

Before the
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes, 2006)

Docket No. R2006-1

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS MICHAEL D. BRADLEY (OCA/USPS-T14-1-8)
(June 9, 2006)

Pursuant to Rules 25 through 28 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA interrogatories OCA/USPS-T32-1-7, dated June 2, 2006, are hereby incorporated by reference.

Respectfully submitted,

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OCA/USPS-T14-1. The purpose of this interrogatory is to understand whether any mail shapes other than letters are in the DPSL variable in your study; the DPSL variable subsequently becomes a part of your "letter" variable. Accordingly, we wish to determine whether any other type of mail is being included in the "letter" variable. In your SAS programs in R2005-1 for the estimation of City Carrier Costs you define letters as "let=cl+dpsl"; that is, letters are the total of delivery point sequenced mail and cased letters "cl", where "cl=cal+cnl," indicating that cased letters are the sum of cased automated letters and cased non-automated letters.

- (a) Does the DPS mail contain any shape of mail other than letters? If your answer is affirmative, please explain.
- (b) Do cased automated letters contain any shapes other than letters? If your answer is affirmative, please explain.
- (c) Do cased non-automated letters contain shapes other than letters? If your answer is affirmative, please explain.

OCA/USPS-T14-2. The purpose of this interrogatory is to identify a possible change to the SAS code in the carrier cost programs. The change would primarily affect the regression coefficients for the density variables. In the SAS programs there is a section denoted as follows:

```
*****,  
  
** Create Zip Code - Day Data Set for Estimation****;  
  
*****,  
  
proc means noprint; by zip date;
```

```
var delt let cf seq spr cv blk dp units water land;
```

```
output out=poolr sum = delt let cf seq spr scv blk dp units water land
```

```
mean = adelt alet acf aseq aspr acv ablk adp aunits awater aland n=nrts;
```

This is followed in the next section by two lines that create the density variable:

```
sqm=land;  
dens=dp/sqm;
```

The potential problems are highlighted in bold. In aggregating to the zip code level a number of variables are created (e.g., units, water, and land) that are the SUM over all routes in the zip code. Since **water** and **land** are constants for all routes within a zip code it does not appear that they should be summed. Instead one should take the mean—which is what is done in creating the variables (**awater aland**). Accordingly, in creating the “dens” variable the division should be a division by **ALAND** and not by **LAND**. This will result in a larger value for the “dens” variable and smaller regression coefficients for the density variable. Although it does not appear that there will be a major impact on the computed elasticities, this appears to be a change that should be made to the program. Please confirm the above analysis. If you do not confirm, please explain your disagreement in detail.

OCA/USPS-T14-3. The purpose of this interrogatory is to complete the collection of the various versions of witness Bradley’s Carrier Cost programs in order to analyze differences among programs. In your testimony in R2005-1 on carrier cost volume variability you provided a number of SAS programs for the estimation of volume variability—for example in OCA/USPS T14-30; OCA/USPS T14-37; as an Attachment

to Response to POIR no 6, item 5; and in your response to POIR No. 9, Question 7. Please indicate which SAS program generates the variabilities which you propound as correct. If your answer is that none of the programs are applicable, please provide a working copy of the program which generates the variabilities which you propound as correct as well as a program log.

OCA/USPS-T14-4. The purpose of this interrogatory is to obtain a version of the Carrier Cost program in order to analyze differences among various program versions. Please provide the SAS program used to generate the variabilities for regular delivery reported in OCA/USPS-T14-30 (Docket No. R2005-1).

OCA/USPS-T14-5. The purpose of this interrogatory is to obtain additional documentation for the F test in order that the conclusions can be traced and verified. Please turn to your response to POIR No. 9, Question 10 (Docket No. R2005-1)..

Please provide the following:

- (a) A copy of the SAS program, with copies of the logs and outputs for the two equations used.
- (b) The values for both of the R squares.
- (c) The value of J.
- (d) The value of K.
- (e) The value of n.

OCA/USPS-T14-6. The purpose of this interrogatory is to obtain additional information on the choice of full quadratic and restricted quadratic approaches in the analysis of City

Carrier Costs. It appears that the reason you used the restricted quadratic form instead of the unrestricted quadratic form in your carrier cost analysis was your initial obtaining of a negative coefficient for one of the regressors. If you had not obtained a negative coefficient, then you would have had to choose between the restricted and the full quadratic equations on some other basis.

- (a) What would have been the appropriate criteria for choosing between the two different equations? Please provide references to the literature and/or textbooks as appropriate, as well as your explanations.
- (b) Does the elimination of some but not all of the cross product terms from the full quadratic case introduce bias to the regressors, and if so how would one test for bias and/or determine whether the biased equation was preferable to other possible results? Please provide references to the literature as appropriate.
- (c) Did you or have you performed any analysis related to the above issues? If so, please provide the analyses.

OCA/USPS-T14-7. The purpose of this interrogatory is to obtain additional documentation for the Jacque-Bera statistic in your answer to POIR No. 9, Question 8 (Docket No. R2005-1). Do you have any SAS programs other than those previously filed in support of your answer to the POIR?

OCA/USPS-T14-8. Please provide the following from DOIS data by ZIP/Route/Day of Week. All references to ZIP/Route/Day of Week regard all routes within the list of ZIP Codes provided in LR-K-152 in R2005-1 for the following time periods.

BETWEEN '02/10/2002' AND '02/23/2002'

BETWEEN '05/12/2002' AND '05/25/2002'
BETWEEN '08/18/2002' AND '08/31/2002'
BETWEEN '11/17/2002' AND '11/30/2002'
BETWEEN '02/09/2003' AND '02/22/2003'
BETWEEN '05/18/2003' AND '05/31/2003'
BETWEEN '08/17/2003' AND '08/30/2003'
BETWEEN '11/16/2003' AND '11/29/2003'
BETWEEN '02/15/2004' AND '02/28/2004'
BETWEEN '05/16/2004' AND '05/29/2004'
BETWEEN '08/15/2004' AND '08/28/2004'
BETWEEN '11/14/2004' AND '11/27/2004'
BETWEEN '02/13/2005' AND '02/26/2005'
BETWEEN '05/15/2005' AND '05/28/2005'
BETWEEN '08/14/2005' AND '08/27/2005'
BETWEEN '11/13/2005' AND '11/26/2005'

- (a) the volume delivered by the categories in LR-K-152 for each ZIP/Route/Day of Week combination
- (b) the number of sequenced mailings by ZIP/Route/Day of Week
- (c) the number of carriers who delivered mail (street time > 0 hrs) for each ZIP/Route/Day of Week
- (d) a Yes/No for each ZIP/Route/Day of Week that has an assigned carrier (Yes, if there an assigned carrier and No, if there is not an assigned carrier)
- (e) the number of BASE VEHICLE MILES by ZIP/Route/Day.
- (f) the MSP Scan data, as it was presented in LR-K-152 for the same list of ZIPs, for the following time periods.

BETWEEN '08/14/2005' AND '08/27/2005'
BETWEEN '11/13/2005' AND '11/26/2005'