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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

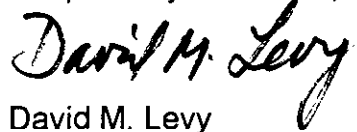
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Docket No. R2000-1
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Postal Rate and Fee Changes, 2000
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**ERRATA TO
SECOND INTERROGATORIES OF ALLIANCE OF NONPROFIT MAILERS
TO USPS WITNESS TAYMAN (ANM/USPS-T9-45-49)**

The Alliance of Nonprofit Mailers ("ANM") has discovered a minor error in one question in its second set of discovery requests to USPS witness Mark F. Ramage, filed on February 29, 2000. In question ANM/USPS-T2-19, parts (h) and (i) should be combined, and part (j) should be renumbered as (i). The corrected text of the question is attached.

Respectfully submitted,



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March 10, 2000

ANM/USPS-T2-19. This question refers to attachment ANM/USPS-T2-19, which is hereby incorporated as part of the question. The mail processing cost and volume data in the attachment are from LR-I-96. The percentages in the bottom portion are computed from the data in the top part.

(a) Please confirm that the mail processing cost and volume data in the top portion have been correctly transcribed. If you do not confirm, provide the correct data.

(b) Please confirm that, for shape, presort condition and weight, the three Commercial ECR letter categories shown here (Basic, Auto and High Density/Saturation combined) constitute reasonably homogeneous subcategories vis-à-vis their respective Nonprofit ECR letter counterparts? If you do not confirm, please provide and discuss all significant cost-causing differences.

(c) The bottom portion of the table in the attachment indicates that, for Auto ECR letters, the Nonprofit Test Year volume (439 million) amounts to 17.4 percent of the Commercial volume (2,528 million), while nonprofit dollar-weighted IOCS tallies in Test Year amount to 17.9 percent of commercial. Please confirm that the similarity of the two percentages is unsurprising in light of the homogeneity of the mail. Please explain fully any failure to confirm.

(d) The bottom portion of the table also shows that in Test Year Basic Nonprofit ECR, letters Nonprofit receive 28.9 percent of the dollar-weighted amount attributed to Commercial ECR letters, yet the volume of Nonprofit ECR Basic letters (888 million) amounts to only 12.3 percent of the volume of Commercial ECR Basic letters (7,212 million). If Nonprofit and Commercial ECR Basic letters have an equal chance of being

sampled each time an IOCS tally happens to be taken from ECR Basic letters, what is the probability of drawing a sample that is so disproportionate to the volumes of each respective rate category? What is the coefficient of variation (CV) for the mail processing cost estimate for Nonprofit Basic ECR letters?

(e) For all ECR non-letters combined, Nonprofit volume (934 million) amounts to 4.6 percent of Commercial volume (20,502 million) while Nonprofit mail processing cost (based on dollar-weighted IOCS tallies) amounts to 12.0 percent of Commercial. If Nonprofit and ECR non-letters have an equal chance of being sampled each time an IOCS tally happens to be taken from ECR non-letters, what is the probability of drawing a sample that is so disproportionate to the volumes of each respective category? What is the coefficient of variation for the mail processing cost estimate for (i) Nonprofit Basic non-letters, (ii) Nonprofit High Density/Saturation non-letters, and (iii) all Nonprofit non-letters combined?

(f) For all ECR combined, Nonprofit volume (2.9 million) amounts to 8.6 percent of Commercial volume (33.6 billion), while dollar-weighted Nonprofit mail processing cost (based on IOCS tallies) amounts to 17.3 percent of Commercial. If Nonprofit ECR mail has an equal chance of being sampled each time an IOCS tally happens to be taken from ECR mail, what is the probability of drawing a sample what is so disproportionate to the volumes of each respective category? What is the coefficient of variation for the mail processing cost estimate for all Nonprofit ECR mail?

(g) The table in the attachment relies solely on dollar-weighted IOCS tallies. For each mail processing cost estimate shown in the top portion of the table, please provide the number of direct tallies that underlie and form the basis for the dollar-weighted

cost estimate. If the raw tallies are not distributed in proportion to the dollar-weighted cost estimates, please explain (i) which operations and their associated tallies have a higher-than-average cost, and (ii) why were nonprofit tallies disproportionately distributed among the operations with higher-than-average cost.

(h) As pointed out in the preceding part (f), the volume of all Nonprofit ECR (2.9 million) amounts to only 8.6 percent of Commercial volume (33.6 billion). On a percentage basis, the volume of Nonprofit ECR might reasonably be described as "small," if small is defined as anything less than 10 percent. From a statistical viewpoint, does 2.9 million pieces constitute a relatively small volume for obtaining reasonably accurate mail processing cost estimates that are not likely to offer much variation owing to random differences in the sample?

(i) How large do the volume and the sample have to be before one can expect relatively little variation in the cost estimate owing to random variation?

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document on all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

David M. Levy

March 10, 2000