

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS PAFFORD TO INTERROGATORIES OF  
UNITED PARCEL SERVICE  
(UPS/USPS-T4-1-6)

The United States Postal Service hereby provides the responses of witness Pafford to the following interrogatories of United Parcel Service: UPS/USPS-T4-1-6, filed on January 21, 2000.

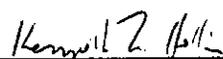
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking

  
\_\_\_\_\_  
Kenneth N. Hollies

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAFFORD TO  
INTERROGATORIES OF UNITED PARCEL SERVICE**

**UPS/USPS-T4-1.** Refer to your testimony at page 3, lines 16-17, where you state, "the Postal Service's postage revenue accounting system contains several accounts that are associated with specific classes or subclasses of mail." Identify each such account and the specific classes or subclasses of mail with which each is associated.

**RESPONSE:**

Each General Revenue Account and its associated mail class or subclass is identified below.

<b>General Revenue Account</b>	<b>Description</b>	<b>Mail Class or Subclass</b>
41310	Periodicals Mail Revenue	Periodicals
41320	Periodicals Mail Centralized Postage Revenue	Periodicals
41411	Standard Mail (A) Bulk Rate Regular Permit Imprint	Standard Mail (A) Regular Rate
41412	Standard Mail (B) Bound Printed Matter Permit Revenue	Standard Mail (B) Bound Printed Matter
41414	Standard Mail (A) Bulk Rate Nonprofit Permit Imprint Revenue	Standard Mail (A) Nonprofit Rate
41416	First Class Presort Permit Imprint Revenue	First Class Presort
41417	Express Mail (Special Permit) Revenue	Express Mail
41418	Standard Mail (B) Special Standard Presort Permit Imprint Revenue	Standard Mail (B) Special Standard
41440	Standard Mail (A) Bulk Rate Regular Centralized Postage Revenue	Standard Mail (A) Regular Rate
41441	Standard Mail (A) Bulk Rate Nonprofit Centralized Postage Revenue	Standard Mail (A) Nonprofit Rate

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAFFORD TO  
INTERROGATORIES OF UNITED PARCEL SERVICE**

**UPS/USPS-T4-2.** Refer to page 3 of your testimony at lines 18-19, where you state, "[M]ost postage revenue accounts are general accounts that do not correspond exactly with specific mail categories." Identify, and describe the differences between or among, all "postage revenue accounts ... that do not correspond exactly with specific mail categories," and in the case of each such account, state all of the mail categories associated with the account.

**RESPONSE:**

The general accounts that do not correspond exactly with specific mail categories are provided in the following table. These account revenues are *aggregated and used in the book revenue adjustment of the mail categories identified with footnotes 1/ and 2/ in Tables 1, 2, and 3 of my testimony.*

<b>General Revenue Account</b>	<b>Description</b>
41100, 41110 – 41115, 41117 – 41119, 41122, 41126 – 41129, 41137, 41141 – 41143, 41199, 41415, 41598	Stamps
41121, 41123, 41125	Stamped Paper
41200, 41220, 41230, 41231, 41240, 41596	Metered Postage
41421 – 41423	Official Mail
41511, 41590, 41593 – 41599	Refunds / Postage Due Revenue

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAFFORD TO  
INTERROGATORIES OF UNITED PARCEL SERVICE**

**UPS/USPS-T4-3.** Refer to page 6 of your testimony at lines 15-17, where you state that DRPW and BRPW estimates "are combined with other data in the RPW Adjustment System to produce estimates of revenue, pieces and weight for all categories of mail." Identify and produce all such "other data" in the RPW Adjustment System that is used "to produce estimates of revenue, pieces and weight" for Parcel Post, and provide the source of all such data.

