

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

STATUS REPORT OF THE UNITED STATES POSTAL SERVICE REGARDING DOIS
DATA IN RESPONSE TO PRESIDING OFFICER'S RULING NO. R2005-1/46
(July 18, 2005)

On July 8, the Presiding Officer issued Ruling No. R2005-1/46, in which he granted in part an OCA motion to compel production of certain information from DOIS records. Pursuant to the Ruling, by today the Postal Service was either to provide the data, or provide a status report estimating the additional time and effort necessary to provide the data. Since, as statements made by the Postal Service in opposition to the motion to compel might suggest, it is not possible to provide the data in a 10-day period, the Postal Service hereby files its status report.

Before proceeding to that report, however, it is necessary to address certain portions of the Ruling which suggest potential confusion regarding the City Carrier Street Time Study (CCSTS). While there are many portions of the Ruling with which the Postal Service might take issue, our comments here are limited to factual matters specifically regarding the CCSTS.

For example, the Ruling on pages 7-8 discusses the volume data and the potential effects of the fact that the data requested by the OCA will not include the same scope of volume data collected by CCSTS. The Ruling (page 7) suggests that "the data that the OCA requests includes parcel volume of all sizes." Caution is required here,

however, because parcel volumes are not a required field in DOIS, and the CCSTS team has observed that parcels data are omitted by a material portion of DOIS units. In that sense, it is not just accountables volumes that would be missing, but often all parcel volumes (both large and small) that would be missing as well. Small parcels are particularly worrisome in that at some DOIS sites they are excluded and not recorded anywhere, while at other sites small parcels are included in cased flats volumes. In contrast, CCSTS verified that small parcels were counted and recorded for the study as a distinct category. Additionally, although not mentioned earlier, because the Postal Service's objection just gave examples of missing volume elements and was not intended to be exhaustive, mail volumes collected at customer delivery points are also missing from DOIS in every instance. Therefore, since parcels and collections-at-delivery volumes are included in Prof. Bradley's regular delivery equations, the omission of those variables from any alternative analysis would raise serious omitted variables concerns. And while the Ruling (page 8) indicated in this context an intent to avoid "delving too deeply into the potential merits of the OCA proposal relative to the Bradley study," it is important for all concerned to be aware that the volume data limitations of the requested DOIS data may be more severe than the Ruling might suggest.

There are similar concerns regarding the time component of the analysis. The Ruling (page 8) suggests that the Postal Service "concedes that about a fifth of the recorded street time in its special study is associated with scan pairs that cannot be related to cost pools in a straightforward way." The POIR response cited by the Ruling for that proposition, however, cannot properly be characterized in that fashion. The response of witness Stevens to POIR No. 9, Question 4(b) merely quantifies the

percentage of hours assigned pursuant to decision rules. In fact, the decision rules that do the cost pool assignments (contained in SAS program CPFinal.sas, filed as part of USPS-LR-K-79) do relate the scans to cost pool in a straightforward way.

The SAS program follows the discussion and flow chart diagrams in TimePoolDefinitions.doc, also filed in LR-K-79. Carriers were allowed to 'nest' certain of their scan sequences, because their normal daily activity allows for route activities such as delivery of large parcels, and administrative activities such as lunch, to interrupt delivery or travel time. These are simple rules that all carriers participating in the study could easily follow, since this is the normal flow of their activity during the day. The SAS program checks for these allowable nestings of activities and administrative scans within delivery and travel time, and properly assigns cost pools. For example, if the carrier scans 'End Curblin Section', then the carrier must have previously scanned 'Start Curblin Section,' although several activity and administrative scan sequences may have been scanned in between.

The CCSTS acknowledges the need to separate out administrative time from street time. In contrast, the proposed OCA approach will include lunch times, off-clock times, and break time within street time, since there are no MSP scans in the requested data base to account for this time not spent on delivery or travel or any paid carrier activity. In addition, the MSP 'first street' and 'last street' scan does not indicate the start or end of delivery activities, such as delivery of accountables or parcels, but rather merely indicates that the carrier has reached a fixed location on the route. Reliance on such data would complicate the OCA's goal of using "scan data recorded by regular carriers from which time spent in fixed and variable street activity can be calculated".

Ruling No. 46 (at 9) also asserts that the two week time period of the CCSTS does not capture route adjustments, and to support that assertion, the Ruling cites OCA/USPS-T14-86. Unfortunately, there is no interrogatory labeled OCA/USPS-T14-86, but two OCA interrogatories to witness Bradley did concern route realignment, OCA/USPS-T14-18 and OCA/USPS-T14-8(b and c). The responses to neither of those interrogatories, however, indicated that the CCSTS data does not capture route adjustment. In fact, OCA/USPS-T14-8c asks:

Witness Lewis describes two types of route adjustment: a “Minor Adjustment Process, and, a Mail Count and Route Inspection Procedure.” (USPS-T-30, page 23, line 19.) Does your model account for both adjustment processes? If so, please explain. If not, why not?

The response of Prof. Bradley indicates that the model does indeed account for the route evaluation process:

Yes. Witness Lewis informs me that a Minor Adjustment Process can be performed without the collection of additional data, but a Mail Count and Route Inspection Procedure requires additional information, as described in his testimony. Both are used in response to sustained changes in volume and both are thus accounted for in the regular delivery equation. [Emphasis added].

This interrogatory response is consistent with Prof. Bradley’s direct testimony (USPS-T-14) at page 26, where he explicitly stated that his mode of analysis “captures all responses to volume changes including route reconfiguration.”

