Statistical modeling via empirical recurrence rate

Hui Wang

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STATISTICAL MODELING VIA EMPIRICAL RECURRENCE RATE

by

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Bachelor of Science
Beijing Institute of Machinery, Beijing, China
July 1994

A thesis submitted in partial fulfillment
of the requirements for the

Master of Science in Mathematical Sciences
Department of Mathematical Sciences
College of Sciences

Graduate College
University of Nevada, Las Vegas
December 2006

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Thesis Approval
The Graduate College
University of Nevada, Las Vegas

November 17, 2006

The Thesis prepared by
Hui Wang

Entitled
Statistical Modeling Via Empirical Recurrence Rate

is approved in partial fulfillment of the requirements for the degree of

Master of Science in Mathematical Sciences

Examination Committee Chair

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ABSTRACT

Statistical Modeling via Empirical Recurrence Rate

by

Hui Wang

Dr. Chih-Hsiang Ho, Examination Committee Chair
Professor of Mathematical Sciences
University of Nevada, Las Vegas

A key parameter, most sought after by the modelers of reliability, is the failure rate of a targeted repairable system. Popular modeling techniques based on a point process such as the Power-law process often are handicapped by the requirement of a monotonic failure rate. In this thesis, we show the potential of building a linking bridge between the traditional homogeneous and nonhomogeneous Poisson processes and the classical time series via a sequence of the empirical recurrence rates, calculated at equally spaced intervals of time. The distinctive signature, marking the unique failure pattern of a repairable system, is displayed with an empirical recurrence rate time-plot, referred as the "fingerprint" or an "ERR-plot" of a targeted system. A major strength of our approach is that we present an interesting extension of advanced time series analysis techniques into the domain of data exploration of point processes, including but not limited to the events associated with repairable systems or natural phenomena (earthquakes and volcanic eruptions), and make new and innovative use of the well-known ARIMA method.
possible for modeling the recurrence rate of such events ranging from constant recurrence rate to those show cyclic trends.

ARIMA time series modeling techniques are well developed. Therefore, the scope of our study is to investigate the merits of the transformation in terms of the diagnostics on the basic plots and some tests of goodness-of-fit via pseudo and real data.
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ACKNOWLEDGEMENTS

I would like to express my sincerely gratitude to my advisor, Dr. Ho, for his warm encouragement, patience, time, and dedication to keep me on the right track throughout this undertaking. His excellence in both research and teaching will always be a great example to me.

My deeply indebtedness also give to respectable committee members, Dr. Ananda, Dr. Catlin and Dr. Qian, for their positive inputs and mentoring during my graduate studies.

I would also like to thank my wife, Sue Ho, for her care and mental support that make me to achieve my goal. Last but not least, I would like to thank my families for their love and support throughout my education.
CHAPTER 1

INTRODUCTION

1.1 Reliability and the Weibull Distribution

Reliability plays a key role in developing quality products and in enhancing competitiveness. For most products, customers see reliability as one of the most important quality characteristics. In the last several decades, there has been much research on the theory and applications of reliability. Most of this literature covers the reliability of repairable systems. A repairable system is a system that, when a failure occurs, can be restored to an operating condition by some repair process other than replacement of the entire system. Many real world systems, such as automobiles, airplanes, computers, and air conditioners, are repairable systems.

The lifetime of a unit such as a component or system can be represented as nonnegative random variable $T$. Unless otherwise indicated, we will also assume that $T$ has a continuous distribution. The distribution of such a random variable is called life-testing model, and such models are considered in the area of reliability. The probability that a unit survives beyond time $t_0$ is called the reliability at time $t_0$, and the reliability function, is defined as

$$R(t_0) = P[T > t_0] = 1 - F(t_0)$$
In biomedical applications the term “survival function” is also used. Life-testing model can be characterized in terms of a number of different concepts. The hazard function \( H(t) \) is defined by

\[
h(t) = \frac{f(t)}{1 - F(t)}
\]

In actuarial science \( h(t) \) is known as the “force of mortality,” and in extreme-value theory \( h(t) \) is called the “intensity function.” This concept is often referred to as the “failure rate.” The Weibull distribution is related to the power law process, a commonly used model for repairable systems.

**Definition 1** The Weibull distribution has survival function

\[
S(t) = \exp \left[ -\left( \frac{t}{\alpha} \right)^{\beta} \right], \quad t > 0
\]

If \( T \) is a random variable with this c.d.f., Then we will write \( T \sim \text{WEI}(\theta, \beta) \). The c.d.f., p.d.f., and hazard functions are therefore given as follows:

\[
F(t) = 1 - S(t) = 1 - \exp \left[ -\left( \frac{t}{\theta} \right)^{\beta} \right], \quad t > 0
\]

\[
f(t) = F'(t) = \frac{\beta}{\theta} \left( \frac{t}{\theta} \right)^{\beta-1} \exp \left[ -\left( \frac{t}{\theta} \right)^{\beta} \right], \quad t > 0
\]

\[
h(t) = \frac{f(t)}{S(t)} = \frac{\beta}{\theta} \left( \frac{t}{\theta} \right)^{\beta-1} \exp \left[ -\left( \frac{t}{\theta} \right)^{\beta} \right] = \frac{\beta}{\theta} \left( \frac{t}{\theta} \right)^{\beta-1}, \quad t > 0
\]
The hazard function $h$ is increasing when $\beta > 1$, and decreasing when $\beta < 1$. When $\beta = 1$, the hazard function is the constant function $h(t) = 1/\theta$. Thus, the exponential distribution is a special case of the Weibull distribution that occurs when $\beta = 1$.

