

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

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS STEPHEN H. WADE
(OCA/USPS-T20-1-3)
September 16, 1997

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories 1-7 to the United States Postal Service dated July 16, 1997, are hereby incorporated by reference.


Respectfully submitted,



GAIL WILLETTE

Director

Office of the Consumer Advocate



KENNETH E. RICHARDSON

Attorney

OCA/USPS-T20-1. Your workpaper F, pages 1 and 5, indicates that problems with four facility observations and the hours scheduled for spotter activities which were discovered too late to adjust the base year estimate of volume variability on your exhibit 2 would result in an increase in the volume variability of cost segment 8, vehicle service driver (VSD) costs, from 59.86% to 61.18%.

- a. Please confirm that if the higher variability of 61.18% were used the new base year attribution for cost segment 8 used by witness Alexandrovich in his workpaper B-8(w/s 8.1.1, col. 3, note c) would increase from \$245.555 million to \$251.012 million, or \$5.457 million. If not, please explain.
- b. In your opinion, based upon the information now available to you, is the appropriate variability for cost segment 8, vehicle service drivers 61.18%?

OCA/USPS-T20-2. Please refer to your testimony at page 21 discussing "spotter" hours and your exhibit 2.

- a. Please confirm that if your exhibit 2 were revised to reflect the revision of your study to eliminate the problem observations and non-confirmable spotter workhours discussed in the above interrogatory, total spotter costs on exhibit 2 would be \$36,636,916 or 8.93% of the total vehicle service driver costs. If not, please explain.
- b. Your testimony at page 21 states your study assumes that volume variability for spotter workhours is zero. Based upon your observation, experience and intuition following this study, do you believe the variability of spotter workhours to be greater than zero?

- c. Based upon your observation, experience and intuition following your study, please state what you would expect upon full analysis of spotter workhours to be the volume variability to the nearest 10%.
- d.. Did you undertake any analysis to determine the variability of spotter costs in your studies? If so, please state what results you obtained and why you did not include the results in your testimony.
- e. Are there any plans to undertake a study of the variability of the spotter costs in the near future?

OCA/USPS-T20-3. Please refer to your testimony at pages 19-20 and your workpaper D, page 11 concerning the econometric model 5 which you selected as a basis for your VSD variability recommendation.

- a. Please explain why you used a constant variability of 34% for STOPS which does not vary by facility when you did not use a constant STOP variability for models 3 and 4 considered in your study (WP-D, pages 7 and 9).
- b. Please explain why you used a different constant STOP variability for model 6 (WP-D, page 6) .

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.

A handwritten signature in cursive script, appearing to read "Kenneth E. Richardson".

KENNETH E. RICHARDSON
Attorney

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