

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 WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON
(DFC/USPS-T30--21-64)

The United States Postal Service hereby provides its responses to interrogatories DFC/USPS-T30-21 to 64, filed by Douglas F. Carlson on March 13, 2000. A partial objection to interrogatory DFC/USPS-T30-22 was filed on March 23, 2000.

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


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March 28, 2000

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-21. Please refer to your response to DFC/USPS-T30-12(a).

- a. Are the raw data that you provided the basis for the cost study presented in USPS-LR-I-108? If not, please explain the relationship of these cost data to this library reference.
- b. Do the data that you presented in response to DFC/USPS-T30-12(a) represent all the data that you used to calculate the time that postal employees spend completing and returning return receipts? If not, please explain and provide the missing data. For purposes of this question, please ignore mail-processing costs for returning the Form 3811.
- c. The original interrogatory asked for data on labor time for clerk and carrier review functions, clearing-clerk time, and window-clerk time. The data provided in your interrogatory response apparently were furnished in response to survey questions that asked "How many PS Form 3811 ('Return Receipt') cards did you review today?" and "How many minutes did you spend reviewing PS Form 3811 cards today?" Please explain the types of employees who completed the survey that asked this question (e.g., clearing clerk, carrier, etc.), and please provide any and all missing data necessary to provide a complete response to DFC/USPS-T30-12(a). Also, see response to part (b) above.
- d. For each facility, please discuss the extent to which the employees who participated in the survey processed all the return receipts for that office on each day of the survey. For example, might one office have had two clearing clerks, but only one clearing clerk participated in the survey, causing the return-receipt volume reported in the survey for that office to understate the facility's total volume?
- e. Please provide all raw data governing the window-clerk, carrier, and other time and costs associated with obtaining a signature on a return receipt.
- f. Please explain generally the differences in the results from the survey for Docket No. R2000-1 and the survey conducted for Docket No. R97-1.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON
DFC/USPS-T30-21, page 2 of 3**

RESPONSE:

- a. The raw data provided in response to DFC/USPS-T30-12(a) are the basis for the clearance activity component of the return receipt cost study presented in USPS-LR-I-108.
- b. The data that I presented in response to DFC/USPS-T30-12(a) represent all the data used to calculate the time that clearing clerks spend performing clearance duties for return receipts. The data provided in response to DFC/USPS-T30-12(a) are used only to calculate the time incurred by clearing clerks for the clearance of Forms 3811 and the associated carrier waiting time resulting from this activity. The times of other activities specified in the return receipt cost study are based on data collected previously. As explained in my response to DFC/USPS-T30-12(a), because these data were collected in 1976, the raw data are no longer available.
- c. Clearing employees completed the survey. All data used for the study were included in my response to DFC/USPS-T30-12(a). The only data not provided were those from site #7, which reported volumes of 19,20,33,18,23, and 21 return receipts cleared for the six days of data collection. Since this site did not record the times spent in clearing these return receipts, these data were excluded from the study.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON
DFC/USPS-T30-21, page 3 of 3**

- d. The survey instructions stated that "the survey should be completed by the clerk(s) responsible for clearing accountable mail". Please see LR-I-108, p. 78. Thus, if more than one clerk performed the clearing activity, then more than one clerk should have reported data. I do not know the extent to which the employees who participated in the survey actually processed all the return receipts for each office on each day of the survey. Your hypothetical example may or may not reflect what actually occurred. However, even if your example holds for a given site, then presumably both the volume and labor time would have been understated. Therefore, your hypothetical example – even if true – would not necessarily compromise the resulting productivities.
- e. Please refer to my response to DFC/USPS-T30-21(b).
- f. Please refer to my response to DFC/USPS-T30-12(b).

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-22. For each of the 24 facilities listed in the attachment to the response to DFC/USPS-T30-12(a), please provide the following information: city and ZIP Code, CAG level, number of city carrier routes that the facility serves, number of rural carrier routes each facility serves, and post-office delivery statistics.

RESPONSE:

The Postal Service has filed a partial objection to this interrogatory. Please see the attachment for CAG level of each of the 24 facilities, number of city carrier routes that each facility serves, and number of rural carrier routes each facility serves. It is unclear what data are requested by "post-office delivery statistics".

ID#	CAG LEVEL	# OF CITY	# OF RURAL
		CR RTs	CR RTs
1	K	0	1
2	G	0	0
3	E	22	0
4	A	130	0
5	A	15	0
6	J	0	2
8	B	21	0
9	K	0	1
10	K	0	0
11	G	0	5
12	A	0	0
13	B	3	0
14	J	0	1
15	D	17	9
16	J	0	0
17	A	28	0
18	G	2	3
19	B	14	8
20	A	55	0
21	A	20	0
22	K	0	2
23	J	0	2
24	B	27	0
25	C	120	0

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-23. Please discuss the importance that you assigned to selecting a representative sample of postal facilities for estimating costs for return-receipt service.

