Postal Rate Commission
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UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes Docket No. R2005-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 8

(June 17, 2005)

The United States Postal 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 this material in the evidentiary record, the Postal 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. The answers are to be provided within 14 days.

1. Please provide an Excel version of the SAS file that contains the set of ZIP Codes that were ultimately used by witness Bradley to estimate his regular delivery variability model.

   a. Please list the ZIP codes contained in this file.

   b. Using those ZIP Codes, please fill in the table below.

ZIP	Maximum # Routes	Minimum # Routes Observed	Daily Percent of Max Routes Observed (Averaged)	Total Days Observed	Days < Than Max Obs	Minimum # Routes Used	Daily Percent of Max Routes Used (Averaged)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)

For each ZIP:

Column 1 should show the encrypted ZIP Code.

Column 2 should show the maximum possible number of routes that could have been observed on any day within the sample period.

Column 3 should show the minimum number of routes for which observations were recorded on any day within the sample period.

Column 4 should show the daily routes for which observations were recorded as a percentage of maximum possible routes averaged over all of the days in the sample period, for which some data were recorded.

Column 5 should show the number of days for which observations were recorded.

Column 6 should show the number of observed days on which less than the maximum possible number of routes were observed.

Column 7 should show the minimum number of routes for which observations were actually used for modeling purposes, recorded on each day within the sample period.

Column 8 should show the daily routes actually used for modeling purposes as a percent of maximum possible routes averaged over all of the days in the sample period.

2. a. For the response to question 1, please explain the various reasons for attrition of the maximum number of possible ZIP/route/day observations to the number of recorded observations. For example, were observations not recorded because the carrier was not sufficiently trained to make the desired scans? Were observations not recorded because scanned route identifiers were different from those assigned to a given ZIP? Are there other reasons that fewer than the maximum number of possible observations were recorded?
   b. Of the various reasons listed in response to “a.”, indicate to the extent feasible the relative frequency at which they occurred?
   c. Please explain the various reasons for attrition of the number of recorded ZIP/route/day observations to the number of observations used for modeling. Were recorded observations not used for modeling purposes because they were judged improbable, e.g., had time recorded without associated volume,

or volume recorded without associated time? Were recorded observations not used for modeling purposes because they were judged to be outliers (unreasonably small or large)? Are there other reasons that not all recorded observations were used?

d. Of the various reasons listed in response to "c.", indicate to the extent feasible the relative frequency at which they occurred?
e. If ZIP/route/day observations were not used because a route identifier scanned was inconsistent with the route identifiers in the DOIS database, please explain the various ways in which such a mismatch could occur.
f. For the various reasons listed in response to "e.", indicate to the extent feasible the relative frequency at which they occurred?

3. Please provide the PC version of the SAS programs used for each of the models and calculations referred to in sections F and G of USPS-T-14.

4. Please provide the coefficient of variation for each volume variable for the data set witness Bradley utilized to make his regular delivery variability estimates in USPS T-14.

5. Witness Kelley (USPS-T-16) states on page 8, lines 16-17 of his testimony, that "[t]he objective for this sample was to estimate the vast majority of variables of interest with a coefficient of variation of less than ten percent." Please discuss whether there were specific variables of interest that were considered more important than the others relative to the need to achieve a desired level of precision.

6. Witness Kelley implies on page 9, lines 11 and 12 of USPS-T-16, that the measure of size used to define the strata for the CCSTS was the number of city letter routes within a particular Zip Code. Please identify what measure of size

was used to determine the stratum weights for estimates derived from the survey.

7. Witness Kelley describes on pages 12 and 14 of USPS-T-16, the reductions made in the CCSTS sample size. How did he account for these reductions in the variance estimation? Please provide a general expression for the estimator of the resultant variance.

8. Witness Kelley (USPS-T-16) concludes on page 14, lines 1-5 of his testimony, that it was extremely unlikely that the estimates from the city carrier study "…would not meet the original precision objective of a relative error of less than ten percent." He also states on page 14, line 1, that "…there was a sizable gap between the expected accuracy from a final sample of one-hundred and sixty-seven Zip Codes and the initial targeted level of precision…."
   a. Please identify the initial targeted level of precision.
   b. What was the expected accuracy from the sample of 167 Zip Codes, and how was it determined?
   c. The comparison of accuracy with precision suggests a comparison of mean squared error or total error with variance. Was a comparison of this type made?

