

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes

Docket No. R2000-1

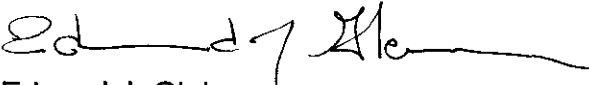
PRESIDING OFFICER'S INFORMATION REQUEST NO. 19

(Issued August 2, 2000)

United Parcel Service is requested to provide the information described below to assist in developing a record for the consideration of the Postal Service's request for changes in rates and fees. In order to facilitate inclusion of the required material in the evidentiary record, the United Parcel Service is to have a witness attest to the accuracy of the answers and be prepared to explain to the extent necessary the basis for the answers at our hearings. The answers are to be provided within 14 days.

1. In response to interrogatory USPS/UPS-T1-10 (b), witness Neels discusses measurement errors in the MODS data used by witness Bozzo that are indicated by the extent of data scrubbing deemed necessary, non-positive values, and gaps in the data. An additional indication of data error might be instances in which Total Pieces Handled (TPH) are greater than the Total Pieces Fed (TPF). Please comment on the following items, considering each of the processing operations analyzed by witness Bozzo:
 - a) Concerning non-positive observed values of TPH and TPF:
 - (1) What meaning can be attached to non-positive values of these variables?
 - (2) Is there any way to determine if positive values of TPH or TPF are not subject to the same sources of measurement error that cause either TPH or TPF to be non-positive?
 - b) Concerning the relationship between TPH and TPF:

- (1) Are observations in which TPH is greater than TPF indications of data errors?
 - (2) If the answer to b) (1) is yes, please incorporate these type of errors in an expanded version of the "Table Prepared in Response to USPS/UPS-T-10(b)".
 - (3) Is there any way to determine if other observations where TPF is greater than TPH are not subject to the same measurement error that cause TPH to exceed TPF?
 - c) If the answers to questions a) (2) or b) (3) are no, what does this imply for the validity of the variability analysis presented by witness Bozzo?
 - d) Are these measurement errors likely to produce a greater or lesser bias in the fixed-effects model than in other models, such as the "between" model?
Please explain the basis for your answer.
2. Please submit the logs from the run of the SAS programs witness Sellick uses to calculate Mail Processing variable costs in UPS-T-2, workpapers WP-1-D and E.
 3. In LR-I-106, Parts II and V, Postal Service witness Van-Ty-Smith presents the results of the calculation of mail processing variabilities and various premium costs using SAS programs, as does witness Sellick in the UPS-T-2 workpapers. Witness Van-Ty-Smith also presents in LR-I-106, Parts III, IV, VI, VII, and VIII, which contain data used to calculate other factors used in the rate making. Please submit the calculations, including supporting programs and logs, for the factors in LR-I-106, Parts III, IV, VI, VII and VIII that are impacted by witness Sellick's treatment of mail processing costs.


Edward J. Gleiman
Presiding Officer