**Definition 2** Intensity Function (Rigdon and Basu, 2000)

Let $X(t)$ denote the number of occurrences in the interval $[0, t]$, and $P_n(t) = P[n$ occurrences in an interval $(0, t)]$. The intensity function of a point process is

$$\lambda(t) = \lim_{h \to 0} \frac{P[X(t+h) - X(t) \geq 1]}{h}.$$ 

Roughly speaking, the intensity function is the probability of failure in a small interval divided by the length of the interval. Thus, there will be many failures over intervals on which $\lambda(t)$ is large, and fewer failure over intervals on which $\lambda(t)$ is small. It is instructive to compare the definitions of the hazard function and intensity function. The hazard function is the limit of a conditional probability that the one and only one failure will occur in a small interval, divided by the length of the interval. This probability is conditioned on survival to the beginning of the interval. The intensity function is the unconditional probability of a failure in a small interval divided by the length of the interval (Rigdon and Basu, 2000).

1.2 Homogeneous Poisson Process (HPP)

Let $X(t)$ denote the number of occurrences in the interval $[0, t]$, and $P_n(t) = P[n$ occurrences in an interval $(0, t)]$. Consider the following properties:

1. $X(0) = 0$

2. $P[X(t+h) - X(t) = n | X(s) = m] = P[X(t+h) - X(t) = n]$ for all $0 \leq s \leq t, h > 0$
3. \( P[X(t + h) - X(t) = 1] = \lambda h + o(h) \) for some constant \( \lambda > 0 \)

4. \( P[X(t + h) - X(t) \geq 2] = o(h) \)

Based on the above properties, we have \( X(t) \sim POI(\lambda t) \), where \( \mu = E(X(t)) = \lambda t \).

The proportionality constant \( \lambda \) reflects the rate of occurrence or intensity of the Poisson process. Because \( \lambda \) is assumed constant over \( t \), the process is referred to as a homogeneous Poisson process (HPP), and the model \( X \sim POI(\lambda) \) is applicable for any interval of length \( t \), \([s, s + t]\), with \( \mu = \lambda t \). In terms of a repairable system, this implies that the system is neither improving nor wearing out with age, but rather is maintaining a constant intensity of failure.

1.3 Nonhomogeneous Poisson Process (NHPP)

\( \{X(t), t \geq 0\} \) is said to be a nonhomogeneous Poisson process with intensity function \( \lambda(t) \) if:

1. \( X(0) = 0 \)

2. \( \{X(t), t \geq 0\} \) has independent increments.

3. \( P[X(t + h) - X(t) = 1] = \lambda(t)h + o(h) \)

4. \( P[X(t + h) - X(t) \geq 2] = o(h) \)

Then \( P(X(t) = n) = \frac{e^{-\lambda(t)}(\lambda(t))^n}{n!} \), \( n \geq 0 \), where \( \lambda(t) = \int_0^t \lambda(s)ds \).

Then cumulative distribution function for the time to first occurrence, \( T_1 \), now becomes

\[
F_1(t) = 1 - \exp[-\lambda(t)]
\]

\( X(t) \sim POI[\lambda(t)] \)

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Unlike the homogeneous Poisson process failure probability, the intensity, \( \lambda(t) \), may be depend on the age \( t \) of the system. \( \lambda(t) \) would be decreasing during debugging, \( \lambda(t) \) would be constant over the system useful life, and would be increasing during the wear-out phase of the system. In some case when the intensity function, \( \lambda(t) \), is constant for all \( t \), the nonhomogeneous Poisson process reduced to the homogeneous Poisson process.

A nonhomogeneous Poisson process with intensity \( \lambda(t) = (\beta/\theta)(t/\theta)^{\beta-1} \) for \( \theta, \beta > 0 \), called a Weibull process or power-law process. The name Weibull process derives primarily from the resemblance of the intensity function of the process to the hazard function of a Weibull distribution. In a Weibull process, the time to first occurrence \( T_1 \), follows a Weibull density \( \text{WEI}(\theta, \beta) \). A Weibull process is appropriate for three types of systems: increasing recurrence rate (\( \beta > 1 \)), decreasing recurrence rate (\( \beta < 1 \)), and constant recurrence rate (\( \beta = 1 \)).
CHAPTER 2