RESPONSE:

In designing this cost study, I considered and recognized the value of selecting a representative sample of postal facilities and of developing a statistically valid study. I considered such characteristics as sample size, stratification, and random selection. I balanced the ideals of obtaining abundant data from many facilities against the importance of completing this study within a limited time frame, the demands that this study would place on the field during a period of field budget cutbacks, and my own need to devote time to various projects and initiatives.

To yield statistically valid survey results, a representative sample of postal facilities ideally reflects a random sample of the population of postal facilities, including small, medium and large offices. All of the sampled data points should belong to the population whose mean is being estimated, namely all postal facilities that perform the activities of delivering and clearing return receipts. The sample size ideally would be as large as possible, but must be balanced with existing resource constraints, such as the costs of conducting a survey (including the costs incurred by the field in participating) and the time limitations at hand. A statistically valid survey, in addition to incorporating elements as described above, should ideally have a low standard error.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON
DFC/USPS-T30-23, page 2 of 2**

My study of return receipt costs sampled 30 postal facilities randomly selected from a stratified population of postal facilities performing delivery functions. The sample represents offices not only of different sizes but also of different geographic locations. Each Area Office in the nation was included in the sample selected. Facilities were sampled over a duration of one full delivery week.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-24. Please discuss the importance that you assigned to developing a statistically valid or statistically significant study of the costs for return-receipt service.

RESPONSE:

Please refer to my response to DFC/USPS-T30-23.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-25. Please describe the necessary characteristics of a representative sample of postal facilities that would lead to statistically valid survey results.

RESPONSE:

Please refer to my response to DFC/USPS-T30-23.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-26. Please describe the necessary characteristics of a statistically valid or statistically significant study of the costs for return-receipt service.

RESPONSE:

Please refer to my response to DFC/USPS-T30-23.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-27. Please provide a detailed analysis of the process by which you determined that your study of the costs for return-receipt service is reliable and statistically valid or statistically significant.

RESPONSE:

I ensured that the sample was representative of the population by stratifying the population of postal facilities and randomly selecting offices from within each stratum. Since I had no database of postal facilities listing volumes of return receipt deliveries by facility, I utilized a recently updated database of all postal facilities with box section delivery that was stratified by fee group. Selection within each stratum was conducted using the Microsoft Excel random number generator function. The sampling process resulted in a national sampling of large, medium and small offices (see response to DFC/USPS-T30-22). After receiving the data, I reviewed the data to make sure that the data were reported in a complete manner and discarded incomplete data. I reviewed individual survey reports with a qualitative check for reasonableness, with an aim to retain as much data as possible.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-28. Please discuss your education and training in designing surveys or cost studies to ensure that the results will be statistically valid or statistically significant.

RESPONSE:

Please refer to my autobiographical sketch at USPS-T-30, pages ii and iii. I have had academic coursework in statistics but I do not consider myself a statistician per se.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-29. Please discuss the cost studies that you have conducted in the past and the process by which you confirmed that your results were statistically valid.

RESPONSE:

Please refer to my response to DFC/USPS-T30-28.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-30. Please discuss your understanding of whether a study of the cost for return-receipt service that sampled only postal facilities that received an average of five or fewer return receipts per day would be representative or statistically valid for purposes of determining average costs for return-receipt service system-wide.

RESPONSE:

I believe that a study that sampled only postal facilities that received an average of five or fewer return receipts per day would be representative for purposes of determining average costs for return receipt service system-wide because such facilities are not out of line with the norm.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-31. Please discuss your understanding of whether a study of the cost for return-receipt service that sampled only postal facilities that received an average of 100 or more return receipts per day would be representative or statistically valid for purposes of determining average costs for return-receipt service system-wide.

RESPONSE:

My understanding is that such a sample design would not be representative or statistically valid for purposes of determining average costs for return-receipt service system-wide because facilities that received an average of 100 or more return receipts per day are beyond the norm of postal facilities involved with providing return receipt service.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-32. Please refer to your response to DFC/USPS-T30-12(a).

