

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSES OF POSTAL SERVICE WITNESS BOZZO
TO INTERROGATORIES OF THE OCA (OCA/USPS-T12 -1 - 3)
(June 20, 2005)

The United States Postal Service hereby provides the responses of witness Bozzo to the following interrogatories of the OCA, filed on June 6, 2005: OCA/USPS-T12-1 - 3.

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

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, Fax -5402
June 20, 2005

Response of United States Postal Service Witness A. Thomas Bozzo
To Interrogatories of the Office of the Consumer Advocate

OCA/USPS-T12-1. Please refer to LR-K-56, Word file Ir_k_56.doc, page 32. This is a list of "52 operational groups."

- a. Please provide TPF, TPH, and FHP by facility, by quarter for each "operational group."
- b. Please provide a list mapping the "52 operational groups" to operations for which you estimate an output elasticity. See USPS-T-12, page 54, table 12.

Response.

- a. Please see the file mods-add-grp9904.xls, in USPS-LR-K-137, for the requested data.
- b. As described in USPS-LR-K-137, the naming convention for the MODS variables indicates correspondences between the 52 operation groups listed at page 32 of Ir_k_56.doc and the 12 groups for which output elasticities were estimated for USPS-T-12.

Response of United States Postal Service Witness A. Thomas Bozzo
To Interrogatories of the Office of the Consumer Advocate

OCA/USPS-T12-2. Please provide the following data.

a. Microsoft Excel file containing mail processing equipment data by LR-K-56 Site ID obtained from the Personal Property Asset Master (PPAM). Each sheet should contain the mail processing equipment for a specific quarter and year. The individual records should correspond to pieces of equipment. Please use the following column labels:

Site ID - Facility identifier, corresponding to site ID number in the LR-K-56 volume variability data set.

PCN - Property Code Number identifying the type of equipment.

Year - Year of Acquisition

Cost - Acquisition cost for each piece of equipment

b. Microsoft Excel file containing mail processing equipment data for Bulk Mail Centers from the Personal Property Asset Master (PPAM). Each sheet should contain the mail processing equipment for a specific quarter and year. The individual records should correspond to pieces of equipment. Please use the following column labels:

BMC - Facility identifier for Bulk Mail Centers

PCN - Property Code Number identifying the type of equipment.

Year - Year of Acquisition

Cost - Acquisition cost for each piece of equipment

c. Microsoft Excel file containing a list of mail processing equipment Property Code Numbers (PCNs) and PCN descriptions.

d. Microsoft Excel file containing quarterly values for capital variables provided in LR-K-56. Please use the following column labels:

Value of Capital - Quarterly values of the facility capital index (QICAP),

Value of AHE - Quarterly values of the automated handling equipment index (QIAHE),

Value of MHE - Quarterly values of the mechanized handling equipment index (QIMHE)

Value of Owned PSE - Quarterly values of the owned part of postal support equipment index (QIPSE)

Value of Rented Equipment - Quarterly values of the rented part of postal support equipment (QIPSE)

Value of Owned P&D Buildings - Quarterly values of the owned part of processing and distribution (P&D) building index (QIPDBLD)

Value of Rented P&D Buildings - Quarterly values of the rented part of processing and distribution (P&D) building index (QIPDBLD)

Value of AFCS - Quarterly values of the AFCS index (QIAFCS)

Value of Cancellation Equipment - Quarterly values of the cancellation index (QICANC)

Value of FSM 881 - Quarterly values of the FSM 881 index (QIFSM881)

Value of AFSM 100 - Quarterly values of the AFSM 100 index (QIAFSM100)

Value of FSM 1000 - Quarterly values of the FSM 1000 index (QIFSM1000)

Value of MPBCS - Quarterly values of the MPBCS index (QIMPBCS)

Value of OCR Equipment - Quarterly values of the OCR index (QIOCR)

Response of United States Postal Service Witness A. Thomas Bozzo
To Interrogatories of the Office of the Consumer Advocate

Value of OCR Installation - Quarterly values of the installation part of the OCR index (QIOCR)

Value of DBCS Equipment - Quarterly values of the DBCS index (QIDBCS)

Value of DBCS Installation - Quarterly values of the installation part of the DBCS index (QIDBCS)

e. Microsoft Excel file containing the national aggregate price and quantity indexes used to develop the capital indexes provided in LR-K-56.

f. Microsoft Excel file containing a crosswalk between the 2004 IOCS and LR-K-56 Site IDs.

