

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

RECEIVED

MAR 23 1 36 PM '00

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes, 2000

Docket No. R2000-1

**NEWSPAPER ASSOCIATION OF AMERICA  
THIRD SET OF INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS  
SHARON DANIEL (NAA/USPS-T28-15-26)  
March 23, 2000**

The Newspaper Association of America hereby submits the attached interrogatories to United States Postal Service witness Sharon Daniel (NAA/USPS-T28-15-26) and respectfully requests a timely and full response under oath.

Respectfully submitted,

NEWSPAPER ASSOCIATION OF AMERICA

By: William B. Baker  
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 23, 2000

William B. Baker  
William B. Baker

**NEWSPAPER ASSOCIATION OF AMERICA  
THIRD SET OF INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS  
SHARON DANIEL (NAA/USPS-T28-15-26)**

NAA/USPS-T28-15. Please refer to your direct testimony, USPS-T-28, page 3, lines 3-4, where you state that your testimony draws from library references LR-I-91 through LR-I-102. Your direct testimony reproduces from the library references regressions of the effect on unit costs of weight for certain categories of mail. However, the library references include regressions of the effect on unit cost of weight for only *certain types of mail*.

- a. Is it possible to draw an inference of your belief in the reliability of the regressions from the fact that regressions were run for only certain types of mail?
- b. If so, please explain why. If not, please explain the rationale for the disparate treatment.

NAA/USPS-T28-16. Please refer to your Errata to USPS-T-28, pages 11 and 14. Prior to your Errata, these appeared to be identical to pages found in LR-I-91.

- a. Do the revisions contained in your Errata also require revisions to LR-I-91?
- b. If so, please provide an Errata revising all necessary pages of the library references you relied upon.

NAA/USPS-T28-17. Please refer to Library Reference LR-I-92, Section 3, page 11 of 29 and Section 4, page 11 of 29. These pages do not contain regressions of unit cost on weight for pound-rated non-profit and non-

NEWSPAPER ASSOCIATION OF AMERICA  
THIRD SET OF INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS  
SHARON DANIEL (NAA/USPS-T28-15-26)

profit ECR similar to those found in Section 1, page 11 of 31 (Standard Mail

(A) Regular) and Section 2, page 11 of 31 (Standard Mail (A) ECR).

- a. Do you believe the regressions for pound rated Standard (A) Regular and ECR are reliable measures of the effect of weight on costs? Please provide all statistical measures of reliability on which you base your answer.
- b. Do you believe the excluded regressions to be unreliable? Please provide all statistical measures upon which you rely.

NAA/USPS-T28-18. Please refer to Witness Moeller's response to NAA/USPS-T-35-21.

- a. Please provide all data necessary to make your cost data compatible with the before and after rates cost data employed by Witness Moeller in calculating his before and after rates cost coverage for ECR Mail.
- b. What adjustments, if any, need to be made to your calculated average cost/piece and regression equations to make them consistent with the test year cost data used by Witness Moeller?

NAA/USPS-T28-19. Please refer to LR-I-91, Section 1, pages 1 and 11 of 34.

You did not provide a regression of unit cost on weight for the first data set ("costs by ounce increment") but you did provide such a regression for the second data set ("detailed (1/2 ounce) weight increment") for first class single piece mail. Please explain why you provided a regression for one but not the other.

NAA/USPS-T28-20. Please refer to LR-I-91, Section 1, pages 11 and 13 of 34, which present regressions of unit costs on weight for first class

NEWSPAPER ASSOCIATION OF AMERICA  
THIRD SET OF INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS  
SHARON DANIEL (NAA/USPS-T28-15-26)

single piece all shape mail. Do you believe these regressions are reliable measures of the effect of weight on unit costs? Please explain the basis for your answer.

NAA/USPS-T28-21. Please refer to LR-I-91, Section 2, pages 1 and 10 of 30. You do not provide a regression of unit cost on weight for the first data set ("costs by ounce increment"), but you do provide a regression for the second data set ("unit costs by detailed (1/2 ounce ) weight increments") for first class presort. Please explain why you provide only the one regression.

NAA/USPS-T28-22. Please refer to the chart entitled "Std. A ECR All Shapes Test Year Unit Costs by Detailed (1/2 ounce) Weight Increments" in LR-I-92, Section 2.

- a. For mail processing costs (cost segment 3.1), please indicate for each ½ ounce weight increment, the number of IOCS tallies underlying the costs shown.
- b. Please also indicate whether any IOCS tallies were included which could not be specifically categorized by weight increment, i.e, "weightless" tallies.
- c. What is the minimum number of tallies needed for a reliable estimate of costs within a single ½ ounce cell? What is the maximum variance that is acceptable for an estimate to be considered reliable?
- d. Please confirm that the IOCS mail processing tallies which you used for this study have a field which indicates whether the clerk or mailhandler tallied was handling (i) a piece of mail, (ii) an item, or (iii) a container. If you do not confirm, please provide a list showing all information contained on IOCS mail processing tallies for this study.

