

BEFORE THE
POSTAL RATE COMMISSION

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

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**EIGHTH SET OF INTERROGATORIES FROM UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY
(UPS/USPS-T14-48 through 60)**

(September 17, 1997)

Pursuant to the Commission's Rules of Practice, United Parcel Service hereby serves the following interrogatories and requests for production of documents directed to United States Postal Service witness Bradley (UPS/USPS-T14-48 through 60).

Respectfully submitted,



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**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY**

UPS/USPS-T14-48. Consider the case of a one-variable linear regression model with independently and identically distributed error terms. For a given sample size, what would be the effect of the standard errors of its estimated coefficient of an increase in the range of values taken by the independent variable?

UPS/USPS-T14-49. From an econometric point of view, do you believe that it is ever appropriate to eliminate from an analysis observations containing numerical values that have been transcribed or keypunched incorrectly? Please explain your answer.

UPS/USPS-T14-50. From an econometric point of view, do you believe that it is always appropriate to eliminate from an analysis observations containing numerical values that have been transcribed or keypunched incorrectly? Please explain your answer. If your answer is not an unqualified "yes" or "no," please describe the circumstances under which it would be appropriate to exclude such data, and the circumstances under which it would be inappropriate to exclude such data.

UPS/USPS-T14-51. From an econometric point of view, do you believe that it is ever appropriate to eliminate from an analysis observations that have numerical values which have been transcribed or keypunched correctly? Please explain your answer. Please describe the circumstances under which it would be appropriate to exclude such observations.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY**

UPS/USPS-T14-52. From an econometric point of view, do you believe that it is appropriate to eliminate from an analysis observations that have numerical values which have been transcribed or keypunched correctly simply because one of those values falls in the tails of the distribution of such values across all observations? Please explain your answer.

UPS/USPS-T14-53. Do you believe the observations you eliminated from your analysis using the productivity (one percent tails) scrub contain transcription or key punching errors? If you do not believe these observations contain such errors, why were they dropped from your analysis? If you believe that the observations in the tails of the distribution eliminated by your productivity scrub may contain transcription or key punching errors, how can you be certain that the observations in the center of the distribution are correct and not subject to transcription or key punching errors?

UPS/USPS-T14-54. In a postal facility, is it possible for productivity to surge to a level that is unsustainable over the long term in response to a sudden increase in volume? Please discuss the difference between the short and long run responses of productivity to a change in volume. Include in your answer a discussion of an increase in volume that is sudden and temporary, as well as a discussion of a permanent increase in volume.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY**

UPS/USPS-T14-55. Please refer to your discussion of technological progress on pages 13 through 15 of your testimony.

(a) Is it your belief that technological change increases productivity monotonically over time? Please explain your answer.

(b) If you do not believe that technological change increases productivity monotonically over time, please provide an example, relevant to the types of operations carried out in postal facilities, of a situation in which technological change would lead to decreases in productivity.

(c) Do you expect there to be a discontinuity at the break point in technological trends of FYAP 9301 that you assume in the estimation? Please explain your answer.

(d) To what extent did the "fundamental restructuring of Postal Service operations in FY 1993," which you refer to on page 15 of your testimony, result in a restructuring or rearrangement of mail flows at MODS and BMC facilities?

(e) What were the specific changes in processing that occurred as of FYAP 9301? Was there a slow change-over to newer/different equipment? Was the change sudden or did it occur over several days or months? What were the changes in mail flows? Was mail processed more quickly after the change?

UPS/USPS-T14-56. What factors do you believe affect the "manual ratio" you refer to on page 16, line 15, of your testimony? Is it affected by volume? Does it

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY**

change over time? Does it differ across facilities? Could the manual ratio be affected by different forces in a small facility as compared to a large facility, or a facility with newer equipment as compared to a facility with older equipment? Please explain your answer.

UPS/USPS-T14-57. Please discuss the way in which the Postal Service staffs peak volume periods. Include in your discussion answers to the following:

(a) Is the Postal Service more likely to schedule overtime work during peak volume periods than during normal volume periods? Please explain your answer.

(b) Is the Postal Service more likely to schedule part-time or casual workers during peak volume periods than during normal volume periods? Please explain your answer.

(c) What is the mix of the use of overtime pay for workers as compared to the use of part-time or casual workers during peak volume periods? What is the mix during normal volume periods?

(d) Do supervisors work on sorting machines during peak volume periods? Please explain your answer.

(e) Are employees moved from one activity to another based on volume and need? Please explain your answer.

(f) What is the change in the mix of employees performing an activity when volume increases or decreases, and do these changes differ by facility? Please explain your answer.

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY**

UPS/USPS-T14-58. You have used "total pieces handled" as the basic measure of volume in your cost analysis.

(a) With respect to First Class letters, Priority Mail, and Parcel Post, what is the minimum number of "handlings" as counted in your analyses that a particular item might experience between its initial drop-off at a postal facility and its delivery to its final destination? What is the maximum number of handlings?

(b) Has the number of times a piece is handled increased or decreased over time? Why? If the number of times a piece is handled has increased over time, what is the impact of this change on the relationship between pieces delivered and costs? If the number of times a piece is handled has decreased over time, what is the impact of this change on the relationship between pieces delivered and costs?

(c) Does the number of times a piece is handled increase or decrease with volume?

UPS/USPS-T14-59. What data over time are available on the total number of items, by class, delivered by the Postal Service to their ultimate destinations? Please provide such data.

UPS/USPS-T14-60. What data are available on the number of pieces, by class, that arrive into a site and the number of pieces that leave a site? Please provide

**INTERROGATORIES OF UNITED PARCEL SERVICE
TO UNITED STATES POSTAL SERVICE WITNESS BRADLEY**

any data available on total inflow and outflow by site and FYAP for the MODS and PIRS sites used in the data in your testimony and analysis.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with section 12 of the Commission's Rules of Practice.


Stephanie Richman

Dated: September 17, 1997
Philadelphia, PA