

BEFORE THE
POSTAL REGULATORY COMMISSION

Periodic Reporting
(Proposal Thirteen)

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Docket No. RM2015-7

**UNITED PARCEL SERVICE'S REPLY TO COMMENT OF
THE UNITED STATES POSTAL SERVICE IN REGARD TO
SUPPLEMENTAL INFORMATION PROVIDED BY UPS**

(April 16, 2015)

United Parcel Service, Inc. ("UPS") respectfully submits this reply to the Comment of the United States Postal Service in Regard to Supplemental Information Provided by UPS (April 15, 2015).

The Postal Service's Comment presents a summary analysis, run on just 292 ZIP Codes, which it claims "suggests" that UPS's alternative approach to measuring route density (which uses the number of miles of neighborhood streets per delivery point instead of the land-area variable used by the Postal Service) might not materially affect the final results of the model when run on all ZIP Codes nationwide.

The Postal Service's summary analysis of the limited set of ZIP Codes, however, does not demonstrate what would happen if UPS's alternative approach to measuring route density were run on all ZIP Codes. At best, therefore, the Postal Service's Comment is premature. It will have an opportunity to comment on the strength of the street-mile variable versus the land-area variable after Dr. Neels and his team present

the results of their analysis on the full set of ZIP Codes. But the only way for Dr. Neels and his team to present that analysis to the Commission and other interested parties is if they are given access to the requested Crosswalk File.

Nor has the Postal Service provided any reason to doubt that, conceptually, Dr. Neels' alternative approach is a superior measure of route density, with less chance of introducing bias. The purpose of a route density metric is to control for the differences introduced between sparse and dense ZIP Codes. If a ZIP Code consists of mostly unoccupied land but with a geographically small but dense road system, the Postal Service's metric would indicate the area traversed by city carrier routes is more sparse than it actually is. The more ZIP Codes that are analyzed, the more likely it is that such bias would arise from the Postal Service's metric. UPS's metric, on the other hand, would be more accurate in such cases, as the large swaths of unoccupied land would likely have few roads. Thus, UPS's metric does a superior job of encompassing all of the varied conditions likely to arise within the full nationwide set of city carrier routes.

The Postal Service's Comment also addresses only one of the uses to which Dr. Neels and his team would put the Crosswalk File. First and foremost, the Crosswalk File is essential to conducting a *nationwide* analysis of city carrier street time, using the national data the Postal Service collects as part of Form 3999. Unlike the Proposal Thirteen data, the provided national Form 3999 data does not even provide *masked* ZIP Codes. It is thus impossible to combine data on specific routes at the ZIP Code level, which both Dr. Neels and the Postal Service believe is the appropriate level of analysis. There is every reason to believe that a nationwide analysis would be superior to the limited analyses of just 292 ZIP Codes the Postal Service presents in Proposal Thirteen.

Certainly, Dr. Neels should be given a chance to conduct that analysis. In the context of a larger and richer dataset he may also be able to identify and incorporate other variables that improve the accuracy and reliability of the model. Finally, Dr. Neels will also use the Crosswalk File to incorporate additional variables needed to improve the imputation of collection and accountable volumes.

Respectfully submitted,

UNITED PARCEL SERVICE, INC.,

By: /s/ Steig D. Olson_____

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