

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

RECEIVED
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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 HUNTER TO INTERROGATORIES OF
THE NATIONAL NEWSPAPER ASSOCIATION
(NNA/USPS-T5-34-36, 39)
(April 28, 2000)

The United States Postal Service hereby provides supplemental responses of witness Hunter to the following interrogatories of the National Newspaper Association (NNA): NNA/USPS-T5-34-36, 39, filed on March 23, 2000. These responses have been the subject of discussion among counsel, since the Postal Service originally objected to parts of interrogatories 36 and 39 while also noting it had not been able to determine with any specificity how much of the information requested could be found or with what associated burden. NNA moved to compel responses while still noting that discussions were continuing, and the Postal Service in turn moved (without opposition) for an extension of time until April 25 to file its reply to the motion to compel. On that date, the Postal Service instead withdrew its objection while indicating that responses would be forthcoming. The initial responses to interrogatories 34 and 35 also indicated that supplemental responses would be filed.

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NNA/USPS-T5-34. Please refer to USPS-LR-I-230, Appendix A, at page 3, which provides a table with the subtitle of "PQI-FY95 2C CENSUS REVENUES BY STRATUM." Please further refer to tables 1, 2, and 3 of your testimony, which provide estimates of revenue, pieces, and weight, respectively.

- a. Please provide separate estimates of revenue, pieces, and weight for each of the 6 non-automated strata listed in NNA/USPS-T5-32(e) for Periodicals subclasses in County, Regular, Nonprofit, and Classroom for both FY98 and FY99. Please further provide the associated coefficients of variation for each of these estimates.
- b. For each of the separate stratum estimates of revenue, pieces, and weight in a), please provide four separate quarterly estimates for each of the two years requested. Please further provide the associated coefficients of variation for each of these estimates.

RESPONSE.

- a-b. The estimates of Periodicals RPW totals and their estimated CV's for the sampling strata used in the BRPW are provided in USPS-LR-I-318/R2000-1 by PQ for the two years requested. The fiscal year estimate of a total for a variate of interest is obtained by summing the related PQ estimates. The fiscal year estimate of the CV for an estimate of a total can be calculated by multiplying the square root of the summed squares of the products of the estimated CV and estimate for the PQ's by the reciprocal of the estimate of the total.

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NNA/USPS-T5-35. Please refer to your response to UPS/USPS-T5-11. Please provide for the base year in Docket R97-1 and separately for Base Year FY 98 in this case the proportion of usable records from PERMIT and non-automated offices for within-county mail.

RESPONSE. The proportion of In-County records for the non-automated office strata is 0.017 and 0.013 for the FY 1996 and FY 1998 periods, respectively.

The proportions for the automated office stratum are 0.983 and 0.987, respectively.

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NNA/USPS-T5-36. Please refer to USPS-LR-I-26 at page 2, which describes the sampling procedure used to define the strata for the BRPW panel. In particular, please refer to the sentence that states: "For each mail category, the panel is selected by first grouping non-zero targeted or auxiliary revenue variable reporting offices among four to six strata using the CUM [square-root] f rule (cumulative frequency distribution) and revenue level (size) information obtained from a revenue account or survey." In the following subparts of this interrogatory, please interpret the terms "offices" and "revenue" as they are used in this sentence.

- a. For each year from FY86 to FY99, please provide the total number of offices.
- b. For each year from FY86 to FY99, please provide total Periodicals revenue.
- c. For each year from FY86 to FY99, please provide the total number of offices that have zero Periodicals revenue for that year.
- d. For each year from FY87 to FY99, please provide the total number of offices that have zero Periodicals revenue for both that year and the previous year.
- e. For each year from FY87 to FY99, please provide the total number of offices that have both zero Periodicals revenue for that year and non-zero Periodicals revenue for the previous year.
- f. For each year from FY87 to FY99, for the offices identified in (e) with zero Periodicals revenue for that year and non-zero Periodicals revenue for the previous year, please provide total Periodicals revenue for the previous year.
- g. For each year from FY87 to FY99, please provide the total number of offices from (a) that have both non-zero Periodicals revenue for that year and zero Periodicals revenue for the previous year.
- h. For each year from FY87 to FY99, for the offices identified in (g) with non-zero Periodicals revenue for that year and zero Periodicals revenue for the previous year, please provide total Periodicals revenue for that year.
- i. For each year from FY87 to FY99, please provide the total number of offices from (a) that have positive Periodicals revenue for both that year and the previous year.
- j. For each year from FY87 to FY99, for the offices identified in (i) with positive Periodicals revenue for both that year and the previous year, please provide total Periodicals revenue for both that year and the previous year.
- k. Please explain how the sampling procedure described on page 2 of USPS-LR-I-26 accounts for Periodicals mail from the offices identified in (g) with non-zero Periodicals revenue for that year and zero Periodicals revenue for the previous year.

