

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

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS HUNTER TO INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/USPS-T5-20-21, 23-26)

The United States Postal Service hereby provides the responses of witness Hunter to the following interrogatories of United Parcel Service: UPS/USPS-T5-20-21, 23-26, filed on February 25, 2000. Interrogatory UPS/USPS-22 was redirected to the Postal Service. The responses to interrogatories UPS/USPS-T5-18-19, which were filed simultaneously, are yet incomplete.


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 HUNTER
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UPS/USPS-T5-20.

- (a) Explain in detail the process by which the Postal Service verifies that the mail actually received from a mailer matches the information about it indicated on the postage statement provided by the mailer. Is each piece counted and examined in the verification process? If not, why not?
- (b) Is each Parcel Post piece counted and examined in the verification process in the case of a Parcel Post mailing? If not, why not?
- (c) If the verification processes referred to in the responses to (a) or (b), above, are done on a sampling basis, explain in detail how the process is performed, including a description of how the sample is selected.
- (d) If a sampling process is used for verification, what percent of mail is checked? What percent of Parcel Post mail is checked?
- (e) If a sampling process is used for verification, provide detailed information by mail class and subclass on the proportion of errors discovered, as well as on the actual number of errors discovered.
- (f) Explain how errors discovered through sampling or through any other means of verification are corrected. If they are not corrected, why not?
- (g) Explain how errors in the case of Parcel Post discovered through sampling or any other means of verification are corrected. If they are not corrected, why not?

RESPONSE. This response is based on my understanding of discussions with other postal officials.

a-d. The presort and piece count verification process is detailed in the Business Mail Acceptance Handbook, DM-109, pages 4.1 through 4.15 and 7.1 through 7.22. A copy of these pages is provided in USPS-LR-I-229/R2000-1, Material Provided in Response to UPS/USPS-T5-20 (Hunter).

e. This information is not available.

f-g. See the response to parts (a-d).

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UPS/USPS-T5-21. Explain in detail the process by which the results generated from the BRPW system are verified for accuracy against actual postage mailing statements and the PERMIT system data. If such a verification is not done, provide a detailed explanation of why it is not done.

RESPONSE. The BRPW data verification process, wherein, the input data are passed through an extensive series of mainframe checks for completeness and accuracy, is discussed in USPS-LR-I-25/R2000-1 and USPS-LR-I-26/R2000-1. Substantial efforts are made in concert with the data entry contractor during BRPW processing to resolve all flagged non-automated office records. Due to the geographical dispersion of the numerous automated offices and to their voluminous records which number in the millions, it is not administratively possible or operationally feasible to research individual flagged records in the short timeframe available for data processing. However, efforts are made to clear up flagged records that might measurably affect the estimates at the subclass or class level. The remaining records are grouped by type and resolved by imputation where possible. Reports containing office level detail are produced for ongoing review. In addition, data validation studies are periodically undertaken to verify alignment of the data fields and source documents.

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UPS/USPS-T5-22. Provide copies of "[t]he Postal Service's studies" and all supporting documents and analyses referred to on the last line of page 93 and the first line of page 94 of the Data Quality Study Summary Report dated April 16, 1999, prepared by LINX. Provide all analyses available in electronic format in their fully developed form (formulas intact).

RESPONSE. This interrogatory has been redirected to the Postal Service.

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UPS/USPS-T5-23. Library reference USPS-LR-I-25, file LR-I-25.DOC, at 2System Methodology, the second paragraph, states, "[t]he estimates of RPW totals are then obtained by combining these data records with office and stratum level blow-up factors, and then adjusting the combined strata estimate to postage revenue account totals."

- (a) Provide all files and documents used to develop the Office and Stratum level blow-up factors.**
- (b) Provide all files and documents used to develop the adjustments that are made to adjust the combined strata estimate to postage revenue account totals.**
- (c) Provide all analyses and supporting spreadsheets available in electronic format and in their fully developed form (formulas intact).**

RESPONSE.

