

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

RECEIVED

MAR 7 2 02 PM '00

POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

**NEWSPAPER ASSOCIATION OF AMERICA
SECOND SET OF INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
SHARON DANIEL (NAA/USPS-T28-11-14)
March 7, 2000**

The Newspaper Association of America hereby submits the attached interrogatories to United States Postal Service witness Sharon Daniel (NAA/USPS-T28-11-14) and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By:



William B. Baker
E. Joseph Knoll III
Isaac R. Campbell
WILEY, REIN & FIELDING
1776 K Street, N.W.
Washington, DC 20006-2304
(202) 719-7255

Robert J. Brinkmann
NEWSPAPER ASSOCIATION OF AMERICA
529 14th Street, N.W.
Suite 440
Washington, D.C.
(202) 638-4792

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants requesting such service in this proceeding in accordance with section 12 of the Rules of Practice.

March 7, 2000


E. Joseph Knoll III

NEWSPAPER ASSOCIATION OF AMERICA
SECOND SET OF INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
SHARON DANIEL (NAA/USPS-T28-11-14)

NAA/USPS-T28-11: Please refer to USPS-LR-I-92, Section 2, worksheet labeled
"Std. A ECR All Shapes Test Year Unit Costs by Detailed (1/2 ounce) Weight
Increments."

- a. In Line 7 ("delivery in-office (6.2) 6.1"), costs are allocated according to proportions in Line 6 ("delivery in-office (6.1) tally").
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.
- b. In Line 8 ("del. route (7.1) piece"), costs are allocated according to proportions in Line 1 ("volume").
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.
- c. In line 9 ("del. access (7.2) piece"), costs are allocated according to proportions in line 1 ("volume").
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.
- d. In Line 11 ("del. support (7.4) sum 6&7"), costs are allocated according to the proportions of the sum of Lines 10, 9, 8, and 6.
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.

NEWSPAPER ASSOCIATION OF AMERICA
SECOND SET OF INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
SHARON DANIEL (NAA/USPS-T28-11-14)

- e. In Line 12 ("vehicle service (8) cube"), costs are allocated according to the proportions in Line 3 ("cubic feet").
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.
- f. In Line 14 ("air/water trans. (14) weight"), costs are allocated according to weight.
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.
- g. In Line 16 ("Other weight"), costs are allocated according to weight.
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.

NAA/USPS-T28-12: Please refer to USPS-LR-I-92, Section 2, worksheet labeled "Std. A ECR Letters Test Year Unit Costs by Detailed (1/2 ounce) Weight Increments."

- a. In Line 10 ("elem. Load (7.3) shape&wt"), costs are allocated according to proportions in Line 2 ("weight").
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.
- b. In Line 13 ("delivery rural (10) shape&pc"), costs are allocated according to Line 1 ("volume").
 - i. Please provide the basis for this allocation rule.

NEWSPAPER ASSOCIATION OF AMERICA
SECOND SET OF INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
SHARON DANIEL (NAA/USPS-T28-11-14)

- ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.
- c. In Line 15 ("hwy/rail trans. (14)cube"), costs are allocated according to cubic feet.
 - i. Please provide the basis for this allocation rule.
 - ii. If you employ a different allocation rule for letters, flats, and parcels, please provide the basis for this distinction.

NAA/USPS-T28-13: Please refer to USPS-LR-I-92, Section 2, worksheet labeled "Std. A ECR All Shapes Test Year Unit Costs by Detailed (1/2 ounce) Weight Increments." On page 2, you provide the following regression labeled "Pound Rated Mail" (workbook LR92bECR.xls):

$$y = 0.0247x - 0.0495$$

- a. Please confirm that x is the average weight in each weight increment and that all observations in the 3.0 to 3.5 ounce weight increment are pound-rated.
- b. If you are unable to confirm (a) above, please provide the correct definitions of x and y and the observations of data used in the regression.
- c. Please provide the basis for the cited equation being a reliable basis for ascertaining the effect of weight on unit costs, including measures of statistical confidence in the individual observed values of y, x, and the estimated coefficients.
- d. Please explain in detail the significance you attach to the estimated coefficients.
- e. Please explain what significance you attach to the increase in unit costs for the 15 to 16 ounce increment.

NEWSPAPER ASSOCIATION OF AMERICA
SECOND SET OF INTERROGATORIES TO
UNITED STATES POSTAL SERVICE WITNESS
SHARON DANIEL (NAA/USPS-T28-11-14)

- f. Please confirm that deleting the observation for the 3.0 to 3.5 ounce weight increment from the data used in the regression produces the following:

$$y = 0.0265x - 0.0708$$

- g. Please explain what significance you attach to the result described in (f.) above.

NAA/USPS-T28-14: Please refer to USPS-LR-I-92, Section 1, worksheet titled "3CREG all (detailed)." There you provide the following regression labeled "Std. A Regular All Shapes Pound Rated" (workbook LR92aREG.xls):

$$y = 0.0628x - 0.133$$

- a. Please confirm that x is the average weight in each weight increment and that you assume that no observations in the 3.0 to 3.5 ounce weight increment are pound-rated.
- b. If you are unable to confirm (a), please provide the correct definitions of x and y and the observations of data used in the regression.
- c. Please provide the basis for the cited equation being a reliable basis for ascertaining the effect of weight on unit costs, including measures of statistical confidence in the individual observed values of y, x and the estimated coefficients.
- d. Please explain in detail the significance you attach to the estimated coefficients.
- e. Please explain the significance you attach to the increase in unit costs for the 15 to 16 ounce weight increment.
- f. Please explain why the pound-rated regression for Regular excludes the 3.0 to 3.5 ounce category while the pound-rated regression for ECR includes the 3.0 to 3.5 ounce category.