

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
THE NATIONAL NEWSPAPER ASSOCIATION
REDIRECTED FROM WITNESS MEEHAN
(NNA/USPS-T11-8-12, 14 and 16)

The United States Postal Service hereby provides the responses of witness Meehan to the following interrogatories of the National Newspaper Association: NNA/USPS-T11-8-12, 14 and 16, filed on March 23, 2000, and redirected from witness Meehan.

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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April 6, 2000

**Response of United States Postal Service
to
Interrogatories of National Newspaper Association
(Redirected from witness Meehan, USPS-T-11)**

NNA/USPS-T11-8 Please provide the 95 percent confidence interval for the 1998 Periodicals In-County volume variable cost of \$76.9 million. If the confidence interval is not available, please explain in detail why it is not available. If the confidence interval is not available, please further provide the 95 percent confidence intervals for all cost segments making up Periodicals In-County volume variable cost for which confidence intervals are available.

Response:

Please see the response to ANM/USPS-T11-1.

**Response of United States Postal Service
to
Interrogatories of National Newspaper Association
(Redirected from witness Meehan, USPS-T-11)**

NNA/USPS-T11-9 If the true 1998 Periodicals In-County volume variable cost is at the lower limit of its 95 percent confidence interval, stated in response to NNA/USPS-T11-8 and the true 1998 volume is 923,865,000 pieces, please state the resulting marginal cost per piece.

Response:

The data needed to perform this calculation are unavailable.

**Response of United States Postal Service
to
Interrogatories of National Newspaper Association
(Redirected from witness Meehan, USPS-T-11)**

NNA/USPS-T11-10 If the true 1998 Periodicals In-County volume variable cost is at the upper limit of its 95 percent confidence interval, stated in response to NNA/USPS-T11-8, and the true 1998 volume is 923,865,000 pieces, please state the resulting marginal cost per piece.

Response:

The data needed to perform this calculation are unavailable.

**Response of United States Postal Service
to
Interrogatories of National Newspaper Association
(Redirected from witness Meehan, USPS-T-11)**

NNA/USPS-T11-11 If the true 1998 Periodicals In-County volume variable cost is at the lower limit of its 95 percent confidence interval, stated in response to NNA/USPS-T11-8, and the true 1998 volume is 963,702,000 pieces, at the upper limit of its 95 percent confidence interval, please state the resulting marginal cost per piece.

Response:

The data needed to perform this calculation are unavailable.

**Response of United States Postal Service
to
Interrogatories of National Newspaper Association
(Redirected from witness Meehan, USPS-T-11)**

NNA/USPS-T11-12 If the true 1998 Periodicals In-County volume variable cost is at the upper limit of its 95 percent confidence interval, stated in response to NNA/USPS-T11-8, and the true 1998 volume is 884,028,000, at the lower limit of its 95 percent confidence interval, please state the resulting marginal cost per piece.

Response:

The data needed to perform this calculation are unavailable.

**Response of United States Postal Service
to
Interrogatories of National Newspaper Association
(Redirected from witness Meehan, USPS-T-11)**

NNA/USPS-T11-14 Please confirm that the USPS could reduce the size of the 95 percent confidence interval for Periodical In-County volume variable cost by increasing the size of the samples used to estimate volume variable cost.

Response:

For subclasses of mail having very small costs, this approach is generally not practical. Consider, for example, the costs estimates of In-County publications in Cost Segment 3.1 (Clerks and Mailhandlers, mail processing). The CV associated with the Cost Segment 3.1 In-County publications costs is about 12 percent. See USPS-T-2, page 8. In order to decrease this by half (to a CV of around 6 percent), the sample size would have to be increased four-fold.

Currently the data collection costs for IOCS are around 15 million dollars. See response to ANM/USPS-T2-15. The total revenue received in BY 1998 for In-County publications is about \$79 million. It would make little sense to increase data collection costs by around \$45 million to produce slightly more reliable costs for a subclass which generates \$79 million of revenue. This example only addresses IOCS cost estimates. The total cost for In-County publications are produced by combining estimates from other sources. To the extent that any of those are sample based, there could be far more data collection costs involved that the above example illustrates for IOCS alone. Finally, it should be noted that mail pieces without subclass markings may not obtain dramatically improved estimates by increasing sample size.

**Response of United States Postal Service
to
Interrogatories of National Newspaper Association
(Redirected from witness Meehan, USPS-T-11)**

NNA/USPS-T11-16 Please estimate the increase in sampling costs if the size of the samples used to estimate volume variable costs were doubled. Please estimate the increase in sampling costs if the size of the samples used to estimate volume variable costs were quadrupled.

Response:

See the response to NNA/USPS-T11-14.

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 solid horizontal line.

Susan M. Duchek

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