

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY TO
INTERROGATORIES OF THE OFFICE OF THE CONSUMER ADVOCATE
REDIRECTED FROM WITNESS MODEN
(OCA/USPS-T4-8(c) and (d))

The United States Postal Service hereby provides the response of witness Bradley to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T4-8(c) and (d), filed on August 18, 1997 and redirected from witness Moden.

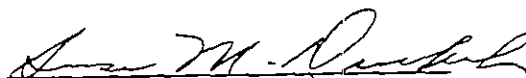
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


Susan M. Duchek

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2990; Fax -5402
September 2, 1997

Response of United States Postal Service Witness Bradley
to
Interrogatories of OCA
(Redirected from Witness Moden)

OCA/USPS-T4-8.

- c. Please confirm that the factors accounting for volume variability are not identical for facilities of different types. Please provide all documents relating to comparisons of volume variability for mail processing equipment by facility type.
- d. Please confirm that the factors accounting for volume variability are not identical for facilities of different sizes. Please provided all documents relating to comparisons of volume variability for mail processing equipment by facility size.

OCA/USPS-T4-8 Response:

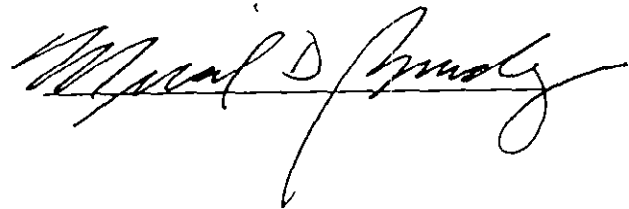
- c. Partially confirmed, as it depends upon the type of facility. Because the mail processing activities in MODS and non-MODS offices are quite similar, the factors determining volume variabilities in these two types of facilities are also quite similar. To the degree that the mail processing activities in BMCs are different from those in MODS offices, the factors determining variabilities should also be expected to be different in BMCs. For a presentation of the variabilites for both MODS facilities and BMCs please see my testimony, USPS-T-14. For a discussion of volume variabilities for MODS and non-MODS offices please see OCA/USPS-T14-1.
- d. I am not able to confirm this. The factors determining volume variability may well be the same across facilities of different sizes, although the exact values for those

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factors will not. In fact, the exact values for the factors will not be identical in facilities of similar sizes. Also, please recall that the factors determining volume variability are activity-specific, not facility-specific. The estimation of volume variability depends upon the relationship between cost and piece handlings at both large and small facilities and volume variability is not a function of facility size, *per se*. In fact, one should control for facility size (by using panel data or some other method) to avoid contaminating the calculation of volume variability with non-volume facility-specific cost influences.

DECLARATION

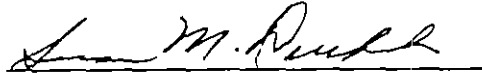
I, Michael D. Bradley, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in cursive script that reads "Michael D. Bradley". The signature is written in black ink and is positioned to the right of the declaration text.

Dated: Sept. 7, 1997

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.



Susan M. Duchek

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