ORIGINAL

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

SPECIAL SERVICES REFORM, 1996

Docket No. MC96–3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LION TO INTERROGATORY OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS—89)

The United States Postal Service hereby provides the response of witness Lion to the following interrogatory of the Office of the Consumer Advocate: OCA/USPS–89, filed on November 6, 1996.

The response to this interrogatory was due on November 20; late-arising problems in the answers together with the press of hearings caused this deadline to be missed. The anticipated filing of this interrogatory response was discussed with counsel for the OCA on November 21.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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November 22, 1996

OCA/USPS-89. Please refer to the response to OCA/USPS-88.

a. Library Reference SSR-156 includes two diskettes, each containing a single file named FMSRTE.DAT. Please explain the difference between these two files.

b. Does either of the FMSRTE.DAT files correspond to one of the data sets named FMSRTE in either SSR-99 or in SSR-156? If so, please identify the data set (by library reference, page, and line number) and which of the FMSRTE.DAT files it corresponds to. If not, please explain exactly which data was used to produce the FMSRTE.DAT files.

c. The second SAS program of SSR-99 required only two input data sets (files ROUTES.LDLSMN.PS754D01.STATB.VOLUME00x and FMS.DATA) to produce tables of average cost per square foot figures. Tables of average cost per square foot figures are produced in SSR-156 using the input files of SSR-99 plus three additional files (INSTMAST.FY9603.TXT, POBOX.SVYSTEP2.JAN30.DAT, and H30005.POBOX.ADDRFMS.DATA).
   i. Please explain why the additional files were necessary for SSR-156.
   ii. Please describe the contents of each of the files used in SSR-156 and define each variable used. For example, what is the difference between CAG, FMSCAG, and ACAG?

d. Please refer to the tables of cost per square foot by delivery group at page 29 of SSR-156 and at page 31 of SSR-99. Please explain why these figures do not agree for delivery groups 1C, 2, and 3. Please identify which of the two tables of cost per square foot is correct.

e. Please compare the tables at page 29 of SSR-156 with the table at page 31 of SSR-99. In SSR-156, the numbers of observations for groups 1C, 2, and 3 are 5854, 14959, and 4468, respectively. In SSR-99, the corresponding figures are 5853, 14989, and 4438. Please explain the reason for this discrepancy.

f. Please refer to the attached tabulations of the larger of the two FMSRTE.DAT files included with SSR-156.
   i. Please explain why the number of observations by CAG for FMSRTE.DAT differs from that shown at pages 22-24 of SSR-156 for CAGs G-L.
   ii. Please explain why the number of observations by delivery group for FMSRTE.DAT differs from that shown at page 29 of SSR-156 and from that shown at page 31 of SSR-99.

g. Please refer to pages 30 and 32 of SSR-156. The table on page 30 is titled "COST PER SQFT BY DELIVERY GROUP USING ALL FMS RECORDS." The table on page 32 is titled "COST PER SQFT BY DELIVERY GROUP USING ESTIMATED RECORDS."
   i. Please explain the difference between these two measures of cost per square foot.
   ii. Please explain the difference between "FMS RECORDS" and "ESTIMATED RECORDS."
   iii. The cost per square foot for group 1A is 18.8322 using FMS records and 21.7575 using estimated records. Which estimate is correct? Are these two cost figures

meant to be used for different purposes? If so, please explain. If not, then please explain why they differ.

Does your response to subpart iii, above, apply to similar cost per square foot discrepancies for groups 1B, 1C, 2, and 3? If not, please explain the reason for discrepancies in these other delivery groups.

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NOTE: Copyright (c) 1989-1993 by SAS Institute Inc., Cary, NC, USA.
NOTE: SAS (r) Proprietary Software Release 6.10  TS019
    Licensed to POSTAL RATE COMMISSION, Site 0009866002.



NOTE: The SAS System for Microsoft Windows, Release 6 10 Limited Production
1   filename in1 't:\mc96-3\libref\ssr-156\disk1\fmsrte.dat';
2   data disk1;
3           infile in1;
4           input cag $ 1   delgrp  $3-4    costsqft 8-15;

NOTE: The infile IN1 is:
    FILENAME=t:\mc96-3\libref\ssr-156\disk1\fmsrte.dat,
    RECFM=V,LRECL=256

NOTE: 25692 records were read from the infile IN1.
    The minimum record length was 15.
    The maximum record length was 15.
NOTE: The data set WORK.DISK1 has 25692 observations and 3 variables.
NOTE: The DATA statement used 7.79 seconds.


5   proc means data=disk1;
6           class cag;
7           var costsqft;
8           output out=disk1m mean=;

NOTE: The data set WORK.DISK1M has 15 observations and 4 variables.
NOTE: The PROCEDURE MEANS used 2.25 seconds.


9   proc means data=disk1;
10          class delgrp;
11          var costsqft;
12          output out=disk1m mean=;
13  run;

NOTE: The data set WORK.DISK1M has 7 observations and 4 variables.
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NOTE: The PROCEDURE MEANS used 1.92 seconds.

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Analysis Variable : COSTSQFT

CAG	N Obs	N	Mean	Std Dev	Minimum	Maximum
A	1148	1148	9 1283281	8.0532141	0.0024000	42.0312000
B	673	673	9.0698978	7.3087888	0.0046000	40 8187000
C	1075	1075	9.2900011	7.0639571	0.0417000	36 8938000
D	478	478	8.5359510	6.9629967	0 0182000	40.0398000
E	788	788	7.6487110	5.6757703	0 6418000	30.2521000
F	983	983	7.1309731	4.9104418	1 0243000	27.0000000
G	2232	2232	6 3480236	3.6149872	0.9195000	18 8267000
H	3330	3330	6.0409474	3.0708928	1.3282000	18.5393000
J	4556	4556	5.7517561	2.7312186	1.2633000	16.7977000
K	8875	8875	5.7541049	2 8566395	1.1342000	18.1818000
L	1548	1548	5 5643677	3.0595709	0 6667000	18.5185000
M	1	1	4.1500000	.	4.1500000	4.1500000
S	1	1	10.2100000	.	10.2100000	10.2100000
W	3	3	6.9303333	5.7189624	1.5802000	12.9578000

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Analysis Variable : COSTSQFT

DELGRP	N Obs	N	Mean	Std Dev	Minimum	Maximum
1A	25	25	18 8322440	12.6951011	1 2585000	42.0312000
1B	143	143	15 5100678	9.8252027	0 0051000	40.8187000
1C	5830	5830	7.3935275	6.0268073	0 0024000	41.9595000
2	14986	14986	5.7545453	2.9465303	0.3333000	32.6033000
3	4397	4397	6.7366738	3.4801157	0.7674000	28.0567000
NA	311	311	7 2493990	5.6447102	0.0033000	37.5000000

RESPONSE:

a. The smaller of the two FMSRTE.DAT files should not have been provided since it omits data regarding Group III boxes. The larger of the two files is, accordingly, the one that should be used. Our copy of the library reference indicates that the correct file has 436,764 bytes and a date stamp of October 30, 1996.

b. No. The explanation follows in responses to subparts c through f.

c. The SAS program filed in LR-SSR-99 was executed on May 16, 1996. It is an extract from a larger program that had earlier estimated costs per square foot by each of various categories (such as CAG and CAG group). This larger program, executed on March 5, 1996 was filed with LR-SSR-156 specifically in response to a request for all studies on cost per square foot by CAG (OCA/ USPS-88). These studies were not used in my testimony.

i. The cost per square foot by delivery group calculated in LR-SSR-156 requires the same input files as in LR-SSR-99. Any other input files were used in exploring other variations of cost per square foot and are not required to examine cost per square foot by delivery group.

ii. 1. ROUTES.LDLSMN.PS754D01.STATB.VOLUME00x comprise the Delivery Statistics File. FMS.DATA is a text dump of the FMS file. INSTMAST.FY9603.TXT is a text dump of the Corporate Data Base Installation Master. POBOX.SVYSTEP2.JAN30.DAT is the PO Box survey data. H30005.POBOX.ADDRFMS.DATA is a file of estimated rental costs per square

foot (see subpart g below).

2. There are dozens of variables used in the SAS program. CAG is the CAG from the Installation Master file. FMSCAG is the CAG from the FMS file. ACAG is the CAG from the PO Box Survey file. The variables relied upon are explained in LR-SSR-99. Other variables were not relied upon and are accordingly irrelevant.

d-e. See response to subpart c. Any differences in cost per square foot by delivery group between LR-SSR-99 and LR-SSR-156 are due to changes in the Delivery Statistics File between March 5, 1996 and May 16, 1996. The DSF is dynamic and is updated regularly. Thus each table is correct as of a different time. The differences are, in this case, insignificant. LR-SSR-156 was submitted only at the request of the OCA and is not relied upon by the Postal Service.

f. i. The SAS program in LR-SSR-156 did not use FMSRTE to generate observations by CAG. The observations by CAG shown at pages 22-24 of LR SSR-156 were produced by a proc means performed on the data set FMSO (at lines 78-81 of the SAS code). Note, however, that the means for both CAG and delivery group in LR-SSR-156 and in the table attached to this interrogatory by OCA are virtually the same (to three significant figures in most cases). Therefore, differences in the number of observations are not significant.

ii. FMSRTE.DAT was created by a special SAS program run on October 28, 1996. FMSRTE. DAT shows different numbers of observations by delivery group than

the FMSRTE data sets in LR-SSR-99 and LR-SSR-156 for two reasons: First, the Delivery Statistics File (DSF) accessed by the October 28 program was different than the DSF accessed by the SAS program in LR-SSR-99 (May 16) and in LR-SSR-156 (March 5, 1996). (See subpart d above). Second, prior to creating FMSRTE.DAT, the October 28 program deleted those records that did not report cost per square foot values. These records were included in the earlier SAS programs, although those records were (correctly) ignored by the proc means operation in those programs.

g. Two different runs were made last March, as part of our exploratory efforts to determine the best way to analyze costs. "FMS RECORDS" are taken directly from the Facility Management System (FMS), eliminating outliers as described in LR-SSR-99. "ESTIMATED RECORDS" are derived from the Address List Management System (ALMS). For these records, we estimated the rental costs per square foot for those records that had no such entry, using the values of neighboring facilities.

i. Both measures are the average cost per square foot, but for somewhat different data sets.

ii. See above.

iii. The averages are different because the two data sets are different; each is therefore "correct" given that definition. The purpose of looking at two different ways was to decide which would be better. We ultimately used actual rather than estimated data, as reflected in USPS-T-4 and LR-SSR-99.

(iv) Yes.

DECLARATION

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

Date: 11/22/96

Paul M Lori

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.

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November 22, 1996