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RESPONSE. Under the BRPW design, the In-County revenue measure is the targeted revenue used to stratify the population of non-automated non-zero Periodicals revenue reporting offices. The non-zero In-County revenue and related office count information required for panel selection is not normally known. As a result, the Postal Service periodically conducts a census of non-automated offices reporting non-zero total Periodicals revenue (In-County and outside county) as determined from the revenue account AIC 135. The survey used for the Periodicals non-automated office panel for FY 1998 was begun in PQ1 of FY 1995 and was updated for year end FY 1996 implementation. The population counts from this survey are provided in USPS-LR-I-230/R2000-1. Outside of the survey period, total Periodicals revenue (In-County and outside county) from the trial balance accounts is known, but subclass revenues including for the In-County category are not known. The known totals are provided in the annual Cost and Revenue Analysis reports made available to the public. Table A below provides the zero and non-zero Periodical revenue office counts for the years available and for CAG A-G offices. Office counts for prior years and disaggregated CAG H-L office revenues, the latter comprising approximately one half of one percent for the FY 1998 period, cannot be determined as this information is no longer available. The total Periodicals revenues in Table A include the foreign Publishers Periodicals component that accounts for approximately three percent of total Periodicals revenue. GFY

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based revenues are not reported in the accounts, and as a result, the table measures are postal fiscal year (PFY) based.

**Table A
Non-Automated Office Zero and Non-Zero Periodicals Combined Subclass
Revenue (000) for CAG A-G Offices**

Year (j)	Zero Revenue Office Count for Year (j)	Non-Zero Revenue Office Count for Year (j)	Zero Revenue Office Count for Years (j), (j-1)	Zero Revenue for Year (j) and Non-Zero Revenue for Year (j-1) Office Counts, and Revenue for Year (j-1)	Non-Zero Revenue for Year (j) and Zero Revenue for Year (j-1) Office Counts and Revenue for Year (j)	Non-Zero Revenue for Years (j) and (j-1) Office Count, and Revenue for Years (j) and (j-1) (respectively)
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1999	3099	3616	2756	116 / \$279	72 / \$350	3472 / \$77367 / \$78182
1998	2946	3704	2680	132 / \$351	98 / \$193	3570 / \$82982 / \$81939
1997	2944	3866	2606	177 / \$1429	100 / \$255	3709 / \$89376 / \$86381
1996	2809	4038	2432	189 / \$796	162 / \$1658	3812 / \$93360 / \$92534
1995	2727	4387	2450	151 / \$1325	149 / \$256	4165 / \$146905 / \$138161

- a. The total number of offices reporting Periodicals revenue (all subclasses) is obtained from the sum of the entries in Columns (2) and (3) of Table A.
- b. See the body of this response.
- c. The total number of offices reporting zero Periodicals revenue is provided in Column (2) of Table A.
- d. The count of offices reporting zero Periodicals revenue in years (j) and (j-1) is provided in Column (4) of Table A.

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- e. The count of offices reporting zero Periodicals revenue in year (j) and non-zero total Periodicals revenue in year (j-1) is provided in Column (5) of Table A.
- f. The total Periodicals revenue for years (j-1) for the counts in part (e) is provided in Column (5) of Table A.
- g. The count of offices reporting non-zero total Periodicals revenue in year (j) and zero Periodicals revenue in year (j-1) is provided in Column (6) of Table A.
- h. The total Periodicals revenue for year (j) for the counts in part (g) is provided in Column (6) of Table A.
- i. The count of offices reporting non-zero total Periodicals revenue for years (j) and (j-1) is provided in Column (7) of Table A.
- j. The total Periodicals revenue for the counts in part (i) is provided in Column (7) of Table A.

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NNA/USPS-T5-39. Please refer to USPS-LR-I-230, Appendix A, at page 3, which provides a table with the subtitle of "PQI-FY95 2C CENSUS REVENUES - BY STRATUM." Please further refer to the 3 strata for PERMIT offices and the 6 strata for non-automated offices listed in NNA/USPS-T-32(e). Please further refer to your response to NNAIUSPS-T5-4, where you provide In-County volume estimates from FY86 through FY98. Finally, please refer to your response to NNAIUSPS-T5-5, where you state: "My understanding is that the underlying methodology used to construct the estimates of In-County volume, wherein postage statement data are obtained from a probability based sample of post offices to supplement the data obtained from a certainty segment, is essentially unchanged over the twelve-year period . . ."