- a. The BRPW statistical system is discussed in USPS-LR-I-26/R2000-1. The population frames from which the non-automated office panels are selected for the targeted mail categories contain inherently sensitive office specific information in two variables: finance number and postage. In place of this information, the summary level reports developed during the selection process involving these frames provide the requested design information required to develop the office blow-ups. These reports and their explanation are being provided in USPS-LR-I-230/R2000-1. The office level AP and stratum level non-response adjustments are constructed in the program code provided in USPS-LR-I-25/R2000-1, Appendix A.**

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b-c. There are no files or documents additional to the programming code provided in USPS-LR-I-25/R2000-1, Appendix A, and the files provided in USPS-LR-I-194/R2000-1 in response to UPS/USPS-T5-16. No analyses or spreadsheets are used. See also the response to UPS/USPS-T5-25.

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UPS/USPS-T5-24. Library reference USPS-LR-I-25, file LR-I-25.DOC at 2.System Methodology, the first paragraph, states, "[t]he VIP Code scheme maps the revenue, volume and weight data for each reporting office to the individual rate categories as defined by the line items on postage statements for the applicable rate period...."

- (a) Provide all files and documents used to develop the Volume Information Profiles (VIP).**
- (b) Provide all analyses and supporting spreadsheets available in electronic format and in their fully developed form (formulas intact).**

RESPONSE.

a-b. No files, analyses or spreadsheets are required to develop the VIP Codes.

These codes correspond to the rate category detail found on the postage statements. Copies of the postage statements are provided in USPS-LR-I-26/R2000-1, Appendix A.

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UPS/USPS-T5-25. Library reference USPS-LR-25, file LR-I-25.DOC at 3. Jobstream Description, the first paragraph, states, "[t]he third job inflates the second job's output data using office and stratum based blowup and national trial balance factors."

- (a) Provide all files and documents used to develop the national trial balance factors.**
- (b) Provide all analyses and supporting spreadsheets available in electronic format and in their fully developed form (formulas intact).**

RESPONSE. I do not have this information since it is not needed in the BRPW to construct estimates of revenue and volume totals. The trial balance revenues used in the BRPW are included in the known AIC account totals used in the statement of revenues and expenses found in USPS-LR-I-9/R2000-1. This financial information, which is also input to the CRA and Cost, Segments and Components, is central to the Postal Service's operation. Given the fundamental importance of the accounting system information, the longstanding practice of tying this information to sample estimates using a ratio estimator of a total such as that employed in the BRPW is a reliable and accepted technique.

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- (iv). The requested proportions are unknown. An approximate measure for this group might be obtained by subtracting the results obtained in part (a) pertaining to the PERMIT System from the corresponding mail category counterparts provided in the response to UPS/USPS-T4-6.

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UPS/USPS-T5-26.

- (a) Provide the number of automated PERMIT offices, the number of non-automated PERMIT offices, and the proportions of volume by First Class Mail, permit imprint Priority Mail, Periodicals, Standard (A), permit imprint Parcel Post, permit imprint Bound Printed Matter, non-permit imprint Priority Mail, non-permit imprint Parcel Post, and non-permit Bound Printed Matter for each of those categories of offices.**
- (b) Provide separately for (i) automated PERMIT offices, (ii) non-automated PERMIT offices, (iii) sampled non-PERMIT offices, and (iv) unsampled non-PERMIT offices, the proportions of volume for non-permit imprint Priority Mail, non-permit imprint Parcel Post, and non-permit imprint Bound Printed Matter in each of those categories of offices.**

RESPONSE. The counts and known or estimated proportions of volume for the non-permit imprint Priority Mail, Parcel Post and Bound Printed Matter mail categories are irrelevant to the BRPW which does not and need not use this information in order to construct estimates of revenue and volume totals.

- a. See the response to UPS/USPS-T5-4. The unused PERMIT System data are found in the files labeled BRPW40-43.TXT provided in response to UPS/USPS-T5-16. The records with STRATUM variable value '1' having a non-zero value in the first field of the VIP Code variable are selected for the mail categories of interest found in the files labeled BRPW57-58.TXT and BRPW63-64.**
- b. (i). See the response to part (a).**
 - (ii). I am not aware of any such offices.**
 - (iii). This information is not collected in the BRPW.**

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b-c. There are no files or documents additional to the programming code provided in USPS-LR-I-25/R2000-1, Appendix A, and the files provided in USPS-LR-I-194/R2000-1 in response to UPS/USPS-T5-16. No analyses or spreadsheets are used. See also the response to UPS/USPS-T5-25.

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: MARCH 10, 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.

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