

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

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

RESPONSE OF UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF DAVID B. POPKIN  
(DBP/USPS-18, 27(P-R), AND 37-39)

The United States Postal Service hereby provides its responses to the following interrogatories of David B. Popkin: DBP/USPS-18, 27(p-r), and 37-39, filed on March 10, 2000. Objections to interrogatories DBP/USPS-19-23, 24(a-c, e), 25, 26(c-e), and 28-36 were filed on March 20, 2000. Interrogatories DBP/USPS-17, 24(d), 26(a-b), 27, and 40 were redirected to witness Mayo, and interrogatory DBP/USPS-41 was redirected to witness Davis.


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



David H. Rubin

475 L'Enfant Plaza West, S.W.  
Washington, D.C. 20260-1137  
(202) 268-2986; Fax -6187  
March 24, 2000

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO INTERROGATORIES OF DAVID POPKIN**

**DBP/USPS-18**

**(a) Confirm that the Postal Service conducts a Customer Survey consisting of a four-page questionnaire which is returned by the mailer to Market Facts, Inc., in Arlington Heights, Illinois.**

**(b) How many different versions of this Consumer Survey are utilized?**

**(c) Please furnish a copy of each of the survey forms that are utilized.**

**(d) Is this survey utilized at all post offices in the country? If not, what areas is it utilized?**

**(e) For any given post office, how often are survey forms distributed?**

**(f) Are forms sent to all types of addressees, namely city delivery, post office boxes, rural and HCR routes? If not, why not?**

**(g) Confirm that these surveys mailed directly to the customer.**

**(h) How are customers chosen to receive the survey?**

**(i) To whom are the customer's names and addresses provided to in order to have the surveys distributed?**

**(j) On any given survey at a specific post office, how many survey forms are distributed? How is this number determined?**

**(k) What confidence level does the Postal Service expect from this survey?**

**(l) I would think that customers who had problems with the Post Office might be more likely to return the survey. What evidence does the Postal Service have that customers who actually complete and return these forms are in proportion to the entire sample space? Provide copies of studies.**

**(m) To achieve the level of confidence indicated in subpart [k], what percentage of the survey forms must be returned?**

**(n) It would appear that one could not obtain reliable information if only 4 or 5 survey forms were returned out of 10,000 deliveries in a specific office. Is a minimum number of survey returns required to achieve the desired level of confidence [even if it meets the required percentages]? If so, what number is required?**

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number of survey returns required to achieve the desired level of confidence [even if it meets the required percentages]? If so, what number is required?

- (o) How does the Postal Service utilize the survey results to improve the level of service?
- (p) Explain and discuss any items that you are unable to confirm.

**Responses:**

- (a)] The postal service conducts a mail out /mail back survey of residential household customers consisting of a four page questionnaire which is returned to the Gallup Organization, Lincoln, Nebraska.
- (b) One version is currently used for residential customers.
- (c) A copy is attached.
- (d) The survey is conducted nationwide.
- (e) Surveys are mailed to randomly selected households on a continuous basis.
- (f) Yes.
- (g) Surveys are mailed directly to the customer by the Gallup Organization.
- (h) Households are randomly selected for survey mailings.
- (i) The Postal Service does not provide either names or addresses to the Gallup Organization. The Gallup Organization uses the Donnelly list for sample selection.
- (j) Surveys are not distributed to post offices, but rather are mailed directly to randomly selected households. The sample is drawn to meet precision requirements.
- (k) At the Performance Cluster level, for a postal quarter, the minimum precision is + or - 3% at a 95% confidence level.
- (l)] The sample is a random selection of all postal customers without previous knowledge of their specific experiences. Not applicable.
- (m) The number of completed surveys required is determined by the precision level.

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- (n) The survey is designed to produce a quarterly estimate at the Performance Cluster level to meet the minimum precision requirements. Yes, a maximum of 1067 responses would be required.
- (o) The survey results are made available to headquarters and field managers to monitor levels of customer satisfaction and identify opportunities for improvement.
- (p)] All questions have been answered.

**RESPONSE OF U.S. POSTAL SERVICE  
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**DBP/USPS-27.**

- (p) Confirm that any article which is mailed as First-Class Mail may be sent as Priority Mail.**
- (q) Confirm that the service received with Priority Mail will be equal to or better than that received with First-Class Mail.**
- (r) Confirm that the only requirement to send First-Class Mail [weighing under 13 ounces] as Priority Mail is to pay extra postage.**

**RESPONSE:**

- (p) Confirmed.**
- (q) Please see response to APMU/USPS-T34-25.**
- (r) Confirmed.**

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**DBP/USPS-37**

- (a) Various witnesses have utilized a rounding constraint technique to round the proposed rate to the nearest or next highest value. Some rates are rounded to the penny, such as First-Class Mail, and others are rounded as much as \$50. On what basis was the amount chosen?**
- (b) Confirm, or explain if you are unable to do so, that, in general, the smaller the rounding constraint value, the more accurate the charge will be to its proper value.**