- a. Please confirm that facility 5 reported 400, 630, 1000, 0, 600, and 1200 return receipts for day 1 through day 6. If you do not confirm, please explain.
- b. With the exception of 630, please confirm that each quantity greater than zero at facility 5 is a multiple of 100. If you do not confirm, please explain.
- c. With the exception of day 4, please confirm that the time reported by facility 5 for day 1 through day 6 is, for each day, a multiple of five minutes. If you do not confirm, please explain.
- d. For facility 5, do you have any concern about the reliability of either the number of Forms 3811 reported or the number of minutes spent completing the Forms 3811? Please explain your answer.
- e. Do you wonder about the accuracy of the data from facility 5 given that facility 5 reported data for five days, and the quantity of return receipts for four of those five days was a multiple of 100? Please explain.
- f. Please comment on the likelihood that a postal facility, on four of five days, will process a quantity of return receipts that is a multiple of 100.
- g. Did facility 5 truly process zero return receipts on day 4? Please explain.

RESPONSE:

Facility 5 reported volumes of 400, 630, 1000, 0, 600, and 1200 for day 1 through day 6 and times of 45, 55, 65, 0, 50, 115 minutes for day 1 through day 6. These figures appear to be reasonable approximations. The fact that a given facility, facing budget constraints and demands to move the mail as quickly as possible, may report reasonable approximations as opposed to fully precise measurements over an extended period of time should not dismiss that facility's reported data per se. In fact, since I believe the reported data does represent reasonable approximations, the data should be incorporated into the study. I expect that any rounding up would be offset by rounding down. As for the

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON
DFC/USPS-T30-32, page 2 of 2**

reporting of zero return receipts on day 4, I only know that there was no reporting of volume or activity time on that day.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-33. Please refer to your response to DFC/USPS-T30-12(a).

- a. Please confirm that facility 12 reported 40, 30, 30, 0, 50, and 40 return receipts for day 1 through day 6. If you do not confirm, please explain.
- b. Please confirm that each quantity greater than zero at facility 12 is a multiple of 10. If you do not confirm, please explain.
- c. With the exception of day 4, please confirm that the time reported by facility 12 for day 1 through day 6 is, for each day, a multiple of five minutes. If you do not confirm, please explain.
- d. For facility 12, do you have any concern about the reliability of either the number of Forms 3811 reported or the number of minutes spent completing the Forms 3811? Please explain your answer.
- e. Do you wonder about the accuracy of the data from facility 12 given that facility 12 reported data for five days, and the quantity of return receipts for each of those five days was a multiple of 10? Please explain.
- f. Please comment on the likelihood that a postal facility, on five of six days, will process a quantity of return receipts that is a multiple of 10.

RESPONSE:

Facility 12 reported volumes of 40, 30, 30, 0, 50, and 40 for day 1 through day 6 and times of 20, 15, 15, 0, 25, and 20 minutes for day 1 through day 6. These figures appear to be reasonable approximations. The fact that a given facility, facing budget constraints and demands to move the mail as quickly as possible, may report reasonable approximations as opposed to fully precise measurements over an extended period of time should not dismiss that facility's reported data per se. In fact, since I believe the reported data does represent reasonable approximations, the data should be incorporated into the study. I expect that any rounding up would be offset by rounding down.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-34. Please refer to your response to DFC/USPS-T30-12(a). Please discuss the likelihood that a postal facility such as facility 16 would receive no return receipts for six days.

RESPONSE:

That a postal facility such as facility 16 would receive no return receipts for six days is well within the realm of possibility. In fact, that one respondent out of a sample frame of 30 facilities, including small and rural facilities, reported zero volume over the six days is not only within the realm of possibility, it is within the realm of reasonable expectation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-35. Please refer to your response to DFC/USPS-T30-12(a). Please discuss all functions that an employee completing this survey form is required to perform for return receipts. For example, please describe all information that a clearing clerk must review on each Form 3811 to ensure that it is completed accurately.

RESPONSE:

According to the Postal Operations Manual, Section 822.112:

The clearing clerk must check all return receipts to make sure that they are properly signed and dated. If the mailer requested restricted delivery, the clearing employee should check to see that delivery was not made to an agent, except under 823.2. If delivery was improper, the addressee must sign a second return receipt. Prompt corrective action must be taken with delivery employees if return receipts are improperly handled or completed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-36. Please refer to your response to DFC/USPS-T30-12(a).

- a. For facility 15, please confirm that the functions described in your response to DFC/USPS-T30-12(a) were completed on day 1 in an average of 3.2 seconds per return receipt. If you do not confirm, please explain.
- b. Do you believe that the employee can properly complete all necessary functions in an average of 3.2 seconds per return receipt at an acceptably low error rate? Please explain.
- c. Does an average of 3.2 seconds per return receipt suggest that the clerk is not making corrections on any Forms 3811? Please explain.

