

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

UNITED STATES POSTAL SERVICE  
INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO  
THE NATIONAL NEWSPAPER ASSOCIATION WITNESS HEATH  
(USPS/NNA-T1-5-23)  
(June 14, 2000)

Pursuant to rules 25 and 26 of the Rules of Practice and procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to the National Newspaper Association witness Heath:

USPS/NNA-T1-5-23.

As necessary or appropriate, please redirect portions of these interrogatories to NNA witness Elliott or to NNA as an institution to avoid providing nonresponsive answers.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.  
Chief Counsel, Ratemaking



Kenneth N. Hollies

**UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
NEWSPAPER ASSOCIATION WITNESS HEATH (NNA-T-1)**

**USPS/NNA-T1-5.** Please refer to page 5 of your testimony at lines 9-10 where you state that the Postal Rate Commission "...urged the Postal Service to work with us to resolve our questions".

- a. Please confirm that NNA has met jointly with the Postal Service since the close of Docket No. R97-1 to explore and attempt resolution of differences raised by NNA between NNA survey information and the Postal Service volumes for In-County mail. If you are unable to confirm, please explain fully.
- b. Please confirm that the Postal Service initiated the resolution efforts referenced in part (a). If you are unable to confirm, please explain fully and provide copies of any written documentation supporting your view.
- c. Please confirm that in the joint NNA and Postal Service meeting referenced in part (a), the Postal Service proffered its willingness to undertake and establish an In-County specific trial balance account and segment In-County and outside county on its postage statements (Forms 3541) for the purpose of resolving real or perceived differences. If you are unable to confirm, please explain fully.
- d. Please confirm that the Postal Service indicated in its response to NNA/USPS-T5-44 that its proactive efforts directed toward the establishment of an In-County trial balance account known as AIC 224 have commenced and the framework for the new account is complete.
- e. Please confirm that as a result of the joint NNA and Postal Service meeting referenced in part (a), the Postal Service has provided information useful to NNA. If you are unable to confirm, please explain fully.
- f. Please confirm that as a result of the joint NNA and Postal Service meeting referenced in part (a), NNA has had an opportunity to check offices identified by the Postal Service for which In-County volume shows an appreciable decrease, and that NNA has had an opportunity to learn more about why there might be a decline in In-County mail.
- g. Please confirm that despite the Postal Service's efforts during the joint NNA and Postal Service meeting referenced in part (a) to resolve the issues raised by NNA in its R97-1 testimony, NNA failed to share with the Postal Service its survey data upon which your R97-1 testimony was based. If you are unable to confirm, please explain fully.

**USPS/NNA-T1-6.** Please refer to page 5 of your testimony at lines 20-21 where you state that the Postal Service has "shifted the burden of proof to us [NNA]". Please provide copies of any written support you have for this statement.

**USPS/NNA-T1-7.** Please refer to page 5 of your testimony at lines 17-18 where you state that "[I]t is unclear to me whether our meetings have resulted in any improvements in the RPW [S]ystem."

- a. Please confirm that you are unaware of any resultant improvements in the RPW System.

UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
NEWSPAPER ASSOCIATION WITNESS HEATH (NNA-T-1)

- b. If you confirm part (a), please explain what results would indicate to you an improvement in the RPW System.
- c. Would an upward or downward change in volume constitute in your opinion an improvement? Please explain fully.

**USPS/NNA-T1-8.** Please refer to page 5 of your testimony at lines 22-24 where you state that you "persuaded" the board of directors to undertake a "costly" and "statistically-valid" survey.

- a. Please identify each member of the board of directors by their positions held on the board and any firm(s) or business(es) they own, operate, work for or otherwise represent.
- b. Are you also a member of the board?
- c. How costly was the survey? Please provide an approximate cost for the survey.
- d. Please explain or define your understanding of what a "statistically-valid" survey or study is.
- e. Is the study referenced in your testimony and performed by Project Performance Corporation (PPC) a "statistically-valid" study in (i) your opinion, (ii) NNA's opinion, or (iii) PPC's opinion? Please explain fully.

**USPS/NNA-T1-9.** Please refer to page 6 of your testimony at lines 3-4 where you state that Project Performance Corporation was "retained" and "we looked at mailing data". Please describe fully the roles of PPC, witness Elliott and you in each of the design, development, implementation and analysis phases of the study. If necessary, please obtain information from the identified participants and/or redirect for supplemental responses portions of this interrogatory to witness Elliott or NNA as an institution.

**USPS/NNA-T1-10.** Please refer to page 6 of your testimony at line 11 where you state that "... we got a better response than we expected." What specific response rate or response rate range did you expect? Please explain fully your expectations regarding accuracy and precision.