**RESPONSE:**

*The source of "other data" includes official mail and Alaska bypass. Official mail is Congressional Franked and permit imprint Agency Standard Mail (B), while Alaska Bypass is Standard Mail (B) Intra-BMC. The GFY 1998 totals are:*

**Standard (B) Parcel Post  
(data in thousands)**

	<b>Revenue</b>	<b>Pieces</b>	<b>Weight</b>
<b>Alaska Bypass</b>	<b>10,446</b>	<b>1,931</b>	<b>94,959</b>
<b>Official Mail</b>	<b>8,523</b>	<b>1,557</b>	<b>11,177</b>

The sum of revenue, pieces and weight for DRPW, BRPW, Alaska Bypass, and Official mail equals revenue, pieces and weight shown in Tables 1, 2, and 3 of my testimony.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAFFORD TO  
INTERROGATORIES OF UNITED PARCEL SERVICE**

**UPS/USPS-T4-4.** Refer to Tables 1,2, and 3 on pages 8-13 of your testimony. In the case of each table, explain why the coefficient of variation was not calculated for Express Mail.

**RESPONSE:**

Express Mail revenue, pieces, and weight are obtained from the Electronic Marketing Reporting System (EMRS). It is my understanding that EMRS accounts for every piece of Express Mail. Thus, it is a complete census, not a sample estimate. The coefficient of variation would be zero.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAFFORD TO  
INTERROGATORIES OF UNITED PARCEL SERVICE**

**UPS/USPS-T4-5.** In all instances where DRPW and BRPW estimates are combined (whether with or without other data) to produce estimates of revenue, pieces, or weight for a category of mail, describe all steps that are taken to make sure that mail covered by the BRPW system is not also sampled in the DRPW system.

**RESPONSE:**

The service categories in Tables 1, 2, and 3 of my testimony are developed from unique mail category codes in DRPW and BRPW. FY 1998 DRPW mail category codes are documented in USPS-LR-I-23, page 307. The RPW Adjustment system processes all RPW data by mail category code through a series of SAS programs, removing any possibility of duplication. USPS-LR-I-30 documents this process, and provides the specific SAS code both as a listing and in machine-readable form.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAFFORD TO  
INTERROGATORIES OF UNITED PARCEL SERVICE**

**UPS/USPS-T4-6.** Refer to Tables 1, 2, and 3 of your testimony. Provide, in the same format as and for each of the same categories of mail shown in Tables 1, 2, and 3, that part of the revenue, piece, and weight estimates that are derived solely from the DRPW system.

**RESPONSE:**

The attached tables provide DRPW estimates and their estimated confidence intervals.

## Attachment to UPS/USPS-T4-6 Response

**TABLE 1**  
**FISCAL YEAR 1998 DRPW REVENUE ESTIMATES**  
**AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	REVENUE (\$1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 2/	UPPER 95% CONFIDENCE LIMIT 2/
<b>FIRST-CLASS MAIL:</b>				
SINGLE-PIECE LETTERS, FLATS, AND IPPS	21,750,550	0.28	21,631,183	21,869,917
NONAUTO PRESORT LETTERS, FLATS, AND IPPS	7,612	12.08	5,810	9,414
AUTO PRESORT LETTERS AND FLATS	37,157	5.78	32,947	41,366
AUTO CARRIER ROUTE PRESORT LETTERS	55	59.42	0	119
SINGLE-PIECE CARDS	612,450	1.52	594,204	630,696
NONAUTO PRESORT MAILING CARDS	1	98.75	0	2
AUTO PRESORT CARDS	7	73.44	0	17
AUTO CARRIER ROUTE PRESORT CARDS	0			
DOMESTIC MAIL FEES	97,488	3.63	90,552	104,425
TOTAL FIRST-CLASS	22,505,320	0.27	22,386,222	22,624,418
<b>PRIORITY MAIL</b>				
DOMESTIC MAIL FEES	4,158,549	1.09	4,069,706	4,247,392
TOTAL PRIORITY	4,159,490	1.09	4,070,627	4,248,353
<b>EXPRESS MAIL</b>				
	0			
<b>MAILGRAMS</b>				
	0			
<b>PERIODICALS MAIL:</b>				
IN-COUNTY	0			
OUTSIDE COUNTY:				
REGULAR	104	28.82	45	163
SPECIAL NONPROFIT	0			
CLASSROOM	0			
DOMESTIC MAIL FEES	7,936	9.78	6,415	9,457
TOTAL PERIODICALS	8,040	9.67	6,516	9,564
<b>STANDARD MAIL (A):</b>				
SINGLE-PIECE	123,859	5.69	110,045	137,672
REGULAR - NONAUTO PRESORT	469	20.28	283	656
REGULAR - AUTO PRESORT	0			
ENHANCED CARRIER ROUTE	0			
NONPROFIT - NONAUTO PRESORT	0			
NONPROFIT - AUTO PRESORT	0			
NONPROFIT ENHANCED CARRIER ROUTE	0			
DOMESTIC MAILING FEES	14,940	4.90	13,505	16,374
TOTAL STANDARD MAIL (A)	139,267	5.17	125,155	153,380
<b>STANDARD MAIL (B):</b>				
PARCEL POST	309,046	2.15	296,022	322,069
BOUND PRINTED MATTER	47,790	7.26	40,990	54,591
SPECIAL STANDARD	329,448	2.88	310,851	348,044
LIBRARY MAIL	45,684	3.04	42,962	48,406
DOMESTIC MAIL FEES	2,062	9.49	1,678	2,445
TOTAL STANDARD MAIL (B)	734,029	1.96	705,831	762,228

