

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
MPA WITNESS CROWDER
(USPS/MPA-T5-1-3)

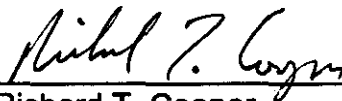
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to MPA witness Crowder: USPS/MPA-T5-1-3. To the extent that any particular question in this set may be read to require disclosure of confidential information in violation of Presiding Officer's Ruling No. R2000-1/27, it is requested that an unredacted response containing the confidential information be filed under seal in conformance with Ruling 27 and provided to the Postal Service.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking


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June 9, 2000

USPS/MPA-T5-1. Please refer to your testimony at page 48, lines 3-6. You state that:

When volume on a route increases and there is less than 100% delivery coverage on the stop, then some of the volume goes to newly covered stops/deliveries (causing whatever fixed stop/delivery time is appropriate) and average volume for all covered stops/deliveries on the route decreases.

In what sense is the fixed stop/delivery time that you mention "fixed"? For example, is it fixed with respect to a specific variable, such as volume? Is it fixed in the much stricter sense that it is the exact same amount of time at every newly covered stop or delivery point, regardless of whether that new stop or delivery point is a curbside, centralized, walk-up location, etc., and regardless of container and receptacle type? Please explain fully.

USPS/MPA-T5-2. Please refer to your testimony at Appendix B, pages 9-10, including footnote 9 on page 10.

- (a) Refer in particular to your statement at Appendix B, page 9 that the positive load time at zero volumes estimated by the route-level regressions "is clearly nonsensical at the route level..." Is it your contention that it makes sense for significant fixed load time to exist at an individual covered stop, but that it is "nonsensical" for fixed load time to exist at a group of covered stops that make up a section of a route or an entire route? Please explain fully.
- (b) In Appendix B, page 10, footnote 9, you state: "At the stop level, the cost-volume curve does have a positive intercept, indicating fixed stop time."
 - (1) Is this "fixed stop time" true load time, or should it be allocated to a different (non-load) out-of-office component? If it should be allocated to a different (non-load) out-of-office component so, which component, and why? Please explain fully.
 - (2) Is this "fixed stop time" coverage-related load time? Please explain fully.
 - (3) How would you measure the volume-variability, if any, of this "fixed stop time?" Please explain fully.
- (a) Consider the definition of coverage-related load time as the residual of total load time at a stop minus elemental load time at that stop. Is coverage-related load time, based on this definition, the same as the "fixed stop time" that you refer to in the portion of Appendix B, page 10, footnote 9 that is quoted in interrogatory 3(b) above? Please explain fully why or why not.

USPS/MPA-T5-3. Please refer to your testimony at page 44, line 1 through page 45, line 13. At page 45, lines 4-12, you make the following statements:

The key point is that the *intercept* and *intercept-related terms* in both models represent relatively “fixed” time in the ES load time data (i.e., time that does not vary directly with number of possible deliveries). If the activities encompassed by the ES load time data only included true load time, then the intercept value and the coefficients for the other related terms would be close to zero and statistically insignificant. This result is expected for true load time, since zero possible deliveries should produce zero load time. Thus, this fixed time identified in the regressions should be considered non-load time that belongs in another out-of-office time component.

- (a) Please specify the exact models to which you refer. Are the regressions referred to in this statement both the MPA ES regression and the USPS ES regression? Please explain fully.
- (b) Are the “possible deliveries” referred to in this statement the deliveries recorded for the possible deliveries variables located on the right-hand side of the MPA ES regression? Please explain fully.
- (c) Please refer to footnote 43 on page 44. Please confirm that each deliveries variable defined on the right-hand side of the MPA ES regression for a given delivery type represents the combination of actual deliveries for that delivery type and volume loaded at those actual deliveries. If you do not confirm, please explain fully in what sense each possible deliveries variable operates “as a proxy for volume and actual deliveries.”
- (d) Please see the last sentence of your statement from page 45, lines 4-12, quoted at the beginning of this interrogatory. Is the “fixed time identified in the regressions”
- (1) the time predicted by the regressions at zero possible deliveries,
 - (2) the time predicted by the regressions at a combination of zero actual deliveries and zero volumes,
 - (3) neither (1) nor (2), or,
 - (4) both (1) and (2)? Please explain fully.
- (e) Is it your view that the “fixed time identified in the regressions” cannot be load time because it is nonsensical that load time should be incurred on a route that has no actual deliveries and no volume? Please explain fully.

(f) Is it your view that the "fixed time identified in the regressions" cannot be load time because it is nonsensical that load time should be incurred on a route that has zero possible deliveries? Please explain fully.

(g) For what out-of-office time component would you expect to find positive hours on a route that has no actual deliveries and no volume? Please explain fully.


(h) For what out-of-office time component would you expect to find positive hours on a route that has no possible deliveries? Please explain fully

(j) Is the out-of-office time component that you identified in response to part (h) the other out-of-office time component to which you would assign the "fixed time identified in the regressions"? Please explain fully

(k) Is the out-of-office time component that you identified in response to part (i) the other out-of-office time component to which you would assign the "fixed time identified in the regressions"? Please explain fully

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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