**USPS/NNA-T1-11.** Please confirm that the Postal Service estimates for In-County mail for the FY 1998 period are based on a total panel size of over 2,200 offices for the combined non-automated and automated office segments. If you are unable to confirm, please explain fully.

UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
NEWSPAPER ASSOCIATION WITNESS HEATH (NNA-T-1)

**USPS/NNA-T1-12.** Please refer to page 6 of your testimony at lines 13-15 where you state that witness Elliott indicates that newspaper mail has grown while In-County volume has declined.

- a. Please confirm that this statement by itself is not a contradiction, that is, newspaper growth and declining In-County volume are not mutually exclusive events.
- b. Please confirm that this statement alone does not in any way determine or confirm the presence, level or direction of any bias in the RPW In-County volumes.
- c. If you are unable to confirm part (a) or part (b), please explain fully.

**USPS/NNA-T1-13.** Please refer to page 7 of your testimony at lines 2-3 where you state that "weekly newspapers" drive this mail subclass. Please reconcile this statement with the daily and weekly circulation subtotals shown in Table 2 of witness Elliott's testimony.

**USPS/NNA-T1-14.** Please refer to page 3 of Appendix A in USPS-LR-I-230/R2000-1 and to your testimony on page 7.

- a. Please define the term "rural" as it applies in an RPW context to segmentation of the universe of non-zero In-County volume reporting offices to automated (PERMIT System) offices and non-automated ones.
- b. Please identify the source for your assertion that only 25 offices out of 26,000 non-automated offices are sampled for the Periodicals mail category; to the extent such materials are not part of the Postal Service direct case or were not elicited via discovery, please provide copies of all such material.
- c. Please provide your understanding of any differences between the terms, non-automated office, non-zero Periodicals office and non-zero In-County Periodicals office.

**USPS/NNA-T1-15.** Please refer to page 15 of your testimony at lines 8-9 in which you state that "[m]any of these newspapers have a total circulation of 2000-3000 copies per week."

- a. Please provide the number of these many newspapers.
- b. Please disaggregate the count from part (a) into daily and weekly papers consistent with the Table 1 categories reported in NNA witness Elliott's testimony.

**USPS/NNA-T1-16.** Please refer to page 15 of your testimony at lines 8-9 in which you state that "[m]any of these newspapers have a total circulation of 2000-3000 copies per week."

**UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
NEWSPAPER ASSOCIATION WITNESS HEATH (NNA-T-1)**

- a. Please confirm that your use of the term "copies" is consistent with your use of the term circulation throughout your testimony. If you are unable to confirm, please explain fully.
- b. Please confirm that your use of the term "copies" is consistent with witness Elliott's circulation numbers provided in Tables 1-3 of his testimony. If you are unable to confirm, please explain fully.

**USPS/NNA-T1-17.** Please refer to page 5 of your testimony at lines 8-10. Please provide your best understanding of what problem the Commission identified and what action it took in response. Please provide citations to where the adjustment was made and otherwise explain fully the adjustment you reference.

**USPS/NNA-T1-18.** Please refer to page 5 of your testimony at line 6 where you refer to "piece totals" (pieces) and to page 15 of your testimony at lines 8-9 where you refer to "copies".

- a. Please confirm that the Postal Service reports piece-based volumes, and provide your understanding of the distinction between "pieces" and "copies".
- b. Please confirm that all references to volumes by you and witness Elliott in your testimonies in this docket are piece-based and not copy-based. If you are unable to confirm, please identify and list all copy-based references shown in either testimony.
- c. Please confirm that all references to volumes by you and witness Elliott in your testimonies pertaining to prior year surveys are piece-based and not copy-based. If you are unable to confirm, please identify and list all copy-based references shown in either testimony.

**USPS/NNA-T1-19.** Please define the term "circulation" as used throughout your and witness Elliott's testimonies. If possible, please compare and contrast your definition(s) to the terms "copies" and "pieces" as used by the Postal Service on Postage Statements and as used in the DMM pertaining to Periodicals mailing requirements.

**USPS/NNA-T1-20.** Please refer to page 26 of your testimony at lines 11-14 where you state that "[i]t [the Commission] should make adjustments..." to In-County Volumes "... in recognition of serious and abiding questions about the accuracy of RPW. (Volumes appeared to increase slightly in FY '98 to 923 million, but had fallen again in FY '99 to 893 million.)"

- a. Please explain fully how a slight increase in one year followed by a decrease the next year raises "serious and abiding questions" about the accuracy of the estimates for either or both years.

**UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
NEWSPAPER ASSOCIATION WITNESS HEATH (NNA-T-1)**

- b. How would your answer to part (a) differ if instead a slight decrease in one year was followed by a slight increase?