**RESPONSE:**

- (a) In each case, the rounding reflects the proponent's consideration of the goals embodied in 39 U.S.C. § 3622(b)(7). A whole-cent First-Class Mail basic rate contributes significantly to the ease with which household mailers are able to conduct their most common postal transactions. In more complicated rate/fee schedules, such as those which reflect rounding to nickel or \$50 increments, the goal is to develop schedules with relatively smooth transitions from one rate element to the next. An absolute lock in cost and rate/fee cell relationships for complicated schedules would result in uneven fluctuations between cells. The goal in postal ratemaking is to ensure that a subclass or service covers its volume variable costs and meets its revenue contribution target. Although this could be accomplished by means other than relatively "smooth" and "rounded" rate/fee schedules, both the Postal Service and the Postal Rate Commission find virtue in the type of rounding reflected in the current and proposed schedules in this proceeding.**

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Response to DBP/USPS-37 continued

- (b) Not confirmed. With the considerable rate averaging that takes place in postal ratemaking, reasonable minds can disagree about whether one charge would be "more accurate" than another, irrespective of the size of the rounding constraint value. It can be argued that any rate which conforms to the policies of the Postal Reorganization Act also reflects a "proper" value.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIEFER  
TO INTERROGATORY OF DAVID B. POPKIN**

**DBP/USPS-38**

[a] With respect to Bound Printed Matter, confirm that the Destination Delivery Unit [DDU] category does not apply to single piece mailings and only applies to bulk mailings.

[b] Confirm that there are reduced costs for handling articles within the same post office only rather than to anywhere within the first two zones.

[c] Why was the Local Zone rate eliminated for single piece Bound Printed Matter?

[d] Explain and discuss any items that you are unable to confirm.

**RESPONSE**

[a] The proposed DDU discount will only apply to bulk mailings (Basic Presort and Carrier Route Presort).

[b] Mail that is entered at the destination delivery unit should generally incur less mail handling and transportation than mail that has to be sent from the entry post office to the local mail processing plant for processing and then transported from the plant to the delivery unit. These additional steps add to the cost of mail that is deposited other than at the destination delivery unit.

[c] The Postal Service is proposing to eliminate the Local rate for both single piece and presort BPM for the same reason: that the Local rate is no longer consistent with the realities of the way mail is processed. For a fuller explanation of the ways that Local rate mail lacks the incentives for mailers to deposit mail consistent with the way it is processed, see the testimonies of USPS witnesses Linda Kingsley (USPS-T-10, at 26) and Charles Crum (USPS-T-27, at 13), as well as responses of both witnesses



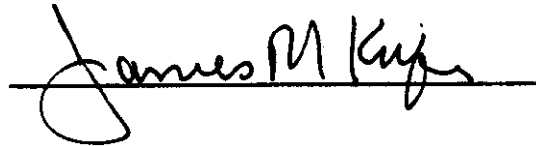
**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS KIEFER  
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to interrogatories filed by the Association of American Publishers  
(Kingsley: AAP/USPS-T- 10-1, and Crum: AAP/USPS-T-27-2,3,4,10). The  
volume affected by the change is small: about 0.2% of total BPM (4% of  
single piece BPM) paid the single piece Local rate in FY 1998.

[d] Not applicable.

**DECLARATION**

I, James M. Kiefer, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink, reading "James M. Kiefer", is written over a horizontal line.

Dated: 3/23/2000

**RESPONSE OF UNITED STATES POSTAL SERVICE TO  
INTERROGATORIES OF DAVID B. POPKIN**

**DBP/USPS-39.** In figure 1 on page 12 of USPS-T-28,

- [a] confirm that the "% letters" category indicates the percentage of mail which fits into the Letter-Size Mail dimensions as shown in Exhibit 2.0 of DMM Section C050.
- [b] Confirm that 4 out of every thousand letters weighing between 10 and 11 ounces will fit into this letter size category.
- [c] Confirm that 31 out of every thousand letters weighing between 5 and 6 ounces will fit into this letter size category.
- [d] Since the weight of paper contained in a maximum letter size article is about 7.5 ounces and since most paper utilized is 8-1/2 by 11 inches and since folding the paper would increase the thickness over unfolded paper, is any insight available as to the what these heavy letters might contain or how they could be prepared to be that heavy while not exceeding the size for letters?
- [e] Please confirm that the data in this table is [sic] valid.
- [f] Provide data for 12 and 13 ounces now that the transition from First-Class Mail to Priority Mail has been changed.

**RESPONSE:**

- a. Confirmed.
- b. Not Confirmed. Four out of every 1000 *pieces* weighing between 10 and 11 ounces are categorized as letters, not 4 out of every 1000 *letters*.
- c. Not Confirmed. 31 out of every 1000 *pieces* weighing between 5 and 6 ounces are categorized as letters, not 31 out of every 1000 *letters*.
- d. No citation is provided for the data provided in the question. The question, moreover, appears to be assuming that letters always are made of and include only standard paper. This is not always the case. Letters may include a variety of contents that may be comprised of material that is heavier/denser than standard note paper. It should be noted that the proportion of mail categorized as letters in the higher weight categories is very small.
- e. Confirmed, however, please note that the 4 to 5 ounce parcel category should read 11.3 percent, and not 11.6 percent. Also, please note that the table does not include any Cards subclass volume.
- f. Using GFY99 RPW data, the percent of 12 and 13 ounce pieces by shape are:

	12 oz.	13 oz.
% Letters	0.4	0.5
% Flats	76.8	74.9
% Parcels	22.9	24.6

## 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.



David H. Rubin  
David H. Rubin

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Washington, D.C. 20260-1137  
March 24, 2000