STATISTICAL INFERENCE FOR A POWER-LAW PROCESS

2.1 Preliminaries

A nonhomogeneous Poisson process is often suggested as an appropriate model when a system whose rate varies over time. If the process is waning or developing, the rate $\lambda$ should be a monotonically decreasing or increasing function of $t$. The nonhomogeneous Poisson process (NHPP) has a mean value function denoted by $\mu(t|\Theta)$, where $\Theta$ is a vector of parameters. The intensity function $\lambda(t|\Theta)$ is described as follows:

$$\lambda(t|\Theta) = \frac{d}{dt}\mu(t|\Theta).$$

Arguments are presented in Bain and Engelhard (1980, 1991), Crow (1974, 1982), and Ho (1993, 1998) for the choice of $\Theta = (\theta, \beta)$ and

$$\lambda(t|\theta, \beta) = (\beta \theta)(t/\theta)^{\beta-1}.$$

The underlying point process is called a power-law process, which has proved versatile in the reliability studies of repairable systems. Note that

$$\mu(t|\theta, \beta) = (t/\theta)^\beta.$$

Therefore, the $\beta$ parameter affects how the system deteriorates or improves over time. If $\beta > 1$, then the intensity function $\lambda(t)$ is increasing, and the failure tend to occur more frequently. If $\beta < 1$, then $\lambda(t)$ is decreasing, and the system is improving. Finally, if
\( \beta = 1 \), then the power law process reduces to the simpler homogeneous Poisson process with intensity \( 1/\theta \). The \( \theta \) parameter is a scale parameter. There are several reasons why the power-law process is a widely used model for repairable systems. The key reason for the popularity of the power-law process is that statistical inference procedures are well developed.

### 2.2 Statistical Inferences

Suppose that a repairable system is observed until \( n \) failures occur, so we observe the failure time \( 0 < t_1 < t_2 < \ldots < t_n \), so the joint p.d.f. of a failure truncated NHPP as

\[
f(t_1, t_2, \ldots, t_n) = \left( \prod_{i=1}^{n} \beta \left( \frac{t_i}{\theta} \right)^{\beta-1} \right) \exp \left[ - \int_0^{\infty} \beta \left( \frac{x}{\theta} \right)^{\beta-1} \, dx \right]
\]

\[
= \frac{\beta^n}{\theta^{n\beta}} \left( \prod_{i=1}^{n} t_i \right)^{\beta-1} \exp \left[ - \left( \frac{t_n}{\theta} \right)^{\beta} \right]
\]

To get the MLE's, we take the logarithm of this joint density and set the first partial derivatives (with respect to \( \theta \) and \( \beta \)) equal to zero. The log-likelihood function is

\[
l(\theta, \beta | t) = n \ln \beta - n \beta \ln \theta + (\beta - 1) \sum_{i=1}^{n} \ln t_i - \left( \frac{t_n}{\theta} \right)^{\beta} \quad \text{and}
\]

\[
0 = \frac{\partial l}{\partial \theta} = -\frac{n \beta}{\theta} + \beta \left( \frac{t_n}{\theta} \right)^{\beta}
\]

\[
0 = \frac{\partial l}{\partial \beta} = \frac{n}{\beta} - n \ln \theta + \sum_{i=1}^{n} \ln t_i - \left( \frac{t_n}{\theta} \right)^{\beta} \ln \left( \frac{t_n}{\theta} \right)
\]
The first equation simplifies to 0 = -n + \left( \frac{t_n}{\theta} \right)^\beta

which can be solved for \( \theta \) (in terms of \( \beta \)) to obtain

\[ \hat{\theta} = t_n \sqrt{n/\beta} \]

Substituting back into the first equation yields

\[ 0 = \frac{\partial l}{\partial \beta} = \frac{n}{\beta} n \ln \frac{t_n}{n^{\beta/2}} + \sum_{i=1}^{n} \ln t_i - \left( \frac{t_n^{\beta/2}}{t_n} \right)^\beta \ln \left( \frac{t_n^{\beta/2}}{t_n} \right) \]

Solving for \( \beta \) yields

\[ \hat{\beta} = \frac{n}{\sum_{i=1}^{n-1} \ln \left( \frac{t_n}{t_i} \right)} \]

Furthermore,

\[ \frac{2n\beta_0}{\hat{\beta}} = 2n\beta_0 \left( \frac{n}{\sum_{i=1}^{n-1} \ln \left( \frac{t_n}{t_i} \right)} \right)^{-1} = 2\beta_0 \sum_{i=1}^{n-1} \ln \left( \frac{t_n}{t_i} \right) = -2\beta_0 \sum_{i=1}^{n-1} \ln \left( \frac{t_i}{t_n} \right) \]

has a chi-squared distribution with \( 2n - 2 \) degrees of freedom (e.g., Crow, 1974, 1982; Rigdon and Basu, 2000).

