additional load time is not coverage-related load time.

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USPS/OCA-T5-3. Please refer to your testimony at page 8 lines 10-13. You refer in these lines to the "critical quotation" that "coverage-related load time is independent of volume delivered at a stop" (from page 8 line 6 of your testimony). You cite to the Commission as stating that this quotation must be placed "in the broader context of related statements made by the Commission in other proceedings."

- (a) Please state the exact conclusion, implication, finding, or other result of this "broader context" that invalidates Mr. Baron's interpretation (presented at the second sentence in USPS/OCA-1(c)(1)) of the above "critical quotation." Please be specific.
- (b) Again referring to Mr. Baron's interpretation given to the "critical quotation," please explain what specific error made in that interpretation is revealed by the "broader context" enunciated by you in your testimony. Please explain how and why the "broader context" reveals this error.
- (c) Please identify the specific parts of the "broader context" which dictate that coverage-related load time is both independent of mail volume and yet not fixed with respect to mail volume. Please explain why these parts of the "broader context" invalidate the view that the words "independent of " mean "fixed with respect to."
- (d) At page 8 lines 16-19 of your testimony, you quote the Commission as stating that "[t]he coverage-related load time analysis was intended to find the additional volume variability resulting from the fact that additional deliveries are caused by additional volumes." Please explain how this fact invalidates Mr. Baron's interpretation of the "critical quotation."
- (e) Please refer to your testimony at page 8 line 24 through page 9 lines 1-2. Please explain how a block of time can be independent of mail volume and not be "completely insulated from all influence" of mail volume. Please give examples of postal and non-postal operations that are independent of mail volume and yet are not completely insulated from all influence of mail volume.

USPS/OCA-T5-4. Please refer to page 3 lines 20-22 of your testimony where you state that the Commission's approach defines coverage-related load time as the residual time that remains after elemental load time is subtracted from total load time.

- a) Please explain fully the engineering concept, if any, to which this definition of coverage-related load time corresponds.
- b) Please explain fully the operational reality, if any, to which this definition of coverage-related load time corresponds.

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**USPS/OCA-T5-5.** Please refer to the Commission's definition of coverage-related load time as the residual time that remains after elemental load time is subtracted from total load time.

- (a) Please confirm that as elemental load time increases, coverage-related load time decreases, according to this definition. If you do not confirm, please explain how coverage-related load time is affected by increases in elemental load time.
- (b) If your answer to part (a) is confirmed, please explain why, from an operational or engineering perspective, coverage-related load time falls as elemental load time rises.

**USPS/OCA-T5-6.** Please refer to USPS-LR-I-80, Cs06&7.xls, sheet 7.0.4.2, cells D22 through F26, which list the elasticities of SDR, MDR, and BAM load times with respect to letter volume, flat volume, parcel volume, accountables volume, and collection volume. The sum of these five elasticities is 62.09% for SDR, 72.00% for MDR, and 50.15% for BAM.

- (a) Please confirm that the Commission's load time analysis regards 62.09%, 72.00%, and 50.15% as the Base Year aggregate elasticities of SDR, MDR, and BAM load time, respectively, with respect to an equal-percentage increase in total stop-level volumes across all volume categories (letters, flats, parcels, accountables, and collections). If you do not confirm, please list what you believe are the Base Year 1998 aggregate elasticities of SDR, MDR, and BAM load times with respect to an equal percentage increase in stop-level volumes across all volume categories, according to the Commission analysis.
- (b) Assuming your answer to 6(b) is confirmed, please explain why you believe the estimated aggregate elasticities of SDR, MDR, and BAM load time with respect to total mail volumes at a stop are only 62.09%, 72.00%, and 50.15%, respectively, instead of 100%. Please fully explain, in other words, why these three elasticities fall below 100%.
- (c) Do you believe that the operation of loading mail at one delivery point can be expected to exhibit increasing returns to scale? Please fully explain the rationale for your answer.

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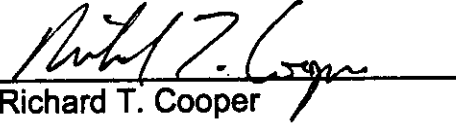
**USPS/OCA-T5-7.** Please refer to your Testimony at page 11 lines 4-7. Did the new ES study collect any data measuring coverage-related load time as defined by the Commission (i.e., as equal to the residual of total load time over elemental load time)? If your answer is yes, please specify the ES data that measure this residual, and how it does so.

**USPS/OCA-T5-8.** Please fully identify the activities that a carrier engages in that are coverage-related load activities, based on the definition of coverage-related load time as the residual of total load time over elemental load time. Please also explain fully how these coverage-related activities are distinguished from the elemental load time activities.

**USPS/OCA-T5-9.** Please refer to your testimony at page 12, lines 6-10. Please fully identify the "physical hypothesis that is grounded in operational data" that applies to the concept of coverage-related load time as the residual of total load time over elemental load time. Please "proffer a clear hypothesis about the physical rationale" for this concept of coverage-related load time.

**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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