- a. For each year from FY86 to FY97, please provide the blowup factors used for each of the 9 strata included in the referenced table from USPS-LR-I-230.
- b. For each year from FY86 to FY97, please provide the sample size for each of the 9 strata included in the referenced table from USPS-LR-I-230.
- c. For each year from FY86 to FY97, please provide the sample mean for the number of pieces of In-County mail for each of the 9 strata included in the referenced table from USPS-LR-I-230.

RESPONSE.

- a-b. The nine strata provided in the table on page 3 of Appendix A in USPS-LR-I-230/R2000-1 apply also to the panel used in the BRPW for the FY 1997 and year end FY 1996 periods, and as a result, the blowup factors and sample sizes provided in the table apply also to these years except as explained in part (c) for the automated office stratum size. The requested information for years prior to FY 1996 is no longer available except where it may have been provided in a previous rate case.
- Moreover, though the RPW Periodicals panels used for time periods prior to FY 1996 were developed under the same general methodology used to select the FY 1996 panel, they certainly would have had a different

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number of strata and would have utilized different revenue-based strata definitions; thus, comparison to the current seven strata would not be possible.

- c. The table below provides the sample means for the In-County volume variable for the seven strata used for the FY 1997 and year end FY 1996 periods. For the FY 1997 period, the sample means are provided also for the PQ4 period for meaningful comparison to the same period in FY 1996. Strata 1.1 through 1.3 which have the same blowup factor were collapsed into the single stratum 1.0 at the time the panel was deployed in FY 1996, and as a result, the disaggregated sample means for these automated office strata are no longer available. However, the combined stratum 1.0 sample means and the sample sizes for the two years are provided. See the response to parts (a-b) for years prior to FY 1996.

Stratum	Sample Mean FY96-PQ4 Volume	Sample Mean FY97-PQ4 Volume	Sample Mean FY97 Volume
1.0	92626 (NH=1655)	88719 (NH=1817)	288095
2.1	182224	130525	459646
2.2	55246	53665	170777
2.3	44417	52760	186417
2.4	13162	13023	43272
2.5	5084	5058	15655
3.0	21687	26559	82538

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- b. For each of the separate stratum estimates of revenue, pieces, and weight in a), please provide four separate quarterly estimates for each of the two years requested. Please further provide the associated coefficients of variation for each of these estimates.

RESPONSE.

- a-b. The estimates of Periodicals RPW totals and their estimated CV's for the sampling strata used in the BRPW are provided in USPS-LR-I-318/R2000-1 by PQ for the two years requested. The fiscal year estimate of a total for a variate of interest is obtained by summing the related PQ estimates. The fiscal year estimate of the CV for an estimate of a total can be calculated by multiplying the square root of the summed squares of the products of the estimated CV and estimate for the PQ's by the reciprocal of the estimate of the total.

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RESPONSE. The proportion of In-County records for the non-automated office strata is 0.017 and 0.013 for the FY 1996 and FY 1998 periods, respectively.

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- e. For each year from FY87 to FY99, please provide the total number of offices that have both zero Periodicals revenue for that year and non-zero Periodicals revenue for the previous year.
- f. For each year from FY87 to FY99, for the offices identified in (e) with zero Periodicals revenue for that year and non-zero Periodicals revenue for the previous year, please provide total Periodicals revenue for the previous year.
- g. For each year from FY87 to FY99, please provide the total number of offices from (a) that have both non-zero Periodicals revenue for that year and zero Periodicals revenue for the previous year.
- h. For each year from FY87 to FY99, for the offices identified in (g) with non-zero Periodicals revenue for that year and zero Periodicals revenue for the previous year, please provide total Periodicals revenue for that year.
- i. For each year from FY87 to FY99, please provide the total number of offices from (a) that have positive Periodicals revenue for both that year and the previous year.
- j. For each year from FY87 to FY99, for the offices identified in (i) with positive Periodicals revenue for both that year and the previous year, please provide total Periodicals revenue for both that year and the previous year.
- k. Please explain how the sampling procedure described on page 2 of USPS-LR-I-26 accounts for Periodicals mail from the offices identified in (g) with non-zero Periodicals revenue for that year and zero Periodicals revenue for the previous year.