Thus, a size \( \alpha \) test of \( H_0 : \beta = \beta_0 \) against \( H_a : \beta \neq \beta_0 \) is to reject \( H_0 \) if

\[ 2n\beta_0 / \hat{\beta} \leq \chi^2_{\alpha/2}(2n-2) \quad \text{or} \quad 2n\beta_0 / \hat{\beta} \geq \chi^2_{1-\alpha/2}(2n-2), \]

where \( \chi^2_{\alpha/2}(2n-2) \) is the 100\( \alpha / 2 \) percentile of chi-squared distribution with

\( 2n - 2 \) degrees of freedom. For \( H_0 : \beta = 1 \), the test statistic \( \frac{2n\beta_0}{\hat{\beta}} \) reduces to

\[ Z = 2 \sum_{i=1}^{n-1} \ln \left( \frac{t_n}{t_i} \right) = -2 \sum_{i=1}^{n-1} \ln \left( \frac{t_i}{t_n} \right). \]
2.3 Empirical Example

Three sets of pseudo-data based on five numbers (14, 34, 42, 72, and 244; Ascher, 1983) are used for the following analysis. Dot-plots (Figure 2-1) display the system activities as waning, random, and developing, respectively. Estimates of $\beta$ and $p$-values (Table 2-1) confirm the claimed temporal trends.

![Dot-plots of pseudo-data in their original chronological orders](image)

Figure 2-1 Dot-plots of pseudo-data in their original chronological orders

<table>
<thead>
<tr>
<th></th>
<th>Waning</th>
<th>Random</th>
<th>Developing</th>
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<tr>
<td>$\hat{\beta}$</td>
<td>0.6287716</td>
<td>0.9863077</td>
<td>5.414036</td>
</tr>
<tr>
<td>$\hat{\theta}$</td>
<td>31.39658</td>
<td>79.40588</td>
<td>301.594</td>
</tr>
<tr>
<td>$2n/\hat{\beta}$</td>
<td>15.90403</td>
<td>10.13828</td>
<td>1.847051</td>
</tr>
<tr>
<td>One-sided $p$-Value</td>
<td>0.043775</td>
<td>0.2554175</td>
<td>0.0146529</td>
</tr>
</tbody>
</table>
CHAPTER 3

EMPIRICAL RECURRENCE RATES TIME SERIES

3.1 The Empirical Recurrence Rates

Let \( t_1, \ldots, t_n \) be the \( n \) ordered failures during an observation period, \((0,T)\), from the first occurrence to the last occurrence. Then a discrete time series \( \{z_t\} \) is generated sequentially at equidistant time intervals \( h, 2h, \ldots, lh, \ldots, Nh \) \((=T)\). If 0 is adopted as the time-origin and \( h \) as the time-step, then we regard \( z_t \) as the observation at time \( t = lh \).

Therefore, we propose a time series of the empirical recurrence rates as follows:

\[
z_t = \frac{n_t}{lh} = \text{Total number of failures in } (0, lh)/lh,
\]

where \( l = 1, 2, \ldots, N \). Note that \( z_t \) evolves over time and it is simply the MLE for the mean rate of a simple Poisson process observed in \((0, lh)\). The time plot of the empirical recurrence rate (ERR-plot) offers the possibility of further insights into the data.

3.2 ERR-plot of pseudo-data

ERR-plots for the observation period, \((0, T)\), are produced respectively for the data sets presented in Ch. 2. Consistent with the previous notation, we use \( h = 10, 20, 40, 50, 60, \) and 70. Because the sample total of these five numbers is 406, we recommend
\[ T = h \left\lfloor \frac{406}{h} \right\rfloor + 1, \] where \( \left\lfloor \frac{406}{h} \right\rfloor \) is the largest integer less than or equal to \( \frac{406}{h} \) for each

\( h = 10, 20, 40, 50, 60, \) and \( 70. \)

The distinctive signature, marking the unique failure pattern of each repairable system (data set), is displayed in Figures 3-1, 2, and 3. Clearly, the overall pattern of the recurrence rates is affected but preserved by the choice of \( h \). The sensitivity of this parameter will be addressed later.
DATA SET: 244, 72, 42, 34, 14

Figure 3-1 ERR-Plots with different time step (h) for the developing data set
DATA SET: 14,34,42,72,244

Figure 3-2 ERR-Plots with different time step (h) for the waning data set
DATA SET: 34,14,244,72,42

Figure 3-3 ERR-Plots with different time step (h) for the random data set
3.3 Basic Theory

3.3.1 Autocorrelation Function

Theorem 1

Given \( Y_1, Y_2, \ldots, Y_n \overset{\text{iid}}{\sim} Y \), where \( hY \sim \text{POI}(h\lambda) \), \( h > 0 \), \( \lambda > 0 \) then,

The autocovariance function of \( \{ \overline{Y}_j \} \) at lag \( k \) is

\[
\gamma_j(k) = \text{Cov}(\overline{Y}_j, \overline{Y}_{j+k}) = \frac{\lambda}{h(j+k)}, \quad \text{for} \quad j = 1, 2, \ldots, n-1, \quad k = 0, 1, \ldots, n-j.
\]