RESPONSE:

I cannot confirm since my response to DFC/USPS-T30-12(a) did not describe any functions, as your interrogatory states. If you are referring to functions described in my response to DFC/USPS-T30-35 above, then I cannot confirm because I did not witness the activities as performed. However, this productivity would not strike me as being unreasonable if all return receipts reviewed that day were completed accurately and the clerk was performing a quick review. This productivity suggests to me that the clerk did not need to make significant corrections to the return receipts.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-37. Please discuss the extent to which economies of scale exist in the time involved in performing the functions for return receipts that your cost study measures. For example, should the time per return receipt be lower if an employee is processing 10 return receipts versus one return receipt?

RESPONSE:

I have not specifically studied the extent to which economies of scale exist in the time involved in performing the functions for return receipts. However, I would expect some economies of scale to exist if, for example, an employee is processing 10 return receipts versus one return receipt.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-38. Please refer to your response to DFC/USPS-T30-12(a).

- a. For facility 25, please confirm that the time per return receipt is, for each day, within one return receipt (or one minute) of exactly 30 seconds (0.5 minutes) per Form 3811.
- b. Does the observation described in part (a) cause you to question the reliability of the data from facility 25 in any way? Please explain.

RESPONSE:

Facility 25 reported volumes of 209, 255, 167, 362, 308, and 221 for day 1 through day 6 and times of 105, 128, 84, 181, 154, and 111 minutes for day 1 through day 6. The time per return receipt is, for each day, within one return receipt of 30 seconds. While the volume counts are precise, this facility apparently reported times by estimating 30 seconds per unit. On a unit productivity basis, these figures are not necessarily unreasonable. Other facilities with precise measurements of volumes and times demonstrated productivities very similar to those of facility 25. Facility 25's times appear to be reasonable approximations, and their volumes appear to be precise measurements. The fact that a given facility, facing budget constraints and demands to move the mail as quickly as possible, may report reasonable approximations as opposed to fully precise measurements over an extended period of time should not dismiss that facility's reported data per se. In fact, since I believe the reported data does represent reasonable approximations, the data should be incorporated into the study.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-39.

- a. Please confirm that the employees who responded to your survey were aware that data was being collected on their work output and speed.
- b. Were the employees who performed the work responsible for completing the response form?
- c. Please describe the involvement, if any, of the employees' supervisors in measuring the quantity of return receipts or the time or in verifying the accuracy of the information submitted on the response forms.
- d. Please provide all facts and information that you have or the Postal Service has discussing the effect on the reliability of a cost study such as the one you conducted for return receipt of the awareness of employees that their work output and speed are being measured. Do employees generally work faster or slower than they normally do?
- e. Please discuss the process by which data were verified to ensure that the information each facility provided was true and accurate.
- f. Did employees include the time spent counting the number of Forms 3811 in the total number of minutes spent reviewing Forms 3811? Please provide the instructions that employees received concerning this issue.

RESPONSE:

Given that the respondents to the survey collected and reported data on volumes processed and the time needed to perform the activity, I would presume that they were aware that data were being collected on their work output and speed. The survey instructions, which are included in USPS-LR-I-108 (see p. 78), state that "the survey should be completed by the clerk(s) responsible for clearing accountable mail". While supervisors were not instructed to measure volume or to verify the reported information, I do not know the actual extent to which supervisors may or may not have been involved.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON
DFC/USPS-T30-39, page 2 of 3**

As concerns the awareness of employees that their productivities are being measured, it is difficult to characterize how a workforce of approximately 800,000 might respond to a given survey. Presumably, responses could be affected if employees thought that a study was being used to evaluate their offices or their individual productivities. For this specific study, both the survey instructions and the accompanying letter to postmasters from Mr. Clarence Lewis, COO, were designed to mitigate potential bias and ensure objective reporting of data. Specifically, Mr. Lewis' letter (copy attached) stated:

Finance will be conducting a cost study of Return Receipt Service for use in future rate case proceedings before the Postal Rate Commission...The data gathered will not be used to evaluate you or any of your personnel; additionally, the data will not be provided to any party except with the facility identifiers removed.

The survey instructions (at USPS-LR-I-108, p. 78, electronic file name "instructions for ret rcpt survey.xls") explicitly state:

Thank you for participating in this Accountable Mail – Return Receipt survey. Your participation is crucial to the success of this survey, which will be used exclusively to develop national costs in support of fees charged for accountable mail.