**TABLE 1  
(CONTINUED)  
FISCAL YEAR 1998 DRPW REVENUE ESTIMATES  
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	REVENUE (\$1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 2/	UPPER 95% CONFIDENCE LIMIT 2/
<b>U.S. POSTAL SERVICE MAIL</b>				
<b>FREE MAIL FOR THE BLIND AND HANDICAPPED</b>				
TOTAL DOMESTIC MAIL	27,546,147	N/C 3/		
TOTAL INTERNATIONAL MAIL	43,862	N/C		
TOTAL ALL MAIL	27,590,008	N/C		
<b>SPECIAL AND OTHER SERVICES:</b>				
REGISTERED	175	28.32	78	272
INSURANCE	69,768	2.86	65,857	73,679
COLLECT ON DELIVERY	2	99.86	0	5
CERTIFIED	385,745	4.05	355,125	416,366
RETURN RECEIPTS	262,058	3.86	242,231	281,884
SPECIAL DELIVERY	1	69.50	0	3
MONEY ORDERS	0			
SUBTOTAL	717,749	3.52	668,230	767,268
OUT. MONEY ORDERS TAKEN INTO REVENUE	0			
STAMPED ENVELOPES	0			
BOX RENTS	0			
TOTAL SPECIAL & OTHER SERVICES	717,749	N/C		
TOTAL MAIL & SPECIAL SERVICES	28,307,757	N/C		
OTHER INCOME	0			
TOTAL INCOME	28,307,757	N/C		

1/ COEFFICIENT OF VARIATION = (100 x EST. STD. ERROR / EST. REVENUE)

2/ LOWER LIMIT = EST. REVENUE - (1.97 x EST. STD. ERROR)

  UPPER LIMIT = EST. REVENUE + (1.97 x EST. STD. ERROR)