The autocorrelation function of \( \{ \overline{Y}_j \} \) at lag \( k \) is

\[
\rho_j(k) = \frac{\gamma_j(k)}{[\gamma_j(0)\gamma_{j+k}(0)]^{1/2}} = \frac{\text{Cor}(\overline{Y}_j, \overline{Y}_{j+k})}{[j/(j+k)]^{1/2}},
\]

\[
\text{for} \quad j = 1, 2, \ldots, n-1, \quad k = 0, 1, \ldots, n-j.
\]

Proof:

\[
\text{Cov}(\overline{Y}_j, \overline{Y}_{j+k}) = \text{Cov}\left(\frac{1}{j} \sum_{i=1}^{j} Y_i, \frac{1}{j+k} \sum_{t=1}^{j+k} Y_t\right)
\]

\[
= \frac{1}{j(j+k)} \sum_{i=1}^{j} \sum_{t=1}^{j+k} \text{Cov}(Y_i, Y_t)
\]

\[
= \frac{1}{j(j+k)} \sum_{i=1}^{j} \text{Cov}(Y_i, Y_i) \quad (\because \text{Cov}(Y_i, Y_i) = 0, \text{ if } i \neq l)
\]

\[
= \frac{1}{j(j+k)} \sum_{i=1}^{j} \frac{\lambda}{h} \quad (\because \text{Cov}(Y_i, Y_i) = \frac{\lambda}{h})
\]

\[
= \frac{1}{j(j+k)} \times \frac{j\lambda}{h} = \frac{\lambda}{h(j+k)}
\]

Q.E.D.
All the terms are correlated; the further apart they are, the less is the correlation between them. Therefore, time series models (e.g., Box and Jenkins, 1976) should be used for predicting future recurrence rate.

3.3.2 Ljung and Box Test (LB-test)

In time series data analysis, after treating the original data by eliminating and subtracting the trend and seasonal components, we need to check if the residuals are observed values of independent and identically distributed random variable. A popular test, formulated by Ljung and Box (1978), uses the following test statistic:

$$Q_{LB} (\hat{\rho}) = n(n + 2) \sum_{k=1}^{m} \hat{\rho}_k^2 / (n-k),$$

where $$\hat{\rho}_k = \sum_{i=k+1}^{n} \hat{\alpha}_i \hat{\alpha}_{i-k} / \sum_{i=1}^{n} \hat{\alpha}_i^2$$, the estimated autocorrelation at lag k

n , the sample size

m , number of lags being tested (As a rule of thumb, the sample ACF and PACF are good estimates of the ACF and PACF of a stationary process for lags up to about a third of the sample size, Brockwell and Davis, 2003).

$$\hat{\alpha}_1, ..., \hat{\alpha}_n$$, residuals after a model has been fitted to a series $$y_1, ..., y_n$$; if no model is being fitted, then $$\hat{\alpha}_1, ..., \hat{\alpha}_n$$ are the "mean corrected" series of $$y_1, ..., y_n$$.

We reject the iid hypothesis at level $$\alpha$$ if $$Q_{LB} (\rho) > \chi^2_{1-a,m-p-q}$$, where $$\chi^2_{1-a,m-p-q}$$ is the 1 - $$\alpha$$ quantile of the chi-squared distribution with $$m-p-q$$ degrees of freedom, $$p+q$$ is the number of parameters of the fitted model.
3.4 LB-test for the pseudo data

$P$-values on the iid test using Ljung and Box method are recorded inside the box of each ERR-plot (Figures 3-1, 2, 3). The $p$-values increase with $h$ for each data set (Table 3-1). A plausible explanation is that, by the Central Limit Theorem, large $h$ produces sample means (i.e., empirical recurrence rates for our time series) which are closer to the true mean. Thus, it is harder for the LB-test to reject an iid test for a larger $h$. Apparently, the significance ($p$-value ≤ 0.05, say) of the LB-test doesn’t resemble closely with that of the $Z$-test, presented in Table 2.1. Of course, the main goal of our approach is to build a workable bridge between the traditional homogeneous and nonhomogeneous Poisson process and the classical time series. Fortunately, time series modeling are well developed and are largely applied in many other fields, which will greatly facilitate the needs of researchers in finding the best model for the empirical recurrence rates proposed in this thesis.
Table 3-1  \(P\)-value for the iid hypothesis test using Ljung-Box test for pseudo data

<table>
<thead>
<tr>
<th>Time step (h)</th>
<th>Data</th>
<th>Waning</th>
<th>Random</th>
<th>Developing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>14,34,42,72,244</td>
<td>34,14,244,72,42</td>
<td>244,72,42,34,14</td>
</tr>
<tr>
<td>10</td>
<td>(p = 1.48e-03)</td>
<td>(p = 1.44e-07)</td>
<td>(p = 1.588e-08)</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>(p = 1.44e-02)</td>
<td>(p = 6.24e-03)</td>
<td>(p = 9.587e-05)</td>
<td></td>
</tr>
<tr>
<td>40</td>
<td>(p = 3.62e-03)</td>
<td>(p = 8.72e-03)</td>
<td>(p = 0.0043)</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>(p = 0.0545)</td>
<td>(p = 0.257)</td>
<td>(p = 0.0237)</td>
<td></td>
</tr>
<tr>
<td>60</td>
<td>(p = 0.087)</td>
<td>(p = 0.407)</td>
<td>(p = 0.0834)</td>
<td></td>
</tr>
<tr>
<td>70</td>
<td>(p = 0.16)</td>
<td>(p = 0.480)</td>
<td>(p = 0.234)</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 4