These assurances help create an environment for objective data reporting. Therefore, I am comfortable with the integrity of these data.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON
DFC/USPS-T30-39, page 3 of 3**

As for the measurement of activity time, the survey instructions specifically instructed employees to include the time required to review Form 3811 cards; employees were not instructed to record the time needed to count the cards. Please refer to the survey instructions at USPS-LR-I-108, p. 78.

CLARENCE E. LEWIS, JR.
CHIEF OPERATING OFFICER,
EXECUTIVE VICE PRESIDENT

Attachment to response to DFC/USPS-T30-39



July 13, 1999

SELECTED POSTMASTERS

SUBJECT: Return Receipt Survey

Finance will be conducting a cost study of Return Receipt Service for use in future rate case proceedings before the Postal Rate Commission. The last Return Receipt Service study was completed in 1979. The current data collection effort is intended to update the information from that investigation. The study will require the participation of accountable mail clerks who perform return receipt service. Your office has been selected to participate in this special data collection effort. The data you provide is important to the development of fees for Return Receipt Service.

Your support is very important to the success of this survey. The data gathered will not be used to evaluate you or any of your personnel; additionally, the data will not be provided to any party except with the facility identifiers removed. Your Area Operations office was allocated work hours earlier this fiscal year to support this cost study activity. If you have any questions or require additional information, please contact Scott Davis at (202) 268-7117 at Headquarters.

Thank you for your cooperation.



C. E. Lewis, Jr.

cc: Vice Presidents, Selected Area Operations
Managers, Finance, Selected Areas
District Managers, Selected Districts
Managers, Finance, Selected Districts

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-40. Please refer to your response to DFC/USPS-T30-12(a).

- a. For facility 24, please confirm that the average time per Form 3811 ranged from 3.2 seconds (day 4) to 10.71 seconds (day 6). If you do not confirm, please provide the correct range.
- b. Does this wide range cause you any concern about the accuracy of the data that facility 24 reported? Please explain.

RESPONSE:

The average time from facility 24 ranged from 3.2 seconds (day 4) to 10.71 seconds (day 6). This does not cause concern about the accuracy of the data.

First, both times are comparable to certain data reported by other facilities.

Second, there are possible operational reasons that can explain the difference in times for the two days. For example, it is possible that all return receipts reviewed by the clerk on day 4 were complete and accurate, while the return receipts reviewed on day 6 included some that were incomplete or inaccurate and required further action by the clerk.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-41. Please refer to your response to DFC/USPS-T30-12(a).

- a. For facility 20, please confirm that the time reported for each day is a multiple of five. If you do not confirm, please provide the correct range.
- b. Do you wonder about the accuracy of the data from facility 20 given that facility 20 reported data for six days, and the time spent on each day was a multiple of five? Please explain.
- c. Please comment on the likelihood that a postal facility, on six of six days, will spend an amount of time on return receipts that is a multiple of five.

RESPONSE:

Facility 20 reported volumes of 191, 196, 175, 253, 179, and 252 for day 1 through day 6 and times of 20, 25, 20, 30, 15, and 20 minutes for day 1 through day 6. While the volumes appear to be precise measurements, the times appear to be reasonable approximations. The fact that a given facility, facing budget constraints and demands to move the mail as quickly as possible, may report reasonable approximations as opposed to fully precise measurements over an extended period of time should not dismiss that facility's reported data per se. In fact, since I believe that the reported data represent reasonable approximations, the data should be incorporated into the study. I expect that any rounding up would be offset by rounding down.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-42. Which percentage of total return-receipt volume does your cost study sample?

RESPONSE:

The cost study sampled 8,918 return receipts over a period of one delivery week, which is approximately 0.20% percent of total return-receipt volume over one delivery week.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-43. Does the percentage reported in DFC/USPS-T30-42 constitute a statistically valid, reliable, and representative sample? Please explain.

RESPONSE:

While the percentage reported in DFC/USPS-T30-42 does not in and of itself constitute a statistically valid sample, I believe that the 8,918 sampled return receipts provide reliable and representative data.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-44. Did you weight either your data or your sample so that, for example, the data from large post offices are given more weight than the data from small post offices since the large offices process a greater percentage of total return-receipt volume? Please discuss the wisdom of the weighting described in this interrogatory and the extent to which you performed weighting. Please describe your methods of weighting as well.

RESPONSE:

No, I did not perform weighting for the following reasons. First, we do not have return receipt volume data by office or by stratum for the population of delivery offices that perform activities related to return receipt service. Second, I did not weight the sample data because I did not calculate a straight arithmetic mean of each office's sampled productivity. Rather, I calculated a mean of total sampled volume over total sampled labor time across all sampled facilities; thus, there is implicit weighting inherent in the calculation.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-45. Please refer to your response to DFC/USPS-T30-12(a). Please provide a detailed, step-by-step explanation of the process by which you used the raw data to develop a cost for return receipt. Please include citations to library references.