3/ N/C - NOT COMPUTED

## Attachment to UPS/USPS-T4-6 Response

**TABLE 2  
FISCAL YEAR 1998 DRPW PIECES ESTIMATES  
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	PIECES (1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 2/	UPPER 95% CONFIDENCE LIMIT 2/
<b>FIRST-CLASS MAIL:</b>				
SINGLE-PIECE LETTERS, FLATS, AND IPPS	54,131,229	0.47	53,632,572	54,629,886
NONAUTO PRESORT LETTERS, FLATS, AND IPPS	17,937	14.79	12,737	23,136
AUTO PRESORT LETTERS AND FLATS	138,004	6.02	121,720	154,287
AUTO CARRIER ROUTE PRESORT LETTERS	239	59.42	0	516
SINGLE-PIECE CARDS	2,969,380	1.50	2,882,080	3,056,680
NONAUTO PRESORT MAILING CARDS	5	98.76	0	13
AUTO PRESORT CARDS	43	73.43	0	105
AUTO CARRIER ROUTE PRESORT CARDS	0			
DOMESTIC MAIL FEES				
TOTAL FIRST-CLASS	57,256,836	0.45	56,751,830	57,761,841
PRIORITY MAIL	1,166,987	1.06	1,142,742	1,191,233
DOMESTIC MAIL FEES				
TOTAL PRIORITY	1,166,987	1.06	1,142,742	1,191,233
EXPRESS MAIL	0			
MAILGRAMS	0			
<b>PERIODICALS MAIL:</b>				
IN-COUNTY	0			
OUTSIDE COUNTY:				
REGULAR	160	75.56	0	398
SPECIAL NONPROFIT	0			
CLASSROOM	0			
DOMESTIC MAIL FEES				
TOTAL PERIODICALS	160	75.56	0	398
<b>STANDARD MAIL (A):</b>				
SINGLE-PIECE	150,276	8.87	124,150	176,402
REGULAR - NONAUTO PRESORT	0			
REGULAR - AUTO PRESORT	0			
ENHANCED CARRIER ROUTE	0			
NONPROFIT - NONAUTO PRESORT	0			
NONPROFIT - AUTO PRESORT	0			
NONPROFIT ENHANCED CARRIER ROUTE	0			
DOMESTIC MAILING FEES				
TOTAL STANDARD MAIL (A)	150,276	8.87	124,150	176,402
<b>STANDARD MAIL (B):</b>				
PARCEL POST	77,768	2.10	74,567	80,968
BOUND PRINTED MATTER	30,141	7.35	25,799	34,483
SPECIAL STANDARD	190,678	3.74	176,701	204,656
LIBRARY MAIL	27,728	3.39	25,886	29,571
DOMESTIC MAIL FEES				
TOTAL STANDARD MAIL (B)	326,315	4.64	296,638	355,991

**TABLE 2  
(CONTINUED)  
FISCAL YEAR 1998 DRPW PIECES ESTIMATES  
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	PIECES (1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 2/	UPPER 95% CONFIDENCE LIMIT 2/
U.S. POSTAL SERVICE MAIL	378,136	2.53	359,385	396,887
FREE MAIL FOR THE BLIND AND HANDICAPPED	53,169	4.58	48,396	57,942
TOTAL DOMESTIC MAIL	59,331,879	N/C 3/		
TOTAL INTERNATIONAL MAIL	5,982	N/C		
TOTAL ALL MAIL	59,337,861	N/C		
<b>SPECIAL AND OTHER SERVICES:</b>				
REGISTERED	0			
INSURANCE	39,225	3.08	36,857	41,593
COLLECT ON DELIVERY	1	99.83	0	2
CERTIFIED	278,298	4.12	255,824	300,771
RETURN RECEIPTS	237,256	3.86	219,306	255,206
SPECIAL DELIVERY	1	69.54	0	1
MONEY ORDERS	0			
SUBTOTAL	554,780	3.65	515,091	594,469
<b>USPS SPECIAL SERVICE TRANSACTIONS</b>				
REGISTERED TRANSACTIONS:	0			
CERTIFIED TRANSACTIONS	1,114	15.87	767	1,460
RETURN RECEIPTS	1,133	27.03	533	1,734
SPECIAL DELIVERY TRANSACTIONS	0			
SPECIAL HANDLING TRANSACTIONS	4	30.37	2	7
TOTAL	2,251	15.71	1,558	2,945

1/ COEFFICIENT OF VARIATION = (100 x EST. STD. ERROR / EST. PIECES)

2/ LOWER LIMIT = EST. PIECES - (1.97 x EST. STD. ERROR)

UPPER LIMIT = EST. PIECES + (1.97 x EST. STD. ERROR)

