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

POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

UNITED STATES POSTAL SERVICE INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS TO AMERICAN BANKERS ASSOCIATION & NATIONAL ASSOCIATION OF PRESORT MAILERS WITNESS CLIFTON (USPS/ABA&NAPM-T1—30-42)
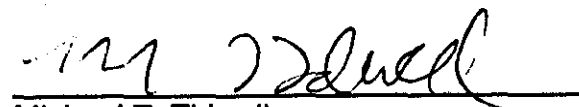
Pursuant to rules 25 and 26 of the Rules of Practice and Procedure, the United States Postal Service directs the following interrogatories and requests for production of documents to ABA&NAPM witness Clifton: USPS/ABA&NAPM-T1-30-42.

Respectfully submitted,
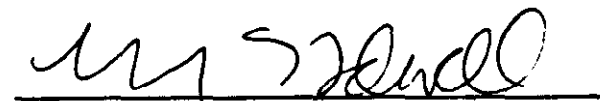
UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Michael T. Tidwell

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.

Michael T. Tidwell

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Washington, D.C. 20260–1137
(202) 268–2998 Fax –5402
June 16, 2000

USPS/ABA&NAPM-T1-30.

Please explain how you define "statistically significant", as used on page 46, line 10 of your testimony. Was any hypothesis tested? If so, fully document the hypothesis test(s) performed, including a statement of the null hypothesis, the alternative hypothesis, the underlying assumptions, the decision rule, the test statistic, the results of the test, and the power of the test.

USPS/ABA&NAPM-T1-31.

Please confirm that the IOCS sample size of 1,409 that you refer to on page 46, line 27 of your testimony, is actually the number of unweighted tallies where the sampled employee was observed handling First-Class presort letter mail, and not the number of pieces. If not confirmed, please explain fully.

USPS/ABA&NAPM-T1-32.

Please provide formulas and show the derivation of the 1,411,000 IOCS samples referred to on page 46, line 26 of your testimony. If the derivation of this number relied on variance estimates or coefficients of variation (CV), provide the formula used to calculate the CV or variance and show actual calculations, or if the CV was obtained from the record of this proceeding, provide explicit citations. Confirm that the implications of requiring a 95% confidence level for a half-cent error level would necessitate an IOCS sample approximately one thousand times (1,411,000÷1,409=1,001) as large as the current IOCS sample size. If not confirmed, explain fully. If the Postal Service spends approximately $13,000,000 for current IOCS data collection, how much do you estimate it would cost to provide data with this level of precision?

USPS/ABA&NAPM-T1-33.

Please provide formulas and show the derivation of the 994,000 IOCS samples referred to on page 46, line 28 of your testimony. If the derivation of this number relied on variance estimates or coefficients of variation (CV), provide the formula used to calculate the CV or variance and show actual calculations, or if the CV was obtained from the record of this proceeding, provide explicit citations. Please confirm that the implications of requiring a 90% confidence level for a half-cent error level would necessitate an IOCS sample over 700 times as large as the current IOCS sample size. If not confirmed, please explain fully. If the Postal Service

spends approximately $13,000,000 for current IOCS data collection, how much do you estimate it would cost to provide data with this level of precision?

USPS/ABA&NAPM-T1-34.

Please provide formulas and show the derivation of the 353,000 tallies referred to on page 47, line 1 of your testimony. If the derivation of this number relied on variance estimates or coefficients of variation (CV), provide the formula used to calculate the CV or variance and show actual calculations, or if the CV was obtained from the record of this proceeding, provide explicit citations. Please confirm that the implications of requiring a 95% confidence level for a one cent error level would necessitate an IOCS sample approximately 250 times as large as the current IOCS sample size. If not confirmed, please explain fully. If the Postal Service spends approximately $13,000,000 for current IOCS data collection, how much do you estimate it would cost to provide data with this level of precision?

USPS/ABA&NAPM-T1-35.

Please provide formulas and show the derivation of the 248,000 tallies referred to on page 47, line 2 of your testimony. If the derivation of this number relied on variance estimates or coefficients of variation (CV), provide the formula used to calculate the CV or variance and show actual calculations, or if the CV was obtained from the record of this proceeding, provide explicit citations. Please confirm that the implications of requiring a 90% confidence level for a one cent error level would necessitate an IOCS sample approximately 176 times as large as the current IOCS sample size. If not confirmed, please explain fully. If the Postal Service spends approximately $13,000,000 for current IOCS data collection, how much do you estimate it would cost to provide data with this level of precision?

USPS/ABA&NAPM-T1-36.

Please provide formulas and show the derivation of the 22,406 tallies referred to on page 47 in footnote 25 of your testimony. If the derivation of this number relied on variance estimates or coefficients of variation (CV), provide the formula used to calculate the CV or variance and show actual calculations, or if the CV was obtained from the record of this proceeding, provide explicit citations. Please confirm that the implications of requiring a 95% confidence level for a four cent level of precision would necessitate an IOCS sample approximately 15 times as large as the current IOCS sample size. If not confirmed, please explain fully. If the Postal Service spends

approximately $13,000,000 for current IOCS data collection, how much do you estimate it would cost to provide data with this level of precision?

USPS/ABA&NAPM-T1-37.

Please provide formulas and show the derivation of the 15,529 tallies referred to on page 47 in footnote 25 of your testimony. If the derivation of this number relied on variance estimates or coefficients of variation (CV), provide the formula used to calculate the CV or variance and show actual calculations, or if the CV was obtained from the record of this proceeding, provide explicit citations. Please confirm that the implications of requiring a 90% confidence level for a four cent level of precision would necessitate an IOCS sample approximately 11 times as large as the current IOCS sample size. If not confirmed, please explain fully. If the Postal Service spends approximately $13,000,000 for current IOCS data collection, how much do you estimate it would cost to provide data with this level of precision?

USPS/ABA&NAPM-T1-38.

Please provide formulas and show the derivation of the 18,596 tallies referred to on page 48, line 7 of your testimony. If the derivation of this number relied on variance estimates or coefficients of variation (CV), please provide the formula used to calculate the CV or variance and show actual calculations, or if the CV was obtained from the record of this proceeding, provide explicit citations. Confirm that the implications of requiring a 95% confidence level for a one-half cent error level would necessitate an IOCS sample approximately 14 times as large as the current IOCS sample size. If not confirmed, explain fully. If the Postal Service spends approximately $13,000,000 for current IOCS data collection, how much do you estimate it would cost to provide data with this level of precision?

USPS/ABA&NAPM-T1-39.

Please provide formulas and show the derivation of the 4,276 tallies referred to on page 48, line 19 of your testimony. If the derivation of this number relied on variance estimates or coefficients of variation (CV