

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, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BRADLEY
(USPS-T-14) TO INTERROGATORIES OF THE OFFICE OF THE CONSUMER
ADVOCATE REDIRECTED FROM WITNESS MODEN
(OCA/USPS-T4-10 AND 13).

The United States Postal Service hereby provides the response of witness Bradley (USPS-T-14) to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T4-10 and 13, filed on September 3, 1997 and redirected from witness Moden.

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



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September 17, 1997

Response of United States Postal Service Witness Bradley
to
Interrogatories of OCA
(Redirected from Witness Moden)

OCA/USPS-T4-10

- b. Please confirm that the MODS data used by witness Bradley to develop cost pool variability estimates relied on data subject to the problems noted above. If you do not confirm, please explain all steps taken to remove inaccuracies from the historical MODS data used by witness Bradley.
- c. If management lacks confidence in MODS data, than how can confidence be placed in the use of MODS data to develop cost pool variability estimates? Please explain.

OCA/USPS-T4-10 Response:

- b. Not confirmed. First of all, the data used in my analysis are TPH not FHP. Second, for mechanized and automated activities, the TPH data are taken from machine counts, not scale weights. In the case of manual activities, where the data are developed from weight, I employed an errors-in-variables analysis to ascertain the implications of possible error. As that analysis showed, the scrubbed MODS data appear to be robust to such measurement error.

Data inaccuracies are removed through an extensive data scrubbing process. Please see pages of 31 through 33 of my testimony and Library Reference H-148 for a detailed presentation of these data scrubs.

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- c. I am not convinced that management lacks confidence in MODS. It is my understanding that the MODS data are widely used by local, regional, and national management. In any event, the reliability of my results can be judged from examining the goodness of fit statistics that describe how well the data are fit by the models. Given that my results provide economically sensible results and that the models have a good fit, I believe that one can confidently use the MODS data for the purpose to which I put it.

Response of United States Postal Service Witness Bradley
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Interrogatories of OCA
(Redirected from Witness Moden)

OCA/USPS-T4-13

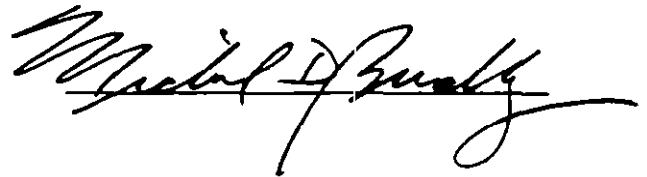
- b. Please confirm that FHP was used in each of the nine fiscal years of MODS data that witness Bradley uses to estimate variabilities. If you do not confirm, please list how volumes were determined for each of those nine years.

OCA/USPS-T4-13 Response:

- b. *Not confirmed. I use TPH, not FHP, in each of the nine fiscal years of MODS data that I used to estimate variabilities.*

DECLARATION

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

A handwritten signature in black ink, appearing to read "Michael D. Bradley". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Dated: Sept. 17, 1997

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.


Susan M. Duchek

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