

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Periodic Reporting  
(Proposal Four)

Docket No. RM2016-12

PUBLIC REPRESENTATIVE MOTION  
FOR ISSUANCE OF INFORMATION REQUEST

(August 30, 2016)

Pursuant to Rules 39 C.F.R. §3001.21(a) and 39 C.F.R. §3007.3(c), the Public Representative requests that an Information Request be issued to obtain additional clarifying data and explanation from the Postal Service concerning its proposal to change analytical principles relating to the variability of purchased highway transportation capacity with respect to volume.<sup>1</sup>

Responses to the questions set forth below are intended to enhance understanding of Proposal Four so as to allow participants to provide more constructive comments and evaluate whether the proposal meets applicable legal and regulatory requirements. Obtaining this information will also contribute to a better understanding of how the Postal Service has interpreted Commission rules and allow the Commission to make a fully informed, reasoned determination on whether the Proposal Four meets applicable legal and regulatory requirements, including 39 U.S.C. §3622(c)(2).

The Public Representative proposes the following questions:

1. The Report entitled “Research on Estimating the Variability of Purchased Highway Transportation Capacity with Respect to Volume” (“Bradley Report”),

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<sup>1</sup> See Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Four), August 24, 2016.

states that the Postal Service considered using Transportation Information Management Evaluation System and its Surface Visibility system (TIMES/SV).<sup>2</sup>

- a. The TIMES/SV data were used to develop case studies to understand the “relationship between volume, scheduled trips, frequency, and capacity.” Bradley Report at 4. Please provide the number of case studies, the lessons learned, an informative sample case study, and explain how it was developed.
  - b. The TIMES/SV data were used to produce a sample dataset on which econometric regressions were performed. Bradley Report at 5. Please provide the sample dataset and its regression output.
  - c. The construction of the data set required a high level of “data cleaning.” Bradley Report at 5. Please describe the data cleaning necessary for this data set.
2. The following questions concern the incorporation of operational information into the analysis:
- a. Please explain whether changes in capacity during a trip (i.e. when a vehicle unloads and loads new mail matter at a stop and continues) have been incorporated into this analysis.
  - b. If capacity changes during a trip have been incorporated, please explain how this was accomplished.
  - c. If capacity changes during a trip have not been incorporated or accounted for, please explain what obstacles exist to incorporating changes in capacity, or why it is not reasonable to do so.
3. The following questions concern model specifications:
- a. Please clarify whether the Postal Service used functional forms other than double log or translog. If so, please identify the functional forms, and provide the data, programs, and output related to utilization of the other functional forms.

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<sup>2</sup> Bradley, Michael, “Research on Estimating the Variability of Purchased Highway Transportation Capacity with Respect to Volume”, August 22, 2016, at 4-5.

- b. Please clarify whether the Postal Service considered using additional control variables, particularly for each quarter or each year. If so, please provide the data, programs, and output related to utilizing those additional control variables.
  - c. Please confirm that the *DOW* (day of week) variable is a discrete variable with values of 1, 2, 3, 4, 5, 6, and 7.
    - i. If confirmed, please explain why a series of binary control variables were not used for each day of the week.
    - ii. If not confirmed, please explain the *DOW* variable.
4. The following questions concern goodness of fit and other model tests.
- a. Did the Postal Service conduct any tests to validate its final models (e.g. by running the model on a subset of observations for each model, then running the models on the remaining data and comparing results?).
    - i. If validation tests were performed, please explain the validation tests utilized provide and explain the results of these tests, and the resulting output.
    - ii. If not, please explain why validation tests were not performed.
  - b. Did the Postal Service perform any test to determine the robustness of its regression models other than those found in the program output? For example, in RM2014-1, Proposal Six, it used a combination of a leverage test and a measure of Cook's D to remove influential outliers. Docket No. RM2014-6, Library Reference 1, "Report on Updating the Cost-to-Capacity Variabilities for Purchased Highway Transportation" at 23. If so, please explain the test, provide its results, and explain why it was performed.
5. The Postal Service proposes using the variabilities from the day-of-week translog model specification which removes data from FY 2010, drops observations with zero volume, and corrects for autocorrelation (Table 13). Bradley Report at 33.
- a. Please explain why dropping FY 2010 data more closely mirrors the current purchased highway transportation network.
  - b. Please explain why the more aggregated day-of-week specification was chosen over the weekly specification.

6. These questions concern possible connections between the models proposed in this docket and the cost-to-capacity variability models developed in RM2014-6, Proposal Six.
  - a. The Postal Service reports the cost-to-capacity variabilities in its development of the new overall variabilities. Bradley Report at 34, Table 15. Please clarify which fiscal year data were used to develop the cost-to-capacity and capacity-to-volume variabilities.
  - b. Please explain why the Postal Service chose to use a different data set to develop cost-to-capacity variabilities than it used to develop capacity-to-volume variabilities.
  - c. Does the Postal Service believe that any interaction exists between the cost-to-capacity models and the capacity-to-volume models?
    - i. If so, please explain the interaction(s) and how they were addressed.
    - ii. If not, please explain why not.

Respectfully submitted,

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