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

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 AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS DANIEL
(ABA/USPS-T28—40)**

The United States Postal Service hereby provides its response to the following interrogatory of American Bankers Association and National Association of Presort Mailers redirected from witness Daniel: ABA&NAPM/USPS-T28—40, filed on March 29, 2000.

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 10, 2000

RESPONSE OF U.S. POSTAL SERVICE
TO INTERROGATORIES OF AMERICAN BANKERS ASSOCIATION AND
NATIONAL ASSOCIATION OF PRESORT MAILERS
REDIRECTED FROM WITNESS DANIEL

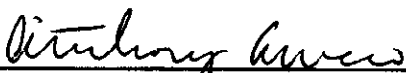
ABA&NAPM/USPS-T28-40. Please refer to your response to ABA&NAPM/USPS-T28-9.a. Was the IOCS sample materially reduced before the base year in R94-1, after the start of mail processing automation in 1988?

RESPONSE:

The IOCS sample was reduced substantially in FY 1993, as discussed in Witness Steele's testimony in docket R94-1, Tr.1/53. The Data Quality Study demonstrated that a 20% reduction in the IOCS sample size has very small impact on the CVs of unit volume variable costs (see Technical Report #3, p.79).

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.


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