RESPONSE:

Please see my response to DFC/USPS-T30-44 for an explanation of how I calculated the mean productivity for the clearing clerk activity. This mean productivity was used as the basis for the time required for the clearing clerk review of the return receipt and the carrier waiting time during the clearing clerk's review. The respective wage rates and piggyback factors for clerks and carriers are then applied to the clearing activity transaction time to develop the cost of the clearing activity. Please refer to USPS-LR-I-108, pp. 47-51 (see electronic file "return receipt.xls", worksheet "ret rcpt", rows 45-46,85-86). Other return receipt cost components are based on data not collected in this study. These cost components are detailed in USPS-LR-I-108, pp. 47-51.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-46. Please refer to your response to DFC/USPS-T30-12(c).

- a. Please explain how the 26 non-randomly-selected facilities were selected for the old cost study to which you referred.
- b. Please discuss the benefits and disadvantages of the method used for selecting facilities for the new cost study versus the method used for selecting facilities for the old cost study. In your answer, please discuss issues of reliability and statistical validity.

RESPONSE:

It is my understanding that the previous cost study selected facilities using a judgement selection from the Cost Ascertainment Probability Sample. I have no detailed analysis of what exactly that judgement selection involved. I can only infer that the previous study focused on relatively higher volume facilities. The benefit of such an approach relative to the approach used in the new study is that there were more sample observations from the old study, which is an advantage from the standpoint of statistical validity. The benefit of the approach used in the new study, on the other hand, is that the sample frame is randomly selected by strata and thus more representative of all facilities from a range of varying office sizes.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-47. Please refer to your response to DFC/USPS-T30-12(e). Please identify the parts of the current cost study that are based on data obtained prior to Docket No. MC96-3.

RESPONSE:

The transaction times for window acceptance, delivery, and handling duplicate requests are based on data obtained prior to Docket No. MC96-3.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-48. Please refer to your response to DFC/USPS-T30-12(f). Please confirm that mail sent with a return receipt attached is no more likely and no less likely to be UAA than mail sent without a return receipt. If you confirm, please provide facts and information supporting your confirmation. If you do not confirm, please explain.

RESPONSE:

Not confirmed. The percentage of return receipt mail that is UAA has not been studied.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-49. Please describe all circumstances that would cause a letter to be UAA.

RESPONSE:

According to the September 1999 Undeliverable As Addressed Mail Cost Study, the following are reasons for which mail may be considered undeliverable:

- The individual, business, or organization to which it is addressed has moved
- The address is incomplete, illegible, or incorrect
- The addressee is unknown or deceased
- The addressee refuses or fails to claim the mail
- Postage has not been paid

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-50. Please confirm that a new address will not be written on a Form 3811 that is UAA and returned to sender. If you do not confirm, please explain.

RESPONSE:

To the best of my knowledge, confirmed.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-51. Please provide the percentage of UAA mail that is returned to sender without being forwarded.

RESPONSE:

According to the September 1999 Undeliverable As Addressed Mail Cost Study, in FY 1998, 24 percent of UAA mail was returned to sender without being forwarded.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-52. If the percentage of mail that is UAA is 2.72 percent, please confirm that a percentage of mail smaller than 2.72 percent is forwarded. If you do not confirm, please explain.

RESPONSE:

Confirmed, according to the September 1999 Undeliverable As Addressed Mail
Cost Study.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-53. If the percentage of mail that is UAA is 2.72 percent, please confirm that 2.72 percent likely overstates the percentage of Forms 3811 on which a new address will be written. If you do not confirm, please explain and reconcile your answer with your response to DFC/USPS-T30-50 and DFC/USPS-T30-52.

RESPONSE:

Confirmed that the percentage may likely, but does not necessarily, overstate the percentage of Forms 3811 on which a new address will be written. However, even if this percentage is an overstatement, the effect on return receipt costs would be immaterial. A change from 2.72 percent to 0 percent, which would be the maximum possible reduction, decreases costs by substantially less than 1 percent.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-54. Please provide any standard deviations that you calculated for the time required to complete and review return receipts or the cost associated therewith. Please discuss the meaning of these standard deviations as they relate to the reliability of the study.

RESPONSE:

None was calculated for this study.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-55. Please explain in which way facility 7's data were incomplete.

RESPONSE:

While facility 7 reported volumes of return receipts reviewed, they reported no minutes for this activity.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-56. Please explain all proposed fees in this case that are based, in whole or in part, on survey data you collected for Forms 3849.