APPLICATIONS

4.1 Dot-plot and $Z$-test for the Mining Data

The control of industrial accidents generally requires, from time to time, new safety equipment, safety regulations, improved machinery, etc.; hence, one may expect that the occurrence of accidents would tend to decrease with time. Because of serious injuries or, perhaps, deaths that may occur as a result of an industrial accidents, it is usually important to know whether or not the safety action are resulting in a significant decrease of accidents. The nonhomogeneous Poisson process with Weibull intensity function may possibly be useful in measuring this decrease (Crow, 1974).

The data in Table 4-1 (Maguire et al, 1952, Table 1) represent days between explosions in mines in Great Britain involving more than 10 men killed. The data cover the period from December 6, 1875 to May 29, 1951. A dot-plot is presented as Figure 4.1, which suggests the applicability of a nonhomogeneous Poisson process with Weibull intensity. Table 4-2 summarizes the results, which further confirms a significant decreasing trend in mining accidents during the observation period.
Table 4-1  Time intervals in days between explosions in mines, involving 10 men killed, from 6 December 1875 to 29 May 1951

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>378</td>
<td>59</td>
<td>54</td>
<td>498</td>
<td>217</td>
<td>156</td>
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<tr>
<td>36</td>
<td>61</td>
<td>217</td>
<td>49</td>
<td>120</td>
<td>47</td>
</tr>
<tr>
<td>15</td>
<td>1</td>
<td>113</td>
<td>131</td>
<td>275</td>
<td>129</td>
</tr>
<tr>
<td>31</td>
<td>13</td>
<td>32</td>
<td>182</td>
<td>20</td>
<td>1630</td>
</tr>
<tr>
<td>215</td>
<td>189</td>
<td>23</td>
<td>255</td>
<td>66</td>
<td>29</td>
</tr>
<tr>
<td>11</td>
<td>345</td>
<td>151</td>
<td>195</td>
<td>291</td>
<td>217</td>
</tr>
<tr>
<td>137</td>
<td>20</td>
<td>361</td>
<td>224</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>81</td>
<td>312</td>
<td>566</td>
<td>369</td>
<td>18</td>
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<tr>
<td>15</td>
<td>286</td>
<td>354</td>
<td>390</td>
<td>338</td>
<td>1357</td>
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<td>72</td>
<td>114</td>
<td>58</td>
<td>72</td>
<td>336</td>
<td></td>
</tr>
<tr>
<td>96</td>
<td>108</td>
<td>275</td>
<td>228</td>
<td>19</td>
<td></td>
</tr>
<tr>
<td>124</td>
<td>188</td>
<td>78</td>
<td>271</td>
<td>329</td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>233</td>
<td>17</td>
<td>208</td>
<td>330</td>
<td></td>
</tr>
<tr>
<td>120</td>
<td>28</td>
<td>1205</td>
<td>517</td>
<td>312</td>
<td></td>
</tr>
<tr>
<td>203</td>
<td>22</td>
<td>644</td>
<td>1613</td>
<td>171</td>
<td></td>
</tr>
<tr>
<td>176</td>
<td>61</td>
<td>467</td>
<td>54</td>
<td>145</td>
<td></td>
</tr>
<tr>
<td>55</td>
<td>78</td>
<td>871</td>
<td>326</td>
<td>75</td>
<td></td>
</tr>
<tr>
<td>93</td>
<td>99</td>
<td>48</td>
<td>1312</td>
<td>364</td>
<td></td>
</tr>
<tr>
<td>59</td>
<td>326</td>
<td>123</td>
<td>348</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>315</td>
<td>275</td>
<td>457</td>
<td>745</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>

Figure 4-1 Dot-plots of Mining Data
Table 4.2 Summary Statistics of the Mining Data

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$\hat{\beta}$</td>
<td>0.711759</td>
</tr>
<tr>
<td>$\hat{\theta}$</td>
<td>36.04305</td>
</tr>
<tr>
<td>$2n/\hat{\beta}$</td>
<td>258.597</td>
</tr>
<tr>
<td>One-sided $p$-value</td>
<td>0.025</td>
</tr>
</tbody>
</table>