In addition, OCA/USPS-T14-18b asks:

Were any of the routes adjusted during the data collection effort? Is so, please identify the routes adjusted.

The response to this interrogatory was “No,” indicating that no routes in the data

collection were going through the process of route adjustment as the data were being collected. The answer was “No” because route adjustment disrupts normal carrier operations and volume collection procedures and thus forced a postponement of the CCSTS data collection effort. A Zip Code that was doing route adjustments during the two week scheduled for the CCSTS deferred their data collection effort to the following two weeks. Thus, although the CCSTS did not include routes that were currently being adjusted, it did include routes that had been recently adjusted. Indeed, the nature of the cross-sectional data base collected in CCSTS is such that the overwhelming majority of routes (and Zip Codes) were adjusted to their current volumes. As explained in witness Bradley’s July 15 response to oral questions posed by Commissioner Tisdale, a cross sectional data base (or a panel data base with strong cross sectional elements) is typically used to measure longer-term variabilities (elasticities) that include responses to volume changes such as route adjustment. This is reflected by the fact that at a point in time, the overwhelming majority of Zip Codes and routes are in proper adjustment. In fact, the potential introduction of a significant time element to the data set, as apparently contemplated by the OCA, raises the question of how route adjustments would be handled by an alternative model.

In summary, the Postal Service appreciates the fact that Ruling No. 46 included discussion of substantive matters only for the limited purposes of trying to resolve a discovery dispute in which an appropriate balancing exercise required some consideration of those types of issues. Nevertheless, the Postal Service did not wish for its silence to be misinterpreted as an indication that all of the factual assertions in the Ruling were substantially correct, and therefore provides the above clarifications.

Status Report on Producing DOIS Data

Before explaining the current status of the data production process, it is necessary to put that effort into context. DOIS is not organized by Zip Code, but rather by “DOIS Unit” which is generally smaller than a Zip Code. Thus, an effort must be made to identify and link the existing DOIS units for the requested Zip Codes. (This was done automatically by field personnel in the CCSTS). At the time of the CCSTS, 48 out of 167 of the requested Zip Codes were not on the DOIS system. DOIS identifiers must be located for them.

DOIS sites are primarily identified by their Finance Number. In the last several years, the Postal Service has revised its assignment of Finance Numbers so as to include unique Finance Numbers for sublocations (like delivery units) that were formerly covered under a post office’s finance number. Because of this change in finance number structure, the Postal Service must identify the current correct finance numbers for the DOIS units in each Zip Code. In some instances, this may take field contact to identify the correct finance numbers. DOIS is not a single database but a repository for data from several systems. A review of the data dictionaries from those systems is being undertaken to ensure production of the variables the OCA has requested.

The Postal Service is aware that the Ruling did not require the Postal Service to audit or edit the data. Nevertheless, it is important to try to ensure that the data produced is indeed what the OCA thought it was requesting; that the units of measurement are known, that the period selected is appropriate and that the data are in useable format. Because of the expense of pulling the data requested by the OCA, it is prudent for the Postal Service’s contractor to test its programs by pulling data for a

small number of Zip Codes and to review that data. Moreover, the Commission has indicated that the Postal Service cannot simply produce and turn over the data to the OCA, it has to stand ready to “provide reasonable assistance, including participation in technical conferences.” Ruling at 11-12. This means that the Postal Service’s rate case experts must be aware of how the data are extracted and what issues arise in that extraction. Again, pulling and reviewing a small amount of data first will greatly enhance the Postal Service’s understanding of the ultimate data set.

The project of providing the data identified in the Ruling will proceed in four steps. The following is a description of the four-step process, including what has been done to date, and the time required to complete the remaining steps. In general, the Postal Service has defined the data collection effort and engaged a contractor to write the necessary computer code. The contractor has reported that the data extraction effort will take almost 200 hours, and will cost the Postal Service in the neighborhood of \$30,000 to \$50,000. Factoring in the time needed by the CCSTS team to coordinate their involvement at various stages of the process, the complete timeline looks like it will require about 8 weeks.

Step I. Originate Data Extraction Projected (Completed)

This step requires securing access to the archived DOIS files, acquire contractor support and defining the data collection effort.

Step II. Extract Data for a Small Sample of Zip Codes (Approximately 106 hours)

This step will proceed along to directions, extraction of the volume data and extraction of the scan data. Given the structure of DOIS it is more efficient in both time and resources to pull each of the types of requested data separately.

Both the volume data and the scan data extraction require the following steps (please note that each of these steps must be performed twice, once for the volume data extraction and once for the scan data extraction) : Preparation of the initial data query, review of the query, setting up the extraction indexes, running a test execution of the query, validating the test execution, final refinement of the query, executing the extraction query, formatting and preparing the data for Postal Service review.

Step III. Review of the Test Data (Approximately 24 hours)

The step requires review of the extracted test data for validity, completeness, format and execution. The review will include tests of consistency, identification of patterns of missing data (if any), and checks for reasonableness of extracted data. Proposed revisions to the data extraction process will be produced, if necessary.

Step IV. Full Sample Data Production (Approximately 60 hours)

This step will also proceed along two lines: volume data extraction and scan data extraction. It requires the following steps, again done for each of the two data sets: Revision and extension of the test extraction query, review of the final query, setting up the extraction indexes, executing the extraction, validating the final data and data formatting and documentation.

The Postal Service therefore submits the above status report in response to Presiding Officer's Ruling No. R2005-1/46 (July 8, 2005).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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