

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Rate Adjustment Due to Extraordinary
or Exceptional Circumstances

Docket No. R2013-11

PRESIDING OFFICER'S INFORMATION REQUEST NO. 8

(Issued November 15, 2013)

To clarify the Postal Service request for rate adjustments due to extraordinary or exceptional circumstances, filed September 26, 2013 (Request), the Postal Service is requested to provide written responses to the following questions. Answers should be provided no later than November 22, 2013.

1. Please provide the Commission with copies of the computer runs that Witness Thress used as part of his process in determining the starting dates for his Intervention Analyses, Intervention Variables, Time Trends, and Diversion Trends for each demand equation (e.g., the Single-Piece First-Class Letter Mail equation has starting dates of 1993Q4, 2002Q4, and 2007Q4).
2. Please explain how and why your econometric demand equations filed in this case (which include three quarters of additional data), produce different Intervention Analysis results as compared with your econometric demand equations filed on January 22, 2013.

3. Please provide your estimation output for Single-Piece First-Class Letters, Cards, and Flats without the linear diversion trend that began in 2007Q4.
4. Please refer to tab "ForecastLvl" in "Source-of-ChangeCalcs.xlsx", located in USPS-R2010-4R/10, Decomposition of Mail Volume into Sources of Change.
 - a. Please explain in detail how you separated the Intervention values into Diversion and Rec/Diversion on an equation by equation basis.
 - b. Please explain if you have some type of correlation between your time trend and the employment variable.
 - c. If there is correlation between the time trend and employment variable referred to in part b., please indicate its location in your estimation of sources of change file.
5. In USPS-R2010-4R/NP3 – Revenue and Volume Forecast Materials (Non-Public Version), the Eviews Program produces the following variables: HPT_L, HPT_U, and HPT_L.
 - a. Please explain what these variable suffixes represent.
 - b. Please explain why these variables are not in the public version of this library reference.
 - c. Were variables with these suffixes used in the final regression?
 - d. Were the variables used in the "Source-of-ChangeCalcs" and/or the "ExigentImpact" spreadsheets in USPS-R2010-4R/10?
6. Please provide the Product Cost and Contribution Estimation Model (PCCE) that provides the information contained in Attachments 1 through 14 of the Statement

of Stephen Nickerson. Include all backup material produced by the PCCE in the same manner as was provided in USPS-R2010-4R/7 and USPS-R2010-4R/NP1.

7. In the development of the cost factors used in the PCCE for Attachments 1 through 14 of the Statement of Stephen Nickerson, were there any differences in any of the cost change factors, other than volumes, compared to the cost change factors in USPS-R1010-4R/NP2? If there are differences, please provide the Cost Factor Development Model used to develop the cost factors used by the PCCE Model that underlie the information in Attachments 1 through 14.

Ruth Y. Goldway
Presiding Officer