4.2 ERR-plotting and LB-test

ERR-plots for the observation period, $(0, T)$, are produced respectively for the mining data (Table 4.1). Consistent with the previous notation, we use $h = 200k$, for $k = 1, \ldots, 6$. Because the sample total of the 109 successive mine accidents was 26,263, we use

$$T = h \left\lfloor \frac{26263}{h} \right\rfloor + 1,$$

where $\left\lfloor \frac{26263}{h} \right\rfloor$ is the largest integer less than or equal to $\frac{26263}{h}$, for each of the above $h$ values. The ERR-plots are displayed in Figure 4.2. Clearly, there is a similarity in their patterns. In contrast to the dot-plot, the proposed graphing technique is extremely valuable for such a large data set. Results on the iid test using Ljung and Box method are recorded inside the box of each plot. All the $p$-values are
approximately zero. They are slightly increasing with $h$, the length of the time-step, which is consistent with those of the pseudo data.
Figure 4-2 ERR-plots with different time-step ($h$) for data of mine accidents
CHAPTER 5

CONCLUSIONS

The main and long-term goal of this thesis is to characterize the recurrence rate presented by a point process with a discrete time series. The proposed empirical recurrence rate plot shows tremendous potential in serving as a workable bridge between two of the most powerful tools in the literature of statistics: Stochastic processes and time series. Plotting a data set in an intelligent way often lays the groundwork for a rigorous model fitting procedure that follows. The merits of transforming a dot plot to an ERR-plot are clearly demonstrated in our presentations. The proposed graphing technique is extremely valuable for a large data set such as the mine accidents data. Although recurrence rates of most repairable systems show simple patterns, some are more complicated than the example demonstrated in this thesis. Fortunately, time series modeling are well developed and are largely applied in many other fields. Statistical software packages are abundant, which will greatly facilitate the needs of researchers using the proposed methods.

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CHAPTER 6

R-PROGRAM

Program 1: ERR-plotting of the developing pseudo data

h=c(10,20,40,50,60,70)
ERR=function(h){

Y=c(244,72,42,34,14)
Z=cumsum(Y)
M=cut(Z,seq(0,(as.integer(Z[5]/h)+1)*h,h))
N=table(M)
R=cumsum(N)
Q=h*seq(1,length(R),1)
ERR=R/Q
}

Q=function(h){
Y=c(244,72,42,34,14)
Z=cumsum(Y)
M=cut(Z,seq(0,(as.integer(Z[5]/h)+1)*h,h))
N=table(M)
R=cumsum(N)
Q=h*seq(1,length(R),1)
}

par (mfrow = c(3,2))
plot (Q(10),ERR(10),type='b', xlab = 'Time', ylab = 'ERR', main = "h=10")
plot (Q(20),ERR(20),type='b', xlab = 'Time', ylab = 'ERR', main = "h=20")
plot (Q(40),ERR(40),type='b', xlab = 'Time', ylab = 'ERR', main = "h=40")
plot (Q(50),ERR(50),type='b', xlab = 'Time', ylab = 'ERR', main = "h=50")
plot (Q(60),ERR(60),type='b', xlab = 'Time', ylab = 'ERR', main = "h=60")
plot (Q(70),ERR(70),type='b', xlab = 'Time', ylab = 'ERR', main = "h=70")

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Program 2: ERR-plotting of the waning pseudo data

\[
\begin{align*}
h &= c(10,20,40,50,60,70) \\
ERR &= \text{function}(h) \\
Y &= c(14,34,42,72,244) \\
Z &= \text{cumsum}(Y) \\
M &= \text{cut}(Z, seq(0, (\text{as.integer}(Z[5]/h) + 1) * h, h)) \\
N &= \text{table}(M) \\
R &= \text{cumsum}(N) \\
Q &= h * \text{seq}(1, \text{length}(R), 1) \\
ERR &= R/Q \\
\end{align*}
\]

\[
\begin{align*}
Q &= \text{function}(h) \\
Y &= c(14,34,42,72,244) \\
Z &= \text{cumsum}(Y) \\
M &= \text{cut}(Z, seq(0, (\text{as.integer}(Z[5]/h) + 1) * h, h)) \\
N &= \text{table}(M) \\
R &= \text{cumsum}(N) \\
Q &= h * \text{seq}(1, \text{length}(R), 1) \\
\end{align*}
\]

\[
\begin{align*}
\text{par (mfrow} &= c(3,2)) \\
\text{plot (}Q(10), \text{ERR}(10), \text{type} &= \text{'}b\text{', }xlab = \text{'}Time\text{'}, ylab = \text{'}ERR\text{'}, \text{main} = \text{"h=10"}) \\
\text{plot (}Q(20), \text{ERR}(20), \text{type} &= \text{'}b\text{', }xlab = \text{'}Time\text{'}, ylab = \text{'}ERR\text{'}, \text{main} = \text{"h=20"}) \\
\text{plot (}Q(40), \text{ERR}(40), \text{type} &= \text{'}b\text{', }xlab = \text{'}Time\text{'}, ylab = \text{'}ERR\text{'}, \text{main} = \text{"h=40"}) \\
\text{plot (}Q(50), \text{ERR}(50), \text{type} &= \text{'}b\text{', }xlab = \text{'}Time\text{'}, ylab = \text{'}ERR\text{'}, \text{main} = \text{"h=50"}) \\
\text{plot (}Q(60), \text{ERR}(60), \text{type} &= \text{'}b\text{', }xlab = \text{'}Time\text{'}, ylab = \text{'}ERR\text{'}, \text{main} = \text{"h=60"}) \\
\text{plot (}Q(70), \text{ERR}(70), \text{type} &= \text{'}b\text{', }xlab = \text{'}Time\text{'}, ylab = \text{'}ERR\text{'}, \text{main} = \text{"h=70"}) \\
\end{align*}
\]

