

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
WITNESS HUNTER TO INTERROGATORIES OF  
THE NATIONAL NEWSPAPER ASSOCIATION  
(NNA/USPS-T5-1-11)  
(March 1, 2000)

The United States Postal Service hereby provides the responses of witness Hunter to the following interrogatories of the National Newspaper Association: NNA/USPS-T5-1-11, filed on February 16, 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

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**NNA/USPS-T5-1.** Please confirm that the total annual volumes for [ ]n-[C]ounty mail are derived in part from a panel of post offices using the PERMIT system and in part from a supplemental stratified sample of non-automated post offices.

**RESPONSE.** Confirmed.

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**NNA/USPS-T5-2.** Please provide a breakdown of [!]n-[C]ounty volumes in the base year used in this docket by Cost Ascertainment Group[ing] according to the source of the data: PERMIT based, non-automated office sample or other sources. Please explain any other source used.

**RESPONSE.** This information is not available. The Cost Ascertainment Grouping (CAG) code is a total revenue indicator used for accounting purposes unrelated to the BRPW statistical estimation system which reports estimates of volume and revenue for specific classes and subclasses of mail.

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**NNA/USPS-T5-3.** Please provide the same data requested in Interrogatory 2 for the test year used in this docket.

**RESPONSE.** My understanding is that the Postal Service does not forecast volumes in a manner that would allow this type of disaggregation.

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**NNA/USPS-T5-4.** Please provide annual total volumes for [In-C]ounty mail by fiscal year for a period from 1986 to 1998.

**RESPONSE.** The Base Year 1998 estimate of total In-County volume is provided in Table 2 of my testimony. The volume estimates for the FY 1986 through FY 1997 period are found in the Cost and Revenue Analysis report made available to the public each year. These volumes are repeated below.

Year	In-County Volume (000)
1986	1,737,956
1987	1,479,531
1988	1,488,271
1989	1,458,827
1990	1,382,914
1991	1,179,504
1992	1,192,671
1993	1,057,671
1994	1,006,421
1995	907,187
1996	877,829
1997	947,047

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**NNA/USPS-T5-5.** Please explain in detail any changes in sampling, sampling design, billing determinant measurement, computerization of post offices or measurement methodology instituted by the Postal Service that would have changed the ways these volumes were determined during this time period.

**RESPONSE.** The referenced time period is not clear, however, my response assumes the extensive twelve-year period referenced in NNA/USPS-T5-4 for which I do not have complete information. My understanding is that the underlying methodology used to construct the estimates of In-County volume, wherein postage statement data are obtained from a probability based sample of post offices to supplement the data obtained from a certainty segment, is essentially unchanged over the twelve-year period, though substantial efforts are made to improve the precision and accuracy of the estimates and incorporate new computer technology throughout this period. In PQ2, FY 1993, the panel inflation factors were adjusted to align the automated office data stream with the existing non-automated office panel. While this adjustment affected the absolute measures, it had a much smaller effect on the revenue per piece measure. Up to and throughout the FY 1995 period, the major improvements consisted of panel updates which included replacing the outdated manual data collection and reporting process with the more reliable and accessible revenue and volume data obtained from the PERMIT System and its predecessor BRAVIS. Several improvements were implemented during the FY 1996 period which included updating the non-automated office panel, converting the outdated COBOL code

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to SAS, and eliminating several costly administrative and operational procedures upon the transfer of the system to postal headquarters. By FY 1998, the automated office volume coverage for the Periodicals mail class increased to approximately 93 percent. I am not aware of any change to the billing determinant process that might affect the In-County subclass.

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**NNA/USPS-T5-6.** Please confirm that the sampling design for volumes calculated from non[-]automated offices has not changed since 1986. If your answer is negative, please explain your response in detail.

**RESPONSE.** See the response to NNA/USPS-T5-5.



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**NNA/USPS-T5-7.** Please state the frequency with which the panel of sampled offices in [sic] non-automated offices is refreshed.

**RESPONSE.** See the response to NNA/USPS-T5-5. In addition, given the logistical issues associated with a partial or complete replacement of the panel, and in the absence of identified non-mitigating factors which might measurably influence the estimates or obviate the eventual discontinuation of the supplemental panel of non-automated offices, a two to three year timeframe is targeted.

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**NNA/USPS-T5-8.** Please refer to page 39 in the testimony by USPS Witness Thress, lines 22 to 24. Are you familiar with the changes in [the] sampling framework to which this witness refers? If so, please explain it [sic] the changes in detail and discuss how the changes affected the piece volume count for within county mail.

**RESPONSE.** Yes. See the response to NNA/USPS-T5-5.

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**NNA/USPS-T5-9.** Please refer to page 40 in the testimony by USPS Witness Thress, lines 4 through 7. Do you agree with his statement that a smaller volume series for this subclass is also inherently more volatile?

**RESPONSE.** The context of witness Thress' demand forecast is quite distinct from my BRPW estimates of FY 1998 volumes. While I cannot comment on witness Thress' results, I have no reason to disagree with them.

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**NNA/USPS-T5-10.** Please state whether the volatility of this series has increased or decreased since 1986 and explain your response.

**RESPONSE.** See my response to NNA/USPS-T5-9.

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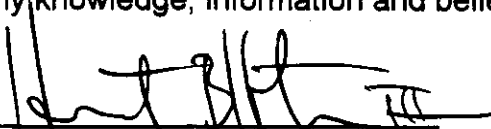
- NNA/USPS-T5-11.** Please answer the following questions with respect to a non[-]automated office submitting data for the volume and revenue samples:
- a. Are the data recorded in the PERMIT system by any individual outside that non[-]automated office?
  - b. If your response is no, please explain how the data are recorded.
  - c. Does the office submit hard-copy mailing statements for recording?
  - d. Does the office submit a year's worth of statements? If your answer is no, please state the span of time involved.
  - e. Besides volume and revenue data, what other information is recorded from these statements?

**RESPONSE.**

- a-d. No panel data are recorded in the PERMIT System from offices that are not automated under the PERMIT System. See System Methodology section in USPS-LR-I-25/R2000-1.
- e. The post office finance number, processing period, VIP Code crosswalk, and copy and weight information are recorded.

DECLARATION

I, Herbert B. Hunter III, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.

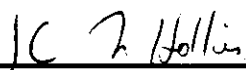


Herbert B. Hunter III

Date: 3/1/00

## 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.



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Kenneth N. Hollies

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March 1, 2000