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POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0009
POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

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SPECIAL SERVICES REFORM, 1996

Docket No. MC96-3

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS ELLARD TO INTERROGATORIES OF
THE OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T6-7-12)

The United States Postal Service hereby provides responses of witness Ellard to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T6-7-12, filed on July 8, 1996. The original of these faxed responses together with a signature page and USPS Library Reference SSR-128 will be filed as soon as they are received. These items are apparently still en route from New Jersey.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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POSTAL RATE COMMISSION
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OCA/USPS-T6-7. Please refer to the file POBOX.DAT of SSR-111.

- a. Please confirm that either the weights supplied on file POBOX.DAT of SSR-111 are 100 times too large or that the tabulations provided in Tables 2-7 are approximately 100 times too small. If you do not confirm, please explain how the weights provided on POBOX.DAT should be used to tabulate survey data. If you do confirm, please explain the reasons for the disparity.
- b. Please explain why the sum of weights for the first four observations of POBOX.DAT is about 99762, approximately three times as large as the total Group 1 weighted base of 32988 as shown in Table 2 of your testimony.

RESPONSE to OCA/USPS-T6-7.

- a. It is a common practice in the production of research tables to divide by 100 or 1,000 or even by one million when representing weighted values. This permits us to fit the tables more easily into available space. The actual computations use the full base. Since all of the data reported in my testimony are in terms of percentages, not absolute numbers, this has no effect on that testimony.
- b. Following my answer to Question 7a, divide 99,762 by 100 to see its true relationship to the reported Group 1 weighted base of 32,988 as shown in Table 2 of my testimony.

OCA/USPS-T6-8. Please refer to Table 2 at page 53 of SSR-111.

- a. Please confirm that the source of these figures was the PO Box Study described in USPS-T-4. If you do not confirm, please provide the source of this data. If you do confirm, please provide a citation to the where these figures are presented in witness Lion's testimony or library references.
- b. Please explain the large discrepancy between the total weighted base of all respondents (149,930¹) in your testimony and the total number of post office boxes installed (14,290,298) as reported by witness Lion in Table 3 of USPS-T-4.

RESPONSE to OCA/USPS-T6-8.

- a. This confirms that the source of the post office box population figures cited on page 53 of SSR-111 was the P.O. Box Study described in USPS-T-4. The figures are presented in USPS-T-4 in Table 14 on page 37.
- b. As noted in my response to Questions 7a and 7b, the apparent discrepancy comes from dividing the actual numbers by 100 for ease of presentation.

¹ This is the sum of the weighted base for group 1 and the weighted base for group 2 as shown in Table 2 of USPS-T-6.

OCA/USPS-T6-9. Please refer to page 17 of SSR-111. Question 1a asks "(Do you reside / Is your primary place of business) in the same ZIP Code as the town where you obtain box service?"

Suppose a respondent's residence ZIP Code is 20016 and they live on New Mexico Ave, NW, Washington DC. This person does not rent a PO box at the closest location (Friendship, 20016), but instead rents a PO box at L'Enfant Plaza, SW, Washington DC 20026. Suppose that this box is used only for personal use.

- a. Please confirm that the residence ZIP Code is not the same as the ZIP Code where the box was obtained. If you do not confirm, please explain.
- b. Please confirm that both the residence and the town where the box was obtained are Washington, DC. If you do not confirm, please explain.
- c. Please explain what the correct response to question 1a would be for this respondent.

RESPONSE to OCA/USPS-T6-9.

- a. Assuming that your data are correct, this is confirmed.
- b. Assuming that your data are correct, this is confirmed.
- c. I'd say the correct answer is no. However, it is important to note that the respondents' impression of the correct answer is far more important than mine. The purpose of the question was to gain an understanding of the proportion of box holders who believed their boxes were in a ZIP Code other than that of their home address. To pin this down specifically would require a more detailed question sequence.

OCA/USPS-T6-10. Please refer to page 18 of SSR-111. Question 3 asks, "If the fee were to be changed to \$(MID-PRICE) for 6 months, would you accept it as something that cannot be avoided or would you try to find an alternative?"