RESPONSE:

Please refer to my testimony, USPS-T-30 at p. 2 and p. 13. The survey data collected was used in part to develop the estimated cost effects of electronic signature capture. The costs of the following services – certified, COD, numbered insured, registry, return receipt for merchandise, and return receipt after mailing – are in part based on these estimated cost differentials.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-57. Please provide the raw data from your survey for Forms 3849.

RESPONSE:

Please see attachment. The data are provided in electronic form in the supplement to LR-I-108 being filed today.

Attachment to response to DFC/USPS-T30-57

Accountable Mail - Return Receipt Study: Field Survey Data
Individual Site Data

FACILITY ID#	QUESTION#	DAY 1	DAY 2	DAY 3	DAY 4	DAY 5	DAY 6
1	3	1	3	4	2	2	4
	4	1	1	1	1	1	1
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
2	3	3	2	2	3	4	2
	4	1	1	1	1	1	1
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
3	3	33	46	27	36	40	35
	4	5	5	5	5	5	5
	5	0	1	0	0	2	1
	6	0	3	0	0	3	2
4	3	7	5	12	6	5	0
	4	1	1	2	1	1	0
	5	1	0	1	0	0	0
	6	0	0	0	3	0	0
5	3	313	169	167	0	203	175
	4	30	20	20	0	25	25
	5	2	0	1	0	0	2
	6	15	0	20	0	0	20
6	3	6	11	15	1	10	2
	4	1	2	2	1	2	1
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
7	3	28	27	52	20	31	25
	4	3	3	5	2	3	3
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
8	3	0	0	0	0	0	0
	4	0	0	0	0	0	0
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
9	3	3	3	3	3	2	2
	4	1	1	1	1	1	1
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
10	3	0	0	1	2	0	2
	4	1.5	1.5	1	1.5	0	1.5
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
11	3	16	18	11	16	6	15
	4	1	1.33	1	1.5	0.5	1.5
	5	0	0	1	0	0	0
	6	0	0	0.83	0	0	0
12	3	10	5	5	0	10	5
	4	2	1	1	0	2	1
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
13	3	78	63	40	15	138	55
	4	12	10	8	5	20	10
	5	0	0	1	2	1	0
	6	0	0	10	25	12	0

Attachment to response to DFC/USPS-T30-57

FACILITY ID#	QUESTION#	DAY 1	DAY 2	DAY 3	DAY 4	DAY 5	DAY 6
14	3	2	2	6	3	5	2
	4	1	1	1	1	1	1
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
15	3	52	67	71	36	96	56
	4	9	4	5	3	8	7
	5	0	0	0	0	0	0
	6	0	0	0	0	0	2
16	3	0	0	0	0	0	0
	4	0	0	0	0	0	0
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
17	3	47	54	51	43	39	48
	4	6	6	6	6	6	6
	5	7	5	8	9	4	6
	6	15	10	15	15	10	10
18	3	38	34	44	28	46	43
	4	2	2	3	3	3	3
	5	0	1	0	0	0	0
	6	0	2	0	0	0	0
19	3	45	54	59	30	55	25
	4	2	2.5	3	1.5	3	1.5
	5	2	0	0	0	0	0
	6	10	0	0	0	0	0
20	3	368	224	224	240	346	250
	4	25	18	15	20	30	20
	5	7	0	10	5	2	2
	6	10	20	20	20	5	1
21	3	104	82	84	26	53	45
	4	15	9	10	5	9	11
	5	7	3	6	4	8	12
	6	4	1	2	1	5	4
22	3	4	2	0	0	3	3
	4	1	1	0	0	1	1
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
23	3	6	8	11	0	7	10
	4	1	1	1	0	1	1
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0
24	3	85	100	75	48	100	110
	4	6	9	6	4	9	9
	5	5	4	3	1	3	8
	6	30	30	30	15	30	90
25	3	83	92	103	145	210	122
	4	42	46	52	73	105	61
	5	0	0	0	0	0	0
	6	0	0	0	0	0	0

QUESTION #3: "How many PS Form 3849 ("Delivery Receipt") cards did you file today?"

QUESTION #4: "How many minutes did you spend filing PS Form 3849 cards today?"

QUESTION #5: "How many PS Form 3849 cards did you retrieve today?"

QUESTION #6: "How many minutes did you spend retrieving PS Form 3849 cards today?"

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-58. Suppose a clearing clerk processed two Forms 3811 on day 4, but the clerk processed the Forms 3811 30 minutes apart, as carriers returned from the street. The clerk spent 10 seconds reviewing each Form 3811. Might the clerk have recorded the time for each Form 3811 as one minute, for a total of two minutes?