**USPS/NNA-T1-21.** Please refer to page 26 of your testimony at lines 11-14 where you state that "[i]t [the Commission] should make adjustments" to In-County Volumes "... in recognition of serious and abiding questions about the accuracy of RPW. (Volumes appeared to increase slightly in FY '98 to 923 million, but had fallen again in FY '99 to 893 million.)" Please confirm that the FY 1998 volume rounded to the nearest million is 924 million pieces and not 923 million pieces, and that the FY 1998 volume represents a decline of approximately 23 million pieces from the FY 1997 volume of 947 million pieces, and that this is not an increase in volume as you have stated, but rather a decrease. If you are unable to confirm, please explain fully.

**USPS/NNA-T1-22.** Please refer to page 7 of your testimony at lines 7-8 where you determine that the Postal Service has "... little interest in determining the reasons for this decline." Please explain this statement in the context of the Postal Service's ongoing efforts to improve its estimates of In-County volumes, notwithstanding the small size of this subclass. Please include in your explanation your test for what demonstrates on the Postal Service's part "sufficient interest" in the underlying reasons behind the apparent decline in volumes for the subclass.

**USPS/NNA-T1-23.** Please refer to page 7 of your testimony at lines 16-18 where you "... understand the panel of post offices used to produce the base year is infrequently refreshed, making it difficult to capture volumes that may have appeared in the mid-term years."

- a. Please identify the basis in the Postal Service direct case (including discovery) for your characterization of the panel as "infrequently refreshed". Please provide copies of any other supporting documentation.
- b. How often would you deem it suitable to update a panel? What information would you require to make this determination? What information might a survey practitioner require? Please explain fully.
- c. Please provide your understanding of the combined ratio estimator used in the BRPW to construct estimates for In-County volumes as described in Section 5 of USPS-LR-I-26/R2000-1 and in response to NNA/USPS-T5-36(k).
- d.
  - (i) Please identify all materials supporting your opinion that there has been difficulty capturing volumes in mid-term years; provide copies of any that are not part of the Postal Service direct case.
  - (ii) Please explain fully your understanding of how the difficulty referenced in subpart (i) affects BRPW results for FY 1998.
  - (iii) Please provide any computations you or others have used to quantify in absolute or relative terms any supposed missed volumes.

**UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
NEWSPAPER ASSOCIATION WITNESS HEATH (NNA-T-1)**

**USPS/NNA-T1-5.** Please refer to page 5 of your testimony at lines 9-10 where you state that the Postal Rate Commission "...urged the Postal Service to work with us to resolve our questions".

- a. Please confirm that NNA has met jointly with the Postal Service since the close of Docket No. R97-1 to explore and attempt resolution of differences raised by NNA between NNA survey information and the Postal Service volumes for In-County mail. If you are unable to confirm, please explain fully.
- b. Please confirm that the Postal Service initiated the resolution efforts referenced in part (a). If you are unable to confirm, please explain fully and provide copies of any written documentation supporting your view.
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- a. Please confirm that you are unaware of any resultant improvements in the RPW System.

UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
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- b. If you confirm part (a), please explain what results would indicate to you an improvement in the RPW System.
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**UNITED STATES POSTAL SERVICE INTERROGATORIES TO NATIONAL  
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- b. How would your answer to part (a) differ if instead a slight decrease in one year was followed by a slight increase?

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**USPS/NNA-T1-22.** Please refer to page 7 of your testimony at lines 7-8 where you determine that the Postal Service has “... little interest in determining the reasons for this decline.” Please explain this statement in the context of the Postal Service’s ongoing efforts to improve its estimates of In-County volumes, notwithstanding the small size of this subclass. Please include in your explanation your test for what demonstrates on the Postal Service’s part “sufficient interest” in the underlying reasons behind the apparent decline in volumes for the subclass.

**USPS/NNA-T1-23.** Please refer to page 7 of your testimony at lines 16-18 where you “... understand the panel of post offices used to produce the base year is infrequently refreshed, making it difficult to capture volumes that may have appeared in the mid-term years.”

- a. Please identify the basis in the Postal Service direct case (including discovery) for your characterization of the panel as “infrequently refreshed”. Please provide copies of any other supporting documentation.
- b. How often would you deem it suitable to update a panel? What information would you require to make this determination? What information might a survey practitioner require? Please explain fully.
- c. Please provide your understanding of the combined ratio estimator used in the BRPW to construct estimates for In-County volumes as described in Section 5 of USPS-LR-I-26/R2000-1 and in response to NNA/USPS-T5-36(k).
- d.
  - (i) Please identify all materials supporting your opinion that there has been difficulty capturing volumes in mid-term years; provide copies of any that are not part of the Postal Service direct case.
  - (ii) Please explain fully your understanding of how the difficulty referenced in subpart (i) affects BRPW results for FY 1998.
  - (iii) Please provide any computations you or others have used to quantify in absolute or relative terms any supposed missed volumes.

## 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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Kenneth N. Hollies

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June 14, 2000