

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSES OF UNITED STATES POSTAL SERVICE WITNESS
BRADLEY (USPS-T-17) TO INTERROGATORIES OF
OFFICE OF CONSUMER ADVOCATE [OCA/USPS-T17-1-2]
(June 27, 2006)

The United States Postal Service hereby provides the responses of Postal Service witness Michael D. Bradley to the above-listed interrogatories of Office of the Consumer Advocate, filed on June 13, 2006.

Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF POSTAL SERVICE WITNESS MICHAEL D. BRADLEY
TO INTERROGATORIES POSED BY OCA

OCA/USPS-T17-1. The purpose of this interrogatory is to obtain information on the EViews files which you use in Library References USPS-LR-L-80 and USPS-LR-L-81. OCA does not have access to a copy of EViews that will permit us to open the files, to read the files or to run EViews programs. We do not have any experience with the program. Accordingly, the following questions are necessary.

- (a) Please provide a printout of the EViews files in Library Reference USPS-LR-L-80. It appears that the output information is in the library reference. Please confirm this. If you do not confirm, please explain in detail. Please also provide the appropriate EViews files that are computer inputs, programs, or program logs. In addition, please explain the definition of intermediate variables created by the program.
- (b) Please provide a printout of the EViews files in Library Reference USPS-LR-L-81. Again, it appears that output information is in the library reference; please confirm this. If you do not confirm, please explain in detail. Please also provide the appropriate EViews files that are computer inputs, programs, or program logs. Please provide explanations of the content of the various documents and intermediate variables (if any).
- (c) Assuming that some of the EViews files are computer programs, please provide the programs in SAS if this is feasible.
- (d) If your answer to (c) is that providing SAS programs is infeasible, please provide a step-by-step statement of the computational, data, formatting, and other steps that your EViews program(s) is (are) performing. Please provide references to the literature if the statistical techniques go beyond techniques which you have previously filed in testimony before the Commission in this or other cases. This information needs to be sufficiently detailed so that the work can be put in SAS form.

RESPONSE:

- a. Confirmed. There are no EViews files that are computer inputs, programs, or program logs other than what has been already filed in Library References USPS-LR-L-80. For a discussion of the definition of intermediate variables please see my response to POIR 3, Question 9.
- b. Confirmed. There are no EViews files that are computer inputs, programs, or program logs other than what has been already filed in Library References USPS-

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LR-L80. For a discussion of the definition of intermediate variables please see my response to POIR 3, Question 9.

c. The EViews files are not computer programs in the sense you appear to mean. The regression analysis was done in EViews' interactive mode. The outputs of all regressions have already been provided. Thus, providing the "program" in SAS does not have meaning.

d. Here is a step-by-step guideline how the analysis could be performed in SAS:

Step 1. Read the data into the software program. These data have been already provided in Excel format, so you could read that directly into SAS.

Step 2. A few intermediate variables were constructed. The formulas for each have been provided in text form in my response to POIR 3, Question 9, so you could construct these in SAS.

Step 3. A series of linear regressions were estimated. The step-by-step research path I followed is described in detail in my testimony. These equations could be estimated by using PROC REG or PROC GLM in SAS. In SAS, you will have to directly compute the HC standard errors (which EViews does automatically). However, I explained how to do this in my city carrier testimony in Docket No. R2005-1.

There are no statistical techniques that go beyond those I have previously filed in testimony before the Commission.

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OCA/USPS-T17-2. As your testimony indicates, you have appeared before the Commission on a number of occasions. Many of the studies which you have presented have been programmed in SAS.

- (a) For this study, you have switched to EViews. Please explain your decision to use EViews rather than SAS in developing the study.
- (b) Is there some type of procedure that EViews performs more readily and/or accurately than SAS? If your answer is affirmative, please explain.

RESPONSE:

- a. EViews is a piece of econometric software expressly designed for estimating regressions. SAS is a broad piece of statistical software that does many things but can be a bit unwieldy. I have done other research in EView and I believed I could perform this particular piece of research more quickly and with less chance of error than in SAS. In my view, one of SAS's strengths is its ability to handle large data sets and to manipulate and combine data from various sources. This study does not have large data sets for data from several sources so that aspect of SAS is not applicable.

- b. I would say the estimation of econometric equations, the analysis of residuals, and the performance of diagnostic tests are all done more readily in EViews.