Postal Rate Commission
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Before the
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes ) Docket No. R2005-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS MICHAEL D. BRADLEY (OCA/USPS-T14-1-6)
April 12, 2005

Pursuant to Rules 25 through 28 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 Office of the Consumer Advocate Interrogatory to United States Postal Service Witness Potter (OCA/USPS-T1-1), April 12, 2005, are hereby incorporated by reference.

OCA/USPS-T14-1. Please refer to the testimony of witness Jeffery W. Lewis (USPS-T-30).

a. At page 3, lines 13-16, witness Lewis states that "adding bundles results in carriers retrieving mail from more sources when delivering mail on the street. For example, carriers must check and withdraw mail from the bundle of DPS letters, from the bundle of cased mail, and from each of the additional bundles taken directly to the street."

i. Did you examine models of delivery time that included number of bundles (aggregated to ZIP Code level) as an explanatory variable? If so please describe your efforts and results. If not, why not?

ii. Please confirm that Library Reference K-80 contains a dataset--AL161ZIPS.PRN–with 40,668 Zip-date-route records of volumes for delivery-point-sequenced (DPS) letters, non-DPS (i.e., cased) automation letters, non-DPS (i.e., cased) non-automation (i.e., "other") letters, cased flats, and sequenced mail volumes.

iii. Did you examine models of delivery time that included volume of DPSed mail and volume of cased mail (aggregated to ZIP Code level) as explanatory variables? If so please describe your efforts and results. If not, why not?

iv. Did you examine models of delivery time that included number of bundles in excess of three (3) (aggregated to ZIP Code level) as an explanatory variable? If so please describe your efforts and results. If not, why not?

v. Do you consider "small parcels" to constitute a separate bundle (for operational purposes, not for labor-agreement purposes)? If not, why not?

b. At page 4, lines 2-5, witness Lewis states that there has been "an increase in curbline, cluster box (CBU), and centralized deliveries and virtually [no] growth of door delivery. Over time, as these modes of delivery have grown as a percentage of total deliveries, this change has fueled an increase in carrier street productivity."

i. Please confirm that DOIS maintains number of possible delivery points by type for each route. (*See* LR-K-80 at 1.) If you do not confirm, please explain.

ii. Is "type" the same as "mode"—*e.g.,* curbline, NDCBU, etc.? If not, are data on number of possible delivery points by mode available by route for the routes in your datasets? Can such data be generated? If so, please provide it. If not, why not?

iii. Did you examine models of delivery time that included number (aggregated to ZIP Code level) or existence of each delivery mode as explanatory variables? If so please describe your efforts and results. If not, why not?

OCA/USPS-T14-2. Please refer to your testimony at page 25, lines 4-8. You state that you are "trying to model the response in the city carrier delivery network in two areas: (1) how does regular delivery time respond to a sustained change in the volume of letters, flats, sequence mail, collection mail and small parcels? and (2) how does parcel/accountable delivery time respond to a sustained change in the volume of large parcels and accountables?"

a. Please define "sustained" as you use the term here.

b. Is it accurate to say that you wish to estimate the elasticity of regular delivery time with respect to a "sustained" change in volume? If not, why not?

c. Please explain how the elasticity you wish to estimate differs from witness Bozzo's short-run elasticity of labor supply with respect to volume.

OCA/USPS-T14-3. Please refer to your testimony at page 27, lines 5-6, where you state that "a geographical variable will be included as the density of delivery, the number of deliveries per square mile."

a. Would "number of deliveries per route mile" (aggregated to ZIP Code level) constitute a suitable geographical variable (where "route miles" is the total distance traveled during the "regular" delivery function)? If not, why not?

b. Would "number of deliveries per route mile" (aggregated to ZIP Code level) constitute a more natural geographical variable than number of deliveries per square mile? If not, why not?

c. Does "route miles" as defined in a., above, exist for the routes in your datasets? Can such data be generated? If so, please provide it. If not, why not?

d. Does data similar to "route miles" as defined in a., above, (*e.g.,* total length of all block faces on a route) exist for the routes in your datasets? Can such data be generated? If so, please provide it. If not, why not?

e. Did you examine models of delivery time that included possible deliveries per route mile (aggregated to ZIP Code level) as an explanatory variable? If so please describe your efforts and results. If not, why not?

f. In developing your “square miles” measure, did you delete any of the following?

i. bodies of water,

ii. roadless areas,

iii. uninhabited areas,

iv. areas not served by city delivery carriers (*e.g.,* served by rural carriers).

If not, why not?

g. Did you examine models of delivery time that included possible deliveries per square mile net of areas listed in f., above, as an explanatory variable? If so please describe your efforts and results. If not, why not?

h. If one used a route-level geographical variable such as number of possible deliveries per route mile (aggregated to ZIP Code level), would that reduce possible problems resulting from including areas listed in f., above? If not, why not?

OCA/USPS-T14-4. Please refer to your testimony, page 38, Table 5.

a. Please confirm that your restricted quadratic model includes delivery points and delivery points per square mile (plus their squares) as explanatory variables. If you do not confirm, please explain.

b. Please explain the need and desirability of including four (4) functions of delivery points as explanatory variables in an econometric model.

c. Did you examine models of delivery time that included volume (letters, flats, etc.) per delivery point (plus their squares) as the only explanatory variables? If so please describe your efforts and results. If not, why not?

d. Would you agree that an increase in the distance between delivery points (*ceteris paribus*) would cause an increase in the time to complete a route? If not, why not?

e. If one could use the mean and variance (or mean squared) of distance between delivery points as explanatory variables, would there be any reason to include delivery points as a variable in a model of delivery time? If so, please explain.

f. Would you agree that if all delivery points on a route were concentrated at a single stop (*e.g.,* at one NDCBU), then adding one delivery point to that route would cause almost no increase in delivery time? If not, why not?

g. Would you agree that if a new delivery point appeared in a ZIP Code that was five (5) miles from any other existing delivery point within that ZIP Code, serving that new delivery point would cause a significant increase in delivery time. If not, why not?

h. Did you examine models of delivery time that included functions of the distance between delivery points as explanatory variables? If so please describe your efforts and results. If not, why not?

OCA/USPS-T14-5. Please refer to your testimony at page 40, lines 7-8, where you state that the elasticities in your Table 6 “do *not* reflect the relative marginal delivery

times for each shape." (Original emphasis.) Please provide a table in the form of your Table 6 showing marginal delivery times for each shape. Please show all calculations.

OCA/USPS-T14-6. Please refer to your testimony at page 43, Table 9. Please provide a table in the form of your Table 9 showing marginal delivery times for each "shape." Please show all calculations.

Respectfully submitted,

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