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-2)
(USPS/OCA-T2-1-8)

Pursuant to Rules 25 and 26 of the Commission's Rules of Practice and

Procedure, the United States Postal Service directs the above-listed interrogatories to

OCA witness Smith (OCA-T-2).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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October 3, 2006

USPS/OCA-T2-1. Please refer to your testimony at page 1, entitled "Statement of Qualifications":

    a. Have you written any articles in the area of econometric analysis which have been published? If yes, please provide citations for all articles.
    b. Have you submitted any articles concerning econometric analysis for publication? If yes, please provide copies of all such articles.
    c. Please provide copies of, or citations to, every piece of testimony concerning econometric studies which you have sponsored in front of any court, administrative agency, or regulatory agency.

USPS/OCA-T2-2.

    a. Please explain how the row entitled "Total Sales" in Table 1 was derived.
    b. Please provide your analysis, workpapers, and citations supporting the entirety of Table 2, the column entitled "Total Time Observed Hours" in Table 3, and the entirety of Table 4. If any of the supporting data is in spreadsheet form, please provide electronic versions.

USPS/OCA-T2-3. Please refer to page 12 of your testimony.

    a. Is it your view that total walk-time is proportional to the total transaction time, or that total walk-time is proportional to the total number of customers?
    b. Is it your view that total transaction time should be directly proportional to the total number of customers?

USPS/OCA-T2-4. This interrogatory attempts to accurately reproduce the results that you report in OCA-LR-3. Please consider the following table:

	Replication of Bradley Recommended Model	Bradley Recommended Model with Walk	Difference
First Class	15.50142	15.4987	0.00272
Stamps Bulk	3.51428	3.49426	0.02002
Stamps Non-Bulk	0.57943	0.58171	-0.00228
Priority Mail	28.27652	28.28101	-0.00449
Money Order	36.17514	36.23265	-0.05751
Parcel Post	41.33933	41.18931	0.15002
Other Weigh & Rate	25.90035	25.91913	-0.01878
Express Mail	78.88407	78.77349	0.11058

a. Please confirm that first column of the table accurately represents the estimated coefficients for the listed variables from your replication of witness Bradley's recommended model. If you do not confirm, please provide the correct coefficients.

b. Please confirm that second column of the table accurately represents the estimated coefficients for the listed variables from your estimation of witness Bradley's recommended model including walk time. If you do not confirm, please provide the correct coefficients.

c. Please confirm that the third column of the table accurately represents the difference in the estimated coefficients for the listed variables from the two versions of the estimate equation discussed in parts a. and b. above. If you do not confirm, please provide the correct differences.

d. Please provide a valid test of whether these differences are statistically different from zero.

USPS/OCA-T2-5.
In your testimony at page 21 you state:

Witness Bradley's response to Question 7 of POIR No. 7 provided a list of studentized residuals with an absolute value above 2. He concluded that observations with a studentized residual above absolute value 3 are likely outliers, and that those with a studentized residual above 2 in absolute value bear investigation.

a. Please confirm that neither your testimony nor your library references contain an investigation of the 250 observations with residuals above 2 in absolute value.

b. If you do not confirm, please provide a citation to where in your testimony there is a discussion of the nature and results of the investigation of the 250 observations.

c. If you do not confirm, please provide a citation to where in your library references the procedure to be followed in the investigation are presented and where the computer programs accomplishing the investigation are located.

USPS/OCA-T2-6

Please confirm that program entitled Studentized3 Model in OCA-LR-3 is a replication of the econometric model presented by witness Bradley in his response to question 7 of POIR #7.

USPS/OCA-T-2-7

Please refer to the program listing entitled "Studentized3 Output" in OCA-LR-3.

a. Please confirm that the regression is estimated on a data set containing 7,798 observations.

b. Please confirm that one of those observations has a value for Stamps Non-Bulk of 1,440. If you do not confirm please explain why the value of "Maximum" in the Proc Means output for the variable is listed as 1,440.

c. Please confirm that this means that 1,440 individual stamps were sold in this transaction. If you do not confirm, please provide your interpretation of this number.

d. Please confirm that the average value for Stamps Non-Bulk is listed in the same output as 1.933. If you do not confirm, please provide the average value for Stamps Non-Bulk listed in that program.

USPS/OCA-T2-8

Please refer to the program listing entitled "Studentized2 Output" in OCA-LR-3.

a. Please confirm that the regression is estimated on a data set containing 7,665 observations.

b. Please confirm that one of those observations has a value for Stamps Non-Bulk of 800. If you do not confirm please explain why the value of "Maximum" in the Proc Means output for the variable is listed as 800.

c. Please confirm that this means that 800 individual stamps were sold in this transaction. If you do not confirm, please provide your interpretation of this number.

d. Please confirm that the average value for Stamps Non-Bulk is listed in the same output as 1.713. If you do not confirm, please provide the average value for Stamps Non-Bulk listed in that program.