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RESPONSE. Under the BRPW design, the In-County revenue measure is the targeted revenue used to stratify the population of non-automated non-zero Periodicals revenue reporting offices. The non-zero In-County revenue and related office count information required for panel selection is not normally known. As a result, the Postal Service periodically conducts a census of non-automated offices reporting non-zero total Periodicals revenue (In-County and outside county) as determined from the revenue account AIC 135. The survey used for the Periodicals non-automated office panel for FY 1998 was begun in PQ1 of FY 1995 and was updated for year end FY 1996 implementation. The population counts from this survey are provided in USPS-LR-I-230/R2000-1, Outside of the survey period, total Periodicals revenue (In-County and outside county) from the trial balance accounts is known, but subclass revenues including for the In-County category are not known. The known totals are provided in the annual Cost and Revenue Analysis reports made available to the public. Table A below provides the zero and non-zero Periodical revenue office counts for the years available and for CAG A-G offices. Office counts for prior years and disaggregated CAG H-L office revenues, the latter comprising approximately one half of one percent for the FY 1998 period, cannot be determined as this information is no longer available. The total Periodicals revenues in Table A include the foreign Publishers Periodicals component that accounts for approximately three percent of total Periodicals revenue. GFY

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- a. The total number of offices reporting Periodicals revenue (all subclasses) is obtained from the sum of the entries in Columns (2) and (3) of Table A.
- b. See the body of this response.
- c. The total number of offices reporting zero Periodicals revenue is provided in Column (2) of Table A.
- d. The count of offices reporting zero Periodicals revenue in years (j) and (j-1) is provided in Column (4) of Table A.

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- e. The count of offices reporting zero Periodicals revenue in year (j) and non-zero total Periodicals revenue in year (j-1) is provided in Column (5) of Table A.
- f. The total Periodicals revenue for years (j-1) for the counts in part (e) is provided in Column (5) of Table A.
- g. The count of offices reporting non-zero total Periodicals revenue in year (j) and zero Periodicals revenue in year (j-1) is provided in Column (6) of Table A.
- h. The total Periodicals revenue for year (j) for the counts in part (g) is provided in Column (6) of Table A.
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- a. For each year from FY86 to FY97, please provide the blowup factors used for each of the 9 strata included in the referenced table from USPS-LR-I-230.
- b. For each year from FY86 to FY97, please provide the sample size for each of the 9 strata included in the referenced table from USPS-LR-I-230.
- c. For each year from FY86 to FY97, please provide the sample mean for the number of pieces of In-County mail for each of the 9 strata included in the referenced table from USPS-LR-I-230.

RESPONSE.

- a-b. The nine strata provided in the table on page 3 of Appendix A in USPS-LR-I-230/R2000-1 apply also to the panel used in the BRPW for the FY 1997 and year end FY 1996 periods, and as a result, the blowup factors and sample sizes provided in the table apply also to these years except as explained in part (c) for the automated office stratum size. The requested information for years prior to FY 1996 is no longer available except where it may have been provided in a previous rate case.
- Moreover, though the RPW Periodicals panels used for time periods prior to FY 1996 were developed under the same general methodology used to select the FY 1996 panel, they certainly would have had a different

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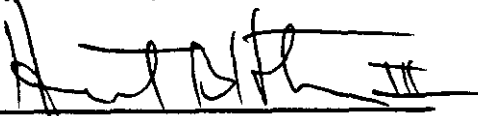
number of strata and would have utilized different revenue-based strata definitions; thus, comparison to the current seven strata would not be possible.

- c. The table below provides the sample means for the In-County volume variable for the seven strata used for the FY 1997 and year end FY 1996 periods. For the FY 1997 period, the sample means are provided also for the PQ4 period for meaningful comparison to the same period in FY 1996. Strata 1.1 through 1.3 which have the same blowup factor were collapsed into the single stratum 1.0 at the time the panel was deployed in FY 1996, and as a result, the disaggregated sample means for these automated office strata are no longer available. However, the combined stratum 1.0 sample means and the sample sizes for the two years are provided. See the response to parts (a-b) for years prior to FY 1996.

Stratum	Sample Mean FY96- PQ4 Volume	Sample Mean FY97- PQ4 Volume	Sample Mean FY97 Volume
1.0	92626 (NH=1655)	88719 (NH=1817)	288095
2.1	182224	130525	459646
2.2	55246	53665	170777
2.3	44417	52760	186417
2.4	13162	13023	43272
2.5	5084	5058	15655
3.0	21687	26559	82538

DECLARATION

I, Herbert B. Hunter III, hereby declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.


Herbert B. Hunter III

Date: April 28, 2000

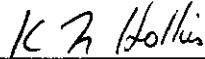
Each of the four interrogatories is stated verbatim and is followed by the supplemental response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking



Kenneth N. Hollies

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.



Kenneth N. Hollies

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Washington, D.C. 20260-1137
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April 28, 2000