Program 3: ERR-plotting of the random pseudo data

\[
\begin{align*}
h &= c(10,20,40,50,60,70) \\
ERR &= \text{function}(h) \\
Y &= c(34,14,244,72,42) \\
Z &= \text{cumsum}(Y) \\
M &= \text{cut}(Z, seq(0, (\text{as.integer}(Z[5]/h) + 1) * h, h)) \\
N &= \text{table}(M) \\
R &= \text{cumsum}(N) \\
Q &= h * \text{seq}(1, \text{length}(R), 1) \\
\end{align*}
\]
ERR=R/Q

Q=function(h){
Y=c(34,14,244,72,42)
Z=cumsum(Y)
M=cut(Z,seq(0,(as.integer(Z[5]/h)+1)*h),h))
N=table(M)
R=cumsum(N)
Q=h*seq(1,length(R),1)
}

par (mfrow = c(3,2))
plot (Q(10),ERR(10),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=10")
plot (Q(20),ERR(20),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=20")
plot (Q(40),ERR(40),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=40")
plot (Q(50),ERR(50),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=50")
plot (Q(60),ERR(60),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=60")
plot (Q(70),ERR(70),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=70")

Program 4: ERR-plotting of the mine accidents data

h=c(seq(200,1200,by=200))
ERR=function(h){
Y=c(378,36,15,31,215,11,137,4,15,72,96,124,50,120,203,176,55,93,59,315,59,61,1,13,1
2,354,58,275,78,17,1205,644,467,871,48,123,457,498,49,131,182,255,195,224,566,390,7
29,330,312,171,145,75,364,37,19,156,47,129,1630,29,217,7,18,1357)
Z=cumsum(Y)
M=cut(Z,seq(0,(as.integer(Z[109]/h)+1)*h),h))
N=table(M)
R=cumsum(N)
Q=h*seq(1,length(R),1)
ERR=R/Q
}

Q=function(h) {
Y=c(378,36,15,31,215,11,137,4,15,72,96,124,50,120,203,176,55,93,59,315,59,61,1,13,1
2,354,58,275,78,17,1205,644,467,871,48,123,457,498,49,131,182,255,195,224,566,390,7
29,330,312,171,145,75,364,37,19,156,47,129,1630,29,217,7,18,1357)
Z=cumsum(Y)
M=cut(Z,seq(0,(as.integer(Z[109])/h)+1)*h,h))
N=table(M)
R=cumsum(N)
Q=j*seq(1,length(R),1)
{
for (j in c(200, 400, 600, 800, 1000, 1200)) {

Y=c(378,36,15,215,11,137,4,15,72,96,124,50,120,203,176,55,93,59,315,59,61,1,13,1
2,354,58,275,78,17,1205,644,467,871,48,123,457,498,49,131,182,255,195,224,566,390,7
9,330,312,171,145,75,364,37,19,156,47,129,1630,29,217,7,18,1357)
Z=cumsum(Y)
M=cut(Z,seq(0,(as.integer(Z[109])/j)+1)*j))
N=table(M)
R=cumsum(N)
Q=j*seq(1,length(R),1)
ERR=R/Q
A=Box.test (ERR, lag=as.integer ((5/12)*(Z [109]/j)), type="Ljung")$p.value
print(A) 
}
}

par (mfrow = c(3,2))
plot (Q(200),ERR(200),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=200")
plot (Q(400),ERR(400),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=400")
plot (Q(600),ERR(600),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=600")
plot (Q(800),ERR(800),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=800")
plot (Q(1000),ERR(1000),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=1000")
plot (Q(1200),ERR(1200),type ='b', xlab = 'Time', ylab = 'ERR', main = "h=1200")

for (j in c(200, 400, 600, 800, 1000, 1200)) {

Y=c(378,36,15,215,11,137,4,15,72,96,124,50,120,203,176,55,93,59,315,59,61,1,13,1
2,354,58,275,78,17,1205,644,467,871,48,123,457,498,49,131,182,255,195,224,566,390,7
9,330,312,171,145,75,364,37,19,156,47,129,1630,29,217,7,18,1357)
Z=cumsum(Y)
M=cut(Z,seq(0,(as.integer(Z[109])/j)+1)*j))
N=table(M)
R=cumsum(N)
Q=j*seq(1,length(R),1)
ERR=R/Q
A=Box.test (ERR, lag=as.integer ((5/12)*(Z [109]/j)), type="Ljung")$p.value
print(A) 
}
REFERENCES


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