Response.

- a. Please see the files "Equipment <year>.xls," in USPS-LR-K-137, for the requested data, where <year> is the Postal Service fiscal year. Note that equipment data from the end of year Y-1 is used to identify the equipment in place at the start of year Y in USPS-LR-K-56.
- b. Please see the files "Equipment <year>-BMC.xls," in USPS-LR-K-137, for the requested data, where <year> is the Postal Service fiscal year.
- c. Please see the file "PCN-MPE.xls," in USPS-LR-K-137, for the requested mapping.
- d.-e. Please see the file "Capital Index.xls," in USPS-LR-K-137, for the requested data.
- f. Please see the file "IOCS to Site ID.xls," in USPS-LR-K-137, for the requested crosswalk.

Response of United States Postal Service Witness A. Thomas Bozzo
To Interrogatories of the Office of the Consumer Advocate

OCA/USPS-T12-3. Please provide the marginal time implicit in the "R2004" variability for each cost pool in Table 12 of your testimony (page 54). Please show the calculations you use.

Response.

I assume "marginal time" refers to marginal time per piece handling. That may be calculated as the inverse of the marginal productivity, as detailed in the following table.

Response of United States Postal Service Witness A. Thomas Bozzo
To Interrogatories of the Office of the Consumer Advocate

Response to OCA/USPS-T12-3
Calculation of Marginal Time Per Piece Handling

| | | (1) | (2) | (3) | (4) | (5) | (6) |
|--------------------|-------------|------------------------|--|--------------------------------------|---------------------------------------|---|-----|
| Operation Group | Total Hours | Total TPH or TPF (000) | Average productivity (piece handlings per hour, Col. 3/Col. 2) | Variability Factor (USPS-T-12, p. 3) | Marginal Productivity (Col. 3/Col. 4) | Marginal Time Per Handling (1/Col. 5, in seconds) | |
| 01 BCS/ | 4,005,504 | 27,527,800 | 6,872 | 0.90 | 7,636 | 0.5 | |
| 02 BCS/DBCS | 32,684,200 | 271,380,000 | 8,303 | 0.85 | 9,768 | 0.4 | |
| 04 OCR | 5,592,925 | 31,102,900 | 5,561 | 0.78 | 7,130 | 0.5 | |
| 05 FSM/ | 105,342 | 71,865 | 682 | 1.01 | 675 | 5.3 | |
| 06 FSM/1000 | 5,034,770 | 2,840,715 | 564 | 0.73 | 773 | 4.7 | |
| 11 Manual Flats | 6,671,383 | 2,608,542 | 391 | 0.90 | 434 | 8.3 | |
| 12 Manual Letters | 28,365,200 | 15,450,500 | 545 | 0.87 | 626 | 5.7 | |
| 13 Manual Parcels | 1,656,571 | 472,550 | 285 | 0.78 | 366 | 9.8 | |
| 14 Manual Priority | 4,791,927 | 1,539,138 | 321 | 0.76 | 423 | 8.5 | |
| 18 Cancellation | 8,681,584 | 30,190,700 | 3,478 | 0.46 | 7,560 | 0.5 | |
| 34 SPBS | 12,752,600 | 3,634,885 | 285 | 0.77 | 370 | 9.7 | |
| 39 AFSM 100 | 12,331,200 | 26,180,200 | 2,123 | 1.03 | 2,061 | 1.7 | |

Total Hours and TPH or TPF are calculated for the FY 2004 regression sample observations in USPS-LR-K-56

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
June 20, 2005