RESPONSE:

While this hypothetical example may be within the realm of possibility, it is an unlikely scenario. The survey instructions (please see USPS-LR-I-108, p. 78) explicitly instructed the clerks as follows:

"For each day, please enter the total time (in minutes) that you spent reviewing PS Form 3811 ("Return Receipt") cards from carriers or window clerks."

Thus, in accordance with the instructions, clerks in your hypothetical example almost certainly would not have recorded 2 minutes time since that was not the total time they spent clearing return receipts that day.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-59. Please refer to your response to DFC/USPS-T30-12(a).

- a. Please explain how facility 4 could properly have spent two minutes reviewing a total of zero Forms 3811 on day 2.
- b. Please explain how facility 4 could properly have spent zero minutes processing one Form 3811 on day 5.

RESPONSE:

- a. It is possible that facility 4 reported two minutes and zero Forms 3811 on day 2 because the only Forms 3811 brought back to the facility on day 2 were incomplete.
- b. If facility 4 needed less than 30 seconds to review the one return receipt on day 5, the respondent may have reported 0 minutes as a rounded figure.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-60. Please refer to your response to DFC/USPS-T30-12(a). For facility 17, the time always was five minutes, whether the quantity was 33, 39, 41, 29, 24, or 37. Do you trust this result? Please explain why or why not.

RESPONSE:

Yes, I trust this result. Based on the range of unit productivities reported by other facilities, 5 minutes is a reasonable time required to review each of the quantities listed above. The times reported above may be reasonable approximations.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-61. Please provide any confidence intervals or error margins that you calculated for any data used to develop a cost for return receipt.

RESPONSE:

None was calculated for this study.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-62. Please refer to your response to DFC/USPS-T30-12(a).
Please provide the raw data in an Excel spreadsheet.

RESPONSE:

This Excel spreadsheet is being provided electronically, as a supplement to LR-I-
108.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-63. Why does the Postal Service collect data on costs of return receipt using a method different from the method used to collect data on certified mail?

RESPONSE:

While the costs of certified mail are reported by the Cost and Revenue Analysis (CRA) report, the costs of return receipt are not. Therefore, a special study (as presented in USPS-LR-I-108) is required. Furthermore, there is only one service offering for certified mail; there are two service offerings for return receipt (requested at time of mailing, requested after mailing) so a special study is needed to provide two different unit volume variable costs to support the fee structure.

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON**

DFC/USPS-T30-64. Please refer to your response to DFC/USPS-T30-12(a).

- a. Please refer to the data reported for day 6 by facility 5 and facility 25. Please confirm that facility 5 reviewed 1200 return receipts in 115 minutes, while facility 25 required 111 minutes to review only 221 return receipts. If you do not confirm, please explain.
- b. Does the observation in part (a) create any concern about the accuracy of the data being reported?
- c. Please discuss how the variation in time per return receipt discussed in part (a) affects the statistical validity and reliability of the survey results.
- d. How many facilities did you sample in the largest size stratum? Please identify each facility in the largest size stratum by number.
- e. Please confirm that the variation observed in part (a) requires a sample size of large offices larger than the sample size you used in order to obtain results that will be statistically valid, reliable, and significant. If you do not confirm, please explain.

RESPONSE:

Your observation in part (a) is confirmed. This does not necessarily create concern about the accuracy of the data. Some variance between facilities is to be expected; after all, the two facilities have different sizes, different volumes, and different clerks reviewing return receipts. It is possible that facility 5 had a more experienced clearing clerk(s) than did facility 25. It is also possible that facility 5 received a significantly higher percentage of return receipts that had been fully and accurately completed than did facility 25, resulting in a much more efficient clearing review process. To the extent that the variance between the two facilities is explained by underlying operational differences, such as those described above, this does not negate the reliability of the survey results. For a

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAVIS
TO INTERROGATORIES OF DOUGLAS F. CARLSON
DFC/USPS-T30-64, page 2 of 2**

discussion of sampling, please refer to my response to DFC/USPS-T30-27. For a depiction of each facility's size (by CAG level, number of city carrier routes, and number of rural routes), please refer to the attachment in my response to DFC/USPS-T30-22. Given the number of facilities from CAG levels A, B, and C, I believe there is a sufficient representation of large offices in the sample to obtain statistically valid results.

DECLARATION

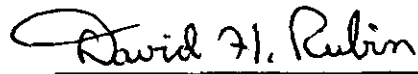
I, Scott J. Davis, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Scott J Davis

Dated: MARCH 28, 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.



David H. Rubin

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
March 28, 2000