

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 INTERROGATOR OF
UNITED PARCEL SERVICE,
REDIRECTED FROM WITNESS HUNTER
(UPS/USPS-T5-15)
(February 24, 2000)

The United States Postal Service hereby provides the response of witness Pafford to the following interrogatory of United Parcel Service: UPS/USPS-T5-15, filed on February 10, 2000, and redirected from witness Hunter.

The 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, Rate-making

K N Hollies
Kenneth N. Hollies

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

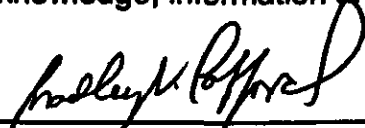
UPS/USPS-T5-15. Refer to USPS-LR-I-2, page 5, which states, "[d]uring 1998, the Postal Service revised certain sampling procedures, which have decreased the difference between actual and extrapolated revenue." Explain how the extrapolated sample revenue compares to the actual Postal Service revenue and provide detailed figures supporting this explanation.

RESPONSE:

The quotation refers to the comparison of general postage account revenue (actual) to estimated total revenue (extrapolated) used in the construction of DRPW estimates. In DRPW, this relationship is expressed in the form of a ratio between these two quantities. Application of this ratio to the estimate for a given rate category results in the final estimates shown in tables 1, 2, and 3 of my response to UPS/USPS-T4-6. The estimation procedure is broadly documented in my testimony on page 6, lines 4-6, while it is technically specified in USPS-LR-I-27, page 9, equation 1. The ratios for PFY 1998 were 0.994 for PQ 1, 0.921 for PQ 2, 0.906 for PQ 3, and 0.929 for PQ 4.

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: 2/24/00

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 Hollis
Kenneth N. Hollis

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February 24, 2000