

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

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-T6-25-29)

The United States Postal Service hereby provides responses of witness Ellard to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T6-25-29, filed on August 6 and August 13, 1996.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

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\_\_\_\_\_  
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August 20, 1996

POSTAL RATE COMMISSION  
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OCA/USPS-T6-25. Please refer to Table 1 of your testimony and to the actual post box office fees proposed by witness Needham in USPS-T-7.

- a. Please confirm that for a given group and box size the same set of proposed fees was tested—regardless whether the non-resident fee would apply.
- b. Please confirm that the proposed non-resident fee is \$36 a year higher than the resident fee for each group I and II box size.
- c. Please confirm that for Groups I and II, the non-resident fee proposals are close to your survey's highest tested price and that the resident fee proposals are close to your survey's lowest tested price. If you do not confirm, please explain.
- d. Please confirm that the non-resident respondents were not informed that their fees would generally run \$36 a year more than the resident post office box fees.

RESPONSE:

- a. Confirmed.
- b. Please see USPS-T-7 at 25.
- c. The rates used in my study are cited in my Testimony (USPS-T-6) at Table 1. The proposed rates for non-residents are given in USPS-T-7 at Tables I and II.
- d. Confirmed.

OCA/USPS-T6-26. Refer to Table 7, page 15, of your testimony concerning the acceptance of three price levels.

- a. Please confirm that Table 7 does not differentiate between the acceptance rates for non-residents and residents at the rates that each would be subject to under the proposal (*see*, OCA/USPS-T6-25(c)). If you do not confirm, please explain.
- b. If you confirm the response to "a", provide the acceptance rates relevant to the proposed rate separately for non-residents and residents.
- c. Please explain how the problems caused by non-residents will be alleviated in light of your response to "a" and "b" above.

RESPONSE:

- a. Confirmed. My study included no non-resident rates.
- b. The data to support those calculations were provided in USPS Library Reference SSR-128. If other parties wish to calculate acceptance rates, they might follow the procedure described in USPS Library Reference SSR-111 at 91.
- c. I have no information that permits me to answer this question.

OCA/USPS-T6-27. Please refer to page 7 of your testimony where you explain that objections to rate increases are likely to be overstated.

- a. Please provide citations to survey literature that support this conjecture.
- b. Please explain how the true acceptance rate should be determined from your survey results. Please provide citations to support any specific recommendations for adjusting the survey estimates of price acceptance.
- c. Please refer to page A2 of USPS-T-1. Witness Lyons chooses the midpoint between 100 percent and the survey result as the estimate of acceptance for the proposed rates. Did you recommend this procedure? If so, please explain why the midpoint is superior to any other point between 100 percent and the survey estimate.

RESPONSE:

- a. The statement in my testimony is not conjecture, but is based upon my experience in conducting and analyzing survey research.
- b. Please see my Testimony USPS-T-6 at 7 . There, I point out that there is no way to determine the "true" acceptance rates from my survey results. Any effort to do so would involve an extensive additional effort, ideally involving rate experiments.
- c. I was not consulted on this procedure.

OCA/USPS-T6-28. Please refer to your responses to OCA/USPS-T6-11c and to OCA/USPS-T6-18. In both of these responses you stated that you do not believe that these data are suitable for inference. Please elaborate on the reasons for this conclusion.

- a. Is your belief solely due to the sparse response by waiting list customers leading to relatively large sampling errors? Please explain.
- b. Are you aware of weaknesses (other than small sample size) that render these data unsuitable for inference? Please describe any such weaknesses.
- c. Can any estimates or comparisons be made using these data? Please explain fully.

As noted in my Testimony at 2, the survey design was complicated by the fact that we did not know the parameters of the population under study. We therefore used household population data as a preliminary estimate of the true distribution of post office boxes and of waiting lists.

Clearly, waiting lists for post office boxes are distributed in a manner that did not match well with our first assumption. We contacted 293 post offices and got results from 220. All of those post offices reported having post office boxes. Of the 220, only 32 reported having waiting lists. So, we had a sparse sample although we still might have something representative of the true population.

But this brings us to the next question. What is a waiting list? How many people make a list? Our working definition was one. We heard from 32 post offices with waiting lists. If we changed the definition of a list to be as few as 10, our number of qualifying lists would drop to 13.

It would appear that a sample of post offices with substantial waiting lists would require either a highly disproportionate sample or a very large random sample. We used neither.

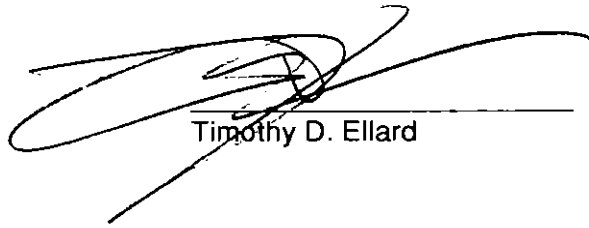
I suppose that some estimates or comparisons might be made using these data. Current statistical software permits all sorts of things to be done at the touch of a key on a computer. Whether such things should be done is another matter altogether. I would not wish to stand behind estimates or comparisons made using these data.

OCA/USPS-T6-29. Please refer to your response to OCA/USPS-T6-23 and the supporting library reference SSR-133.

- a. Library reference SSR-133 contains three SAS programs and five data sets that you relied on to produce estimates for your post office box study. Are there any other programs or data sets you relied upon to produce study estimates that have not yet been provided to the Commission? If so, please provide the additional documentation.
- b. Please provide algebraic formulas similar to those provided on pages 50-53 of SSR-111 to document the post stratification programs of SSR-133.
- c. Please confirm that the zwgt variable of file WGT\_IN.DAT contains the basic design weights from page 52 of SSR-111. If you do not confirm, please explain the source of zwgt and explain how the design weights are used in your post stratification programs.
  - a. There is no additional documentation.
  - b. The programs included in SSR-133 parallel the discussion on pages 50-53 of SSR-111. The formula at the top of page 53 describes the post stratification.
  - c. Confirmed.

DECLARATION

I, Timothy D. Ellard, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information and belief.




Timothy D. Ellard

Dated: Aug 20, 1996



**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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