

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 INTERROGATORY OF  
THE ALLIANCE OF NONPROFIT MAILERS  
REDIRECTED FROM WITNESS MEEHAN  
(ANM/USPS-T11-1)

The United States Postal Service hereby provides its response to the following interrogatory of the Alliance of Nonprofit Mailers: ANM/USPS-T11-1, filed on March 23, 2000, and redirected from witness Meehan.

The 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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April 6, 2000

**Response of United States Postal Service  
to  
Interrogatories of Alliance of Nonprofit Mailers  
(Redirected from witness Meehan, USPS-T-11)**

**ANM/USPS-T11-1** Please refer to Exhibit USPS-11C of your testimony, which presents the Cost and Revenue Analysis for Base Year 1998. Please provide the 95 percent confidence intervals for the 1998 volume variable costs for all subclasses. If these confidence intervals are unavailable, please explain in detail why this is so. If the confidence intervals are unavailable, please further provide for all subclasses the 95 percent confidence intervals for all cost segments making up volume variable costs for which confidence intervals are available.

**Response:**

Confidence intervals for 1998 volume variable costs, in aggregate, are not available. They have not been developed because of the major effort and expense involved. As part of the Data Quality Study, jointly sponsored by the USPS, PRC and GAO, coefficients of variation (CV), which can be used to develop confidence intervals of 1996 unit volume variable costs were computed for eight subclasses. Twenty-nine cost pools were included in the simulation model used to develop those CVs; those cost pools accounted for approximately 56% of the total volume variable costs. Those CVs may provide a reasonable indication of the reliability of the unit volume variable cost estimates in 1998, to the extent that the underlying data systems and costing methodologies have remained the same. Confidence intervals for major cost segments/components are contained in the testimonies of witnesses Xie, Harahush and Ramage, and for revenues and volumes in the testimony of witnesses Pafford and Hunter.

## 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.

A handwritten signature in black ink, appearing to read "Susan M. Duchek", is written over a horizontal line.

Susan M. Duchek

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