

DOCKET SECTION

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

RECEIVED
FEB 19 2 37 PM '98

POSTAL RATE AND FEE CHANGES, 1997

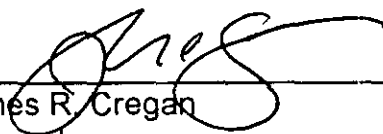
DOCKET NO. R97-1

INTERROGATORIES OF
MAGAZINE PUBLISHERS OF AMERICA TO UPS WITNESS NEELS
(MPA/UPS-ST1-1-4)

(February 19, 1998)

Pursuant to the Commission's Rules of Practice, and Presiding Officer's Ruling No. R97-1/95, Magazine Publishers of America hereby submits the attached interrogatories to UPS witness Neels (MPA/UPS-ST1-1-4).

Respectfully submitted,



James R. Cregan
Counsel
Magazine Publishers of America
Suite 610
1211 Connecticut Avenue, N.W.
Washington, D.C. 20036
(202) 296-7277

**Interrogatories of Magazine Publishers of America
to UPS Witness Neels**

MPA/UPS-ST1-1. Please refer to your supplemental testimony at page 2, line 20, through page 3, line 5.

a. Please confirm that in constructing the F statistic to test the fixed-effects model with common slope parameters against the unrestricted model with varying slope parameters, you chose to use the autocorrelation coefficient from the fixed-effects model to perform the serial correlation correction in your unrestricted model. If you do not confirm, please explain.

b. If part a. is confirmed, please explain why you believe that, in an unrestricted model in which every other parameter is allowed to vary freely from one facility to another, the autocorrelation coefficient should be restricted to being equal across all facilities.

MPA/UPS-ST1-2. Please refer to your supplemental testimony at page 2, lines 16-18, and confirm that you estimated the unrestricted model using data that had been deviated from the overall sample means. If you do not confirm, please explain.

MPA/UPS-ST1-3. Please refer to your supplemental testimony at page 6, lines 1-6, where you stated that "[t]he failure of Bradley's fixed effects model to pass the F test for any of the MODS direct activities does not by itself prove that volume variability differs across facilities. It is possible that the differences in slope coefficients detected by the F test occur in other parts of Bradley's specification. The only way to determine whether or not this is...the case is to inspect the individual facility-specific volume variability estimates."

**Interrogatories of Magazine Publishers of America
to UPS Witness Neels**

- a. Please confirm (i) that in order to test the restriction implied in the passage quoted above – namely the null hypothesis that volume variability is constant across sites while the other slope parameters are not against the alternative that volume variability is not constant across sites - it would be necessary to take the variances and covariances among the parameter estimates at the individual sites into account; and (ii) that while the F test of this hypothesis would take these variances and covariances into account, visual inspection of the numbers presented in your Table 2 does not. If you do not confirm, please explain.
- b. Please confirm that you did not formulate the restriction discussed in part a. (namely that, for each MODS direct cost pool, volume variability is stable across facilities while the remaining slopes differ by site) as a hypothesis and test it statistically using an F test or similar procedure. If you do not confirm, please explain.
- c. If part b. is confirmed, please explain how one should take the variances and covariances of the separate parameter estimates into account when inspecting the numbers you present in Table 2 at page 7 of your supplemental testimony.

MPA/UPS-ST1-4. In addition to testing the fixed-effects model against the unrestricted model in each of the direct MODS cost pools, did you also perform a test of the pooled model against the unrestricted model? If you did perform such a test, please supply the SAS program(s), SAS log file(s), and SAS listing file(s) used to do so, as well as a summary of your results.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the rules of practice.


James R. Cregan

Washington, D.C.
February 19, 1998