NEWSPAPER ASSOCIATION OF AMERICA  
THIRD SET OF INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS  
SHARON DANIEL (NAA/USPS-T28-15-26)

- e. Assuming that information described in preceding part c is available, please provide a breakdown of the mail processing tallies in each ½ ounce increment showing whether the person tallied was handling (i) a piece, (ii) an item, or (iii) a container.

NAA/USPS-T28-23. Please refer to the chart entitled "Std. A ECR All Shapes Test Year Unit Costs by Detailed (1/2 ounce) Weight Increments" in LR-I-92, Section 2.

- a. For city carrier street labor costs (cost segment 7), please indicate for each ½ ounce weight increment, the number of recorded observations underlying the costs shown.
- b. Please also indicate whether any recorded observations were included which could not be specifically categorized by weight increment, i.e., "weightless" observations.
- c. What is the minimum number of tallies needed for a reliable estimate of costs within a single ½ ounce cell? What is the maximum variance that is acceptable for an estimate to be considered reliable?
- d. Please confirm that the city carrier street labor cost observations which you used for this study have a field which indicates whether the clerk or mailhandler tallied was handling (i) a piece of mail, (ii) an item, or (iii) a container. If you do not confirm, please provide a list showing all information contained on city carrier street labor cost observations for this study.
- e. Assuming that information described in preceding part c is available, please provide a breakdown of the city carrier street labor cost observations in each ½ ounce increment showing whether the person tallied was handling (i) a piece, (ii) an item, or (iii) a container.

NEWSPAPER ASSOCIATION OF AMERICA  
THIRD SET OF INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS  
SHARON DANIEL (NAA/USPS-T28-15-26)

NAA/USPS-T28-24. Please refer to the chart entitled "Std. A ECR All Shapes Test Year Unit Costs by Detailed (1/2 ounce) Weight Increments" in LR-I-92, Section 2.

- a. Please confirm, for comparison purposes, that for Standard A ECR, this chart corresponds to the First-Class Single-Piece and First-Class Presort charts contained on pages 11 and 14 of your testimony.
- b. If you cannot so confirm, please provide a citation to the Standard A ECR chart which, for comparison purposes, is equivalent to the First-Class Single-Piece and First-Class Presort charts contained on pages 11 and 14 of your testimony.

NAA/USPS-T28-25. Please refer to the FY98 IOCS data (LR-I-12) and your library references LR-I-99, LR-I-100, and LR-I-101.

- a. Please confirm that the FY98 IOCS data contain records for more than 820,000 tallies.
- b. Please confirm that approximately 349,000 tallies are not dollar-weighted.
- c. Please explain the basis by which you allocated these non dollar-weighted tallies.
- d. What percentage of the non-dollar-weighted tallies have activity codes associated with "Leave."
- e. Please identify the number of tallies without dollar-weights identified in (b) that are re-distributed to each of the First Class, Standard (A) Regular, and Standard (A) Regular ECR categories.
- f. If tallies from (b) are re-distributed, please identify the proportion of these tallies that contained a weight in pounds or ounces, and describe the basis on which they were assigned to a weight increment.

NEWSPAPER ASSOCIATION OF AMERICA  
THIRD SET OF INTERROGATORIES TO  
UNITED STATES POSTAL SERVICE WITNESS  
SHARON DANIEL (NAA/USPS-T28-15-26)

NAA/USPS-T28-26. Please refer to your testimony at page 28, lines 8-14, where you state that “costs per pound for non-transportation savings calculated by USPS witness Crum (USPS-T-21) are multiplied by the pounds by shape and rate category entered at each destination (Origin, DBMC, DSCF and DDU) as reported in FY98 Billing Determinants (USPS-LR-I-125) to compute the total average dropship savings per piece. These dropship savings are added to the mail processing costs on page 17 of USPS LR-I-96 so that the effect of finer depth of sort can be calculated in the absence of dropshipping.”

- a. Please confirm that the mail processing costs to which dropship adjustments are being added are Test Year costs.
- b. Please confirm that Witness Crum’s costs per pound for non-transportation savings are reported as Test Year data.
- c. Please confirm that Witness Crum’s TY cost per pound estimates are multiplied by FY98 pounds by shape and rate category to calculate dropship adjustment costs.
- d. Please confirm whether the FY98 data on pounds by shape and rate category from LR-I-96 correspond to the BY data on pounds from LR-I-92, and explain any discrepancies.