

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

INTERROGATORIES OF THE UNITED STATES POSTAL SERVICE TO OCA
WITNESS SMITH (OCA-T-3)
(USPS/OCA-T3-7 - 12)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories to OCA witness Smith: USPS/OCA-T3-7 – 12.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX -5402
September 25, 2006

USPS/OCA-T3-7. The program entitled "ReadVolume.sas" in Section 2 of Library Reference OCA-LR-T3-1 Contains the following code:

```
*****Housing units, commercial units, and land were obtained by Zip code;  
****The land area by zip code is exclusive of any water area;  
*****The resulting database is "ahactzips";  
*****The first two letters are the initials of the individual assembling  
the data, and "actzip" denotes that an actual rather than an enclosed zip is  
being used;
```

- a. Please explain, in detail, how and where the data on "housing units," "commercial units," and "land" were obtained by ZIP Code.
- b. Please provide all source data sets and all programs (including logs and listings) that were used in "obtaining" the data. Please also provide a flow chart which explains how the data set was constructed.
- c. Please confirm that the database "ahactzips" listed above is presented in Excel format as Ahactzips.xls in OCA-LR-T3-1.

USPS/OCA-T3-8. The program entitled "ReadVolume.sas" in Section 2 of Library Reference OCA-LR-T3-1 Contains the following code:

```
*****The procedure below assumes that missing data is zero rather than  
deleting the data--this is an important assumption;
```

```
data volume;  
set volume;  
if autoflats = "." then autoflats = 0;  
if autoltrs = "." then autoltrs = 0;  
if casflts = "." then casflts = 0;  
if casltrs = "." then casltrs = 0;  
if dps = "." then dps = 0;  
if miles = "." then miles = 0;  
if prcl = "." then prcl = 0;  
if pri = "." then pri = 0;
```

```
if seqflts = "." then seqflts = 0;
if seqltrs = "." then seqltrs = 0;
if seq_letters_sets = "." then seq_letters_sets = 0;
if seq_flats_pcs = "." then seq_flats_pcs = 0;
run;
```

- a. For each of the variables listed in the code above, please provide a frequency table, by Zip Code, indicating how often a zero value reflects a missing observation and how often a zero value reflects and actually recorded value of zero.
- b. Please explain why this assumption is “important.”
- c. Please explain why you chose to make this assumption.

USPS/OCA-T3-9. Please consider the program entitled, “ReadVolume.sas” in Section 2 of Library Reference OCA-LR-T3-1. Please provide, in accordance with the Commission rules, the following documentation for that program:

- A. A general description of the program that includes:
 1. Objectives of the program
 2. Processing tasks performed.
 3. Methods and procedures employed.
 4. A listing of the input and output data.
 5. A listing of the source codes.
- B. For all input data:
 1. Designation of all sources of such data.
 2. Explanations of any modifications to such data made for use in the program.

C. Definitions of all input and output variables or sets of variables.

D. A description of input and output data file organization.

USPS/OCA-T3-10. Please consider the program entitled, "ReadVolume.sas" in Section 2 of Library Reference OCA-LR-T3-1. Please provide the Sas log for that program.

USPS/OCA-T3-11. Please refer to the file entitled, "LibrefPrgrmsSection3.doc" contained in Library Reference OCA-LR-T3-1.

a. Please confirm that, as indicated on page 13 of that document, the dataset used to estimate the full quadratic contains 160 observations with missing values. If you do not confirm, please indicate how many observations there are with missing values?

b. Given that you have assumed that "missing data is(sic) zero rather than deleted," please explain why the estimation data set contains 160 observations with missing values.

USPS/OCA-T3-12. Do you consider "density" to be an endogenous or exogenous variable in the Postal Service optimization process that you assert on page 6 of your testimony. Please explain fully.

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.

Eric P. Koetting

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