9. Please refer to the spreadsheet entitled "oca.1.4.7 attach," provided in Response of Postal Service Witness Kelley to Interrogatories of the OCA (OCA/USPS-T-16-1-7).
   a. Please confirm whether cell C3 in worksheet oca.7, should have a value of 44.208 rather than 44,208.
   b. If so, please revise each of the above-mentioned spreadsheets to the extent they are affected by this change.

c. Please identify the formula and data used to make the calculations in column D of worksheets oca.1, oca.4, and oca.7, and column C of worksheet oca.7.
d. Please provide the formula by which sample size was calculated in worksheets oca.1 and oca.4 in the above-mentioned spreadsheet and either provide the data, along with a brief description of its nature, or identify the cells that contain the data necessary to determine sample size in each worksheet.
e. Please refer to cell M32 of worksheet oca.7 in the above-mentioned spreadsheet. This cell calculates a coefficient of variation for parcels/accountables, deviation delivery, and travel time in aggregate.
    i. Please provide the coefficients of variation for each of these items separately.
    ii. Please also provide the coefficients of variation for the non-street time, and prep time cost pools.

10. Attachment 3 of witness Stevens' testimony (USPS-T-15) indicates that over 9 percent of total scan time was invalid. Please discuss any attempts made to assess the effects of omitted, invalid, or out of sequence scans on carrier street time variability.

11. Please refer to the document Notice of United States Postal Service of Replacement of Witness Moser, filed on May 20, 2005. The document states that witness Moser is withdrawing from the case and that her testimony will be divided between several other witnesses. The document states that witness Hatcher will incorporate numerous sections of witness Moser's testimony into her testimony, one of which is section XI (Periodicals Applications). However, in witness Hatcher's revised testimony filed on June 8, 2005 there is no mention or coverage of Periodicals Applications. Please explain when this topic will be covered and which witness will be covering it.

12. Please refer to USPS-LR-K-115, USPS-T-28C speadsheets, to the sheet entitled "SS-26 Permit Imprint Per." In C3 there is a number showing the proportion of transactions at the "old" fee (which is inferred to be $125 in the calculations) and the "new" fee (which is inferred to be $150 in the calculations). In cell C17, the FY 2004 fee is listed as 129.7554348, derived from the above-mentioned figures. Were there two different fees being charged for this service in 2004? Since the base year fee is listed as $150, why does this sheet show that $125 was charged close to 81% of the time?

13. The record reflects three different figures for Periodicals Within County revenue. Witness Robinson's Exhibit 27B (revised 6/10/05) shows Periodicals Within County revenue of $69,044,800. Witness Taufique's USPS-T-28A spreadsheet in USPS-LR-K-115 (revised 6/07/05) shows Within County postage revenue of $69,043,612 (worksheet "2006 AR"). Taufique's USPS-T-28B spreadsheet in USPS-LR-K-115 (revised 6/07/05) shows Within County postage revenue of $67,324,612 (worksheet "WC-6 Test Year 2006 AR"). Taufique's USPS-T-28C spreadsheet in USPS-LR-K-115 (Revised 6/07/05) shows Within County fees of $1,720,489. The sum of the revenue in USPS-T-28B and fees in USPS-T-28C is $69,045,101. Please reconcile the differences among these three revenue amounts and show the derivation of the correct amount.

14. Please refer to USPS-LR-K-67, sheet "15.by shape TY", cells: Q17, Q39, Q43, Q45, Q68, and Q88.
    a. In the formula in each of these cells, in-office direct labor costs are converted to whole dollars by multiplying the original source figure (from sheet "20.In-Office TY", cell I6) by 1,000. It is then added to CAG K in-office carrier cost. The latter amount appears to be in thousands rather than whole dollars because there is no conversion factor embedded in the formula. Should the

cell formula be modified to convert the CAG K figure to whole dollars? If not, please explain.

b. Please explain why CAG K costs are in the numerator, but not in the denominator?

15. Please provide Billing Determinants for FY 2003 for Parcel Post, Priority, and Express mail.

16. Please provide the Revenue Pieces and Weight (RPW) report by rate category for quarters 1 and 2 of FY 2005. Include RPW reports by rate category for quarters 1 and 2 of FY 2005 for Parcel Post, Priority, and Express mail.

17. Please refer to Witness Taufique's response to VP/USPS-T-28-32 and to the billing determinants shown in LR-K-115, File: USPS-T-28ASpreadsheets, Sheet: S-3 REG Commercial BDs and Sheet: S-7 Comm. Piece-Pound Dist.-BY. In his response, Witness Taufique states that there were 3,162,367 pieces and $1,798,354 in revenue for Customized Market Mail (CMM) in FY 2004.

a. Please provide the cell locations for the FY 2004 CMM piece and revenue amounts in sheet: S-3 REG Commercial BDs.

b. Please provide the cell locations for the FY 2004 CMM piece volume in sheet: S-7 Comm. Piece-Pound Dist.-BY.

c. Please explain how the procedure for calculating Standard Mail TYAR revenues ensures that TYAR CMM pieces are charged both the Basic Nonautomation Nonletter minimum piece rate plus the residual shape surcharge.

George Omas
Presiding Officer