- a. Please confirm that the classification changes proposed for post office box fees in MC96-3 are not restricted to a 6 month period.
- b. Were respondents informed that any box rent increases would not revert to current prices after 6 months elapsed? Please explain.
- c. Would you anticipate a different reaction from respondents to this question if the question did not restrict the increases to a 6 month period of time? For example, suppose the question limited the increases to a 6 week period. Suppose the question stated that rates would not be increased again for at least 6 months. How could subtle questionnaire wording changes such as these effect responses? Please explain.
- d. When you designed the questionnaire, did you understand that tested rates were to be temporary (for 6 months) and then revert to current rates? Or was it your understanding that box rates would be raised and not increased again for at least 6 months? Please explain.
- e. Did any respondents inquire about what would happen after the 6 month period? If so, what responses were they given.
- f. You state in your testimony that respondents tend to overreact to price increases. USPS-T-6, page 7, lines 8-9. Was this questionnaire designed to minimize or reduce overreaction to price increases? If so, how could this be accomplished? Please explain.

RESPONSE to OCA/USPS-T6-10.

- 10.a. The fee quoted was that for a six month period, a normal billing period for post office boxes. I did not believe, and I cannot believe, that the respondents believed that a fee increase would be effective for only six months.
- 10.b. The respondents were not informed that any fee increase would not revert to current prices after 6 months elapsed. No further explanation is necessary
- 10.c. It goes without saying that a fee should be for a specific period of time. Therefore, a period of time should be specified in the question. Fees for post office boxes are

generally for six months or for a year. We decided to use six months in all the questions both because it was a familiar period for many of the box holders and because it did not offer special computational challenges for those who are billed annually.

If I were to use an odd period such as the specified six weeks, I'd be asking people to use a fraction of 6/26 weeks to compare to the normal six months billing.

If we try to make a questionnaire into a test rather than a reasonable conversation, we lose the interest of the respondent and, probably, his or her cooperation.

Generally, subtle differences in question wordings lead to only subtle differences in results.

My intent was to make the questions as unambiguous as possible and to avoid even the appearance of trying to affect responses.

10.d. At no time did I ever think that the increase would be temporary.

10.e. I have no information on which to base an answer to this question. Interviewers are instructed to repeat the question wording if it is unclear to the respondent. We do not record unsolicited comments.

10.f. The questions were worded to present the price increase in a clear, factual manner.

OCA/USPS-T6-11. Please refer to the Statement of Work at pages 2-3 and the questionnaire at pages 24-30 of SSR-111. These pages indicate that the post office box rate research included a study of potential box renters currently on waiting lists for boxes.

- a. Please confirm that data were collected from respondents on waiting lists in this study. If you do not confirm, please explain why there are figures in the column marked "Waiting Completes" in the sample disposition printout of pages 42-49 of SSR-111.
- b. Please confirm that data and tabulations from the waiting list respondents were not included in SSR-111 or in your testimony. If you do not confirm, please provide page references to the tabulations.
- c. Are the respondents on the waiting lists more likely to seek alternatives to post office boxes when faced with box rent increases? Please provide any tabulations used to support your response.

RESPONSE to OCA/USPS-T6-11.

- 11.a. This confirms that data were collected from respondents on waiting lists.
- 11.b. This confirms that data tabulations for the waiting list customers were not included in SSR-111. This also confirms that the results of the study were not discussed in my testimony.
- 11.c. The data from waiting list respondents were sparse (87 completed interviews) and I do not believe they are a suitable basis for any inferences. Accordingly, they were not subject to final processing. Moreover, since the Postal Service determined to include no fee proposal for waiting list customers in its Request, there are no plans to process the data further.

OCA/USPS-T6-12. Please refer to page 17 of SSR-111. Questions 1a and 1b appear to attempt to differentiate between resident and nonresident box holders under the tested rates.

- a. Please provide tabulations and graphs for Tables 3-8 of your testimony separately for resident and nonresident box holders.
- b. Do your data show differences in price sensitivity between the resident and nonresident box holders?
- c. Does your study indicate that the nonresident rate is the same for box holders renting the box for personal use compared to those renting for business use? Please explain and support with survey data results.

RESPONSE to OCA/USPS-T6-12.

12.a-c. The requested tabulations are being filed as Library Reference SSR-128.

I do not wish to draw inferences or interpretations from these data since the study was not designed to produce reliable results regarding differences between resident and non-resident box holders. However, by presenting the requested tabulations, participants may assert and defend any inference they wish.

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

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