

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

Periodic Reporting  
(Proposal Four)

Docket No. RM2016-12

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued September 2, 2016)

To clarify the Postal Service's petition to consider a change in analytical principles, filed August 22, 2016, the Postal Service is requested to provide written responses to the following questions.<sup>1</sup> Answers to each question should be provided as soon as they are developed, but no later than September 13, 2016.

1. Please refer to the Bradley Report, pages 4-5, where it discusses the use of the Transportation Information Management Evaluation System (TIMES) and Surface Visibility (SV) data system to estimate a capacity-to-volume variability.
  - a. The report states: "[w]e produced case studies of purchased highway transportation among a variety of facilities, to understand the relationship between volume, scheduled trips, frequency, and capacity." Bradley Report at 4.

---

<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Four), August 22, 2016 (Petition). The following were filed on August 22, 2016, in support of the Petition: USPS-RM2016-12/1, Public Material Relating to Proposal Four; USPS-RM2016-12/NP1, Nonpublic Material Relating to Proposal Four; and "Research on Estimating the Variability of Purchased Highway Transportation Capacity with Respect to Volume," by Michael D. Bradley, Department of Economics George Washington University (Bradley Report).

- i. Please provide the methodology used to develop and perform the case studies (including the methodology for selecting facilities/facility pairs).
    - ii. Please indicate the number of case studies conducted and the underlying reasons for choosing any specific number of case studies.
    - iii. Please summarize the results of the case studies, including the significant lessons learned, and the differences between case study results.
  - b. The report states: “[w]e produced a sample analysis dataset. We used that data set to estimate some preliminary econometric regressions relating capacity to volume and to investigate the quality of data.” Bradley Report at 5.
    - i. Please provide the sample dataset and the regression output.
    - ii. Please describe the issues with data quality (if any) that were observed.
  - c. The report states: “the process of building the data set required a high amount of ‘data cleaning’.” Bradley Report at 5. Please describe the “data cleaning” (e.g., steps, techniques) that were performed.
2. Please refer to the Bradley Report, page 12, Table 2, Quarterly Average Number of TRACS Tests For Intra-SCF by DOW in FY 2010.
  - a. Please confirm that the day of week variable (*DOW*) is a discrete variable with values from 1 to 7, and that the value 1 is set for Monday. If not confirmed, please explain how the values for *DOW* variables are set.

- b. Please explain why any binary control variables are not used to distinguish between the days of the week (e.g., weekends versus weekdays).
3. The Bradley Report, pages 23-33, describes tests to determine the robustness of the regression models, which also have been incorporated into the SAS files included with USPS-RM2016-12/1.
  - a. If additional tests (other than those noted above) have been performed, please describe the tests and results. Please also provide the SAS output files.
  - b. Please indicate whether or not the Postal Service performed any test(s) similar to the one it performed in Docket No. RM2014-6 (Proposal Six) when it applied a combination of a leverage test and a measure of Cook's D to remove influential outliers. See Docket No. RM2014-6, (Proposal Six), Library Reference USPS-RM2014-6/1, "Report on Updating the Cost-to-Capacity Variabilities for Purchased Highway Transportation" at 23. If such tests have been performed, please describe the test(s) and provide the results.
  - c. If additional tests (other than those noted above) have not been performed, please explain why such tests have not been performed.
4. The Bradley Report, page 33, states: "[t]he capacity-to-volume variabilities that will be applied...are from the translog model using day-of-week data from FY2011 through FY2015, corrected for autocorrelation."
  - a. Please explain why the dataset that excludes the FY 2010 data better reflects the current purchased highway transportation network than the dataset for the period from FY 2010 through FY 2015.



7. Please discuss whether or not, on the preliminary stage of the regression analysis, the Postal Service considered any additional control variables to be included in the regression models (*e.g.*, to control for changes occurred in the particular quarters or years). If additional control variables were considered, please provide a list of such variables and explain why they were not included in the final regression models provided in the Library Reference USPS-RM2016-12/1.
8. Please confirm that changes in capacity during a trip (*i.e.*, when a vehicle unloads/loads mail at a stop and then continues) have been incorporated into the provided variability analysis.
  - a. If confirmed, please explain how this was accomplished.
  - b. If not confirmed, please describe any:
    - i. obstacles that prevented incorporating such changes in capacity into the analysis; and
    - ii. reasons why accounting for such changes does not seem to be relevant.
9. Please refer to USPS-RM2016-12/1, folder “Input.Data.Sets.” Please provide the names and the definitions for the complete set of variables used in the input SAS data files. Specifically, for the tables included in “Input.Data.Sets” folder, please provide the full name and description of each abbreviated column heading.

By the Acting Chairman.

Robert G. Taub