

BEFORE THE  
POSTAL RATE COMMISSION  
WASHINGTON, D.C. 20268-0001

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

UNITED STATES POSTAL SERVICE  
FOLLOW-UP INTERROGATORIES AND REQUESTS FOR PRODUCTION OF  
DOCUMENTS TO OCA WITNESS EWEN  
(USPS/OCA-T5-38-41)

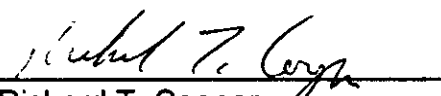
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following follow-up interrogatories and requests for production of documents to OCA witness Ewen: USPS/OCA-T5-38-41.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

  
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July 10, 2000

FOLLOW-UP INTERROGATORIES TO EWEN

USPS/OCA-T5-38. Please refer to your response to USPS/OCA-T5-17(b)(1). The beginning of this interrogatory defined the concept of "PRC accrued coverage-related load time cost" and part (b) derived a value of 6.65 seconds for PRC accrued coverage-related load time per SDR stop. The interrogatory then asked you to confirm that 6.65 seconds in PRC accrued coverage-related load time per SDR stop is an estimate of the average additional load time that is caused specifically by a carrier going to a new, previously uncovered SDR stop in response to volume growth. The first three sentences of your answer to this question were as follows:

Not confirmed. Coverage-related costs vary by type of stop. The average value, assuming, *arguendo*, it is coverage-related, is not relevant for cost attribution.

- (a) Do you confirm that 6.65 seconds equals the ratio of \$612,733,394<sup>1</sup> in PRC accrued coverage-related SDR load time cost to the average FY 1998 city carrier wage rate of \$25.92/hour, or 23,639,406 hours, times 3600 seconds per hour divided by the 12,802,475,000 in aggregate annual SDR actual stops? If you do not confirm, please explain the error in this calculation of 6.65 seconds.
- (b) Do you confirm that FY 1998 PRC accrued coverage-related load time per SDR stop is 6.65 seconds? If you do not confirm, please present your alternative measure of FY 1998 PRC accrued coverage-related load time per SDR stop, and explain how you derive this alternative measure.
- (c) If you can neither confirm nor deny that 6.65 seconds is the correct measure of FY 1998 PRC accrued coverage-related load time per SDR stop, please state whether you have any reason to believe that 6.65 seconds is not an accurate measure of FY 1998 PRC accrued coverage-related load time per SDR stop. Please explain these reasons fully.

USPS/OCA-T5-39. Please refer to your response to USPS/OCA-T5-21. This interrogatory stated that "the ratio of SDR coverage-related load time per stop (6.65 seconds) to SDR elemental load time per stop (10.40 seconds) is 63.89%, and that the ratio of BAM coverage-related load time per stop (17.35 seconds) to BAM elemental load time per stop (18.88 seconds) is 91.91%." The interrogatory then asked that if you do not confirm "that the ratio of coverage-related load time per actual stop to elemental load time per actual stop is much higher for BAM stops than for SDR stops," then "please explain why the ratio of PRC coverage-related load time to elemental load time is about 64% for SDR stops but nearly 92% for BAM stops." Your response stated:

[a]ssuming *arguendo*, the interrogatory's figures are accurate, coverage-related time for SDR stops is 39 percent of average stop time, and coverage-related time for BAM stops is 48 percent of average stop time. I have not performed any analysis to assess the statistical significance of that difference and have no opinion as to whether that difference can be appropriately characterized as 'much higher.'

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<sup>1</sup> This was reported to the nearest \$1,000 in USPS/OCA-T5-17(b).

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- (a) Do you confirm that FY 1998 PRC accrued coverage-related load time per BAM stop equals 17.35 seconds? If you do not confirm, please present your alternative measure of FY 1998 PRC accrued coverage-related load time per BAM stop, and explain how you derived this alternative measure.
- (b) If you can neither confirm nor deny that 17.35 seconds is the correct measure of FY 1998 PRC accrued coverage-related load time per BAM stop, please state whether you have any reason to believe that 17.35 seconds is not an accurate measure of FY 1998 PRC accrued coverage-related load time per BAM stop. Please explain these reasons fully.
- (c) Do you confirm that for SDR stops, the ratio of PRC accrued coverage-related load time per stop to elemental load time per stop is 0.6389, and that for BAM stops, the ratio of PRC accrued coverage-related load time per stop to elemental load time per stop is 0.9191? If you do not confirm, please present your alternative measures of PRC accrued coverage-related load time per stop to elemental load time per stop for SDR and BAM stops, respectively, and explain how you derive these alternative measures.
- (d) If you can neither confirm nor deny that for SDR stops, the ratio of PRC accrued coverage-related load time per stop to elemental load time per stop is 0.6389, and that for BAM stops, the ratio of PRC accrued coverage-related load time per stop to elemental load time per stop is 0.9191, then please answer the following. Do you have any reason to believe that 0.6389 is an inaccurate measure of the ratio of PRC accrued coverage-related load time per stop to elemental load time per stop for SDR stops, and that 0.9191 is an inaccurate measure of the ratio of PRC accrued coverage-related load time per stop to elemental load time per stop for BAM stops? Please explain these reasons fully.
- (e) Do you have any reason to believe that the 0.2802 difference by which the BAM ratio of PRC accrued coverage-related load time per stop to elemental load time per stop exceeds the corresponding SDR ratio is not statistically significant? If yes, please explain these reasons fully.

USPS/OCA-T5-40. Please refer to your response to USPS/OCA-T5-19. This interrogatory asked you to "explain fully why the PRC costing methodology uses a different distribution method to allocate SDR elemental load time cost across mail subclasses that it uses to allocate SDR coverage-related load time cost across mail subclasses." In your answer, you stated that:

SDR elemental load time costs are properly attributed to all classes of mail based on the volume-related elasticities derived from the LTV regressions. SDR coverage-related load time costs are not 'allocated across mail classes.' A

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portion of SDR coverage-related load costs are assigned to individual subclasses of mail based on the single subclass stop method.

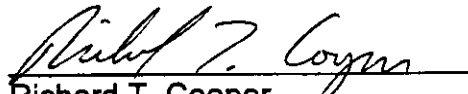
Please explain fully why the PRC costing methodology uses a different method to *attribute* SDR elemental load time costs to mail subclasses than it uses to *attribute* SDR coverage-related load time costs to mail subclasses. If you believe the term "attribute" is inappropriately applied to coverage-related load time cost, please explain fully why the PRC costing methodology uses a different method to attribute SDR elemental load time costs to mail subclasses than it uses to *assign* SDR coverage-related load time costs to individual mail subclasses.

USPS/OCA-T5-41. Please refer to your answer to USPS/OCA-T5-28.

- (a) Please confirm that the single subclass stop ratios that the Commission's methodology applies to accrued SDR, MDR, and BAM coverage-related load time costs in order to compute corresponding **attributable** coverage-related load time costs are the same single-subclass stop ratios that the Commission's methodology applies to accrued SDR, MDR, and BAM access costs, respectively, to compute corresponding **attributable** access costs.
- (b) If you do not confirm, please show how the single subclass stop ratios applied by the Commission's methodology to accrued coverage-related load time costs in order to attribute these costs to mail subclasses differ from the single subclass stop ratios applied by the Commission's methodology to accrued access costs in order to attribute these costs to mail subclasses.

**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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