

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, 2000

Docket No. R2000-1

USPS NOTICE OF FILING MISSING PAGE FROM HARD COPY OF WITNESS
YEZER'S TESTIMONY, USPS-T-31
(January 28, 2000)

Page 9 of the testimony of witness Yezer, USPS-T-31, was inadvertently omitted from his testimony when it was filed on January 12 as part of the Postal Service direct case. A copy of that page is hereby provided.

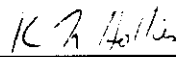
The electronic version of USPS-T-31, which is and has been available on the Postal Rate Commission web site, does not omit the attached material.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



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observation with an error term that is judged sufficiently unlikely based on Cooks $D > 1$. Having done this, the technique then uses iterative least squares techniques to reestimate equation (1). This estimation weights observations in inverse proportion to their errors, so that observations are included but those associated with large prediction errors are weighted so that they are less influential in determining the final estimates. In all but two cases where equation (1) is estimated, the rreg procedure converged nicely to produce very satisfactory estimates. In the two cases where convergence is a problem, ordinary least squares estimates are used.

III. Data Preparation

The crucial factor that makes the analysis reported here possible is the availability of data on the physical characteristics, including location, and the lease terms for tens of thousands of Postal Service facilities distributed across the country. A data set giving information by individual lease record, for leased properties, and including owned facilities also, was obtained in December, 1998 from the Postal Service. This section discusses steps taken to prepare that data for use in estimating equation (1) above for 65 MSAs, for non-MSA portions of individual states and small state groups, and for territories.

The total database received contained 39,449 records. Based on information in the records, including both a dummy variable indicating

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.

A handwritten signature in cursive script, appearing to read "K N Hollies", is written above a horizontal line.

Kenneth N. Hollies

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