3/ N/C - NOT COMPUTED

## Attachment to UPS/USPS-T4-6 Response

**TABLE 3  
FISCAL YEAR 1998 DRPW WEIGHT ESTIMATES  
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	WEIGHT (1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 2/	UPPER 95% CONFIDENCE LIMIT 2/
<b>FIRST-CLASS MAIL:</b>				
SINGLE-PIECE LETTERS, FLATS, AND IPPS	2,583,027	0.41	2,562,270	2,603,784
NONAUTO PRESORT LETTERS, FLATS, AND IPPS	1,186	11.54	917	1,454
AUTO PRESORT LETTERS AND FLATS	4,835	5.46	4,318	5,353
AUTO CARRIER ROUTE PRESORT LETTERS	6	61.48	0	12
SINGLE-PIECE CARDS	18,559	1.50	18,013	19,104
NONAUTO PRESORT MAILING CARDS	0	99.73	0	0
AUTO PRESORT CARDS	0	73.29	0	1
AUTO CARRIER ROUTE PRESORT CARDS				
DOMESTIC MAIL FEES				
TOTAL FIRST-CLASS	2,607,612	0.40	2,587,169	2,628,056
PRIORITY MAIL	1,963,492	1.22	1,916,541	2,010,443
DOMESTIC MAIL FEES				
TOTAL PRIORITY	1,963,492	1.22	1,916,541	2,010,443
EXPRESS MAIL	0			
MAILGRAMS				
<b>PERIODICALS MAIL:</b>				
IN-COUNTY	0			
OUTSIDE COUNTY:				
REGULAR	0			
SPECIAL NONPROFIT	0			
CLASSROOM	0			
DOMESTIC MAIL FEES				
TOTAL PERIODICALS	0			
<b>STANDARD MAIL (A):</b>				
SINGLE-PIECE	28,032	5.05	25,257	30,807
REGULAR - NONAUTO PRESORT	0			
REGULAR - AUTO PRESORT	0			
ENHANCED CARRIER ROUTE	0			
NONPROFIT - NONAUTO PRESORT	0			
NONPROFIT - AUTO PRESORT	0			
NONPROFIT ENHANCED CARRIER ROUTE	0			
DOMESTIC MAILING FEES				
TOTAL STANDARD MAIL (A)	28,032	5.05	25,257	30,807
<b>STANDARD MAIL (B):</b>				
PARCEL POST	411,253	2.28	392,875	429,631
BOUND PRINTED MATTER	72,988	6.98	63,002	82,973
SPECIAL STANDARD	307,168	2.32	293,200	321,135
LIBRARY MAIL	53,105	3.75	49,202	57,008
DOMESTIC MAIL FEES				
TOTAL STANDARD MAIL (B)	844,514	1.89	813,230	875,798

**TABLE 3  
(CONTINUED)  
FISCAL YEAR 1998 DRPW WEIGHT ESTIMATES  
AND ASSOCIATED CONFIDENCE LIMITS**

SERVICE CATEGORY	WEIGHT (1,000s)	C.V. 1/ OF ESTIMATE PERCENT	LOWER 95% CONFIDENCE LIMIT 2/	UPPER 95% CONFIDENCE LIMIT 2/
U.S. POSTAL SERVICE MAIL	87,462	3.65	81,205	93,719
FREE MAIL FOR THE BLIND AND HANDICAPPED	27,190	4.45	24,819	29,562
TOTAL DOMESTIC MAIL	5,558,303	N/C 3/		
TOTAL INTERNATIONAL MAIL	8,131	N/C		
TOTAL ALL MAIL	5,566,434	N/C		

1/ COEFFICIENT OF VARIATION = (100 x EST. STD. ERROR / EST. WEIGHT)

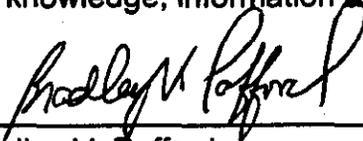
2/ LOWER LIMIT = EST. WEIGHT - (1.97 x EST. STD. ERROR)

UPPER LIMIT = EST. WEIGHT + (1.97 x EST. STD. ERROR)

3/ N/C - NOT COMPUTED

DECLARATION

I, Bradley V. Pafford, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

  
\_\_\_\_\_  
Bradley V. Pafford

Date: February 4, 2000

**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.

*K N Hollies*

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Kenneth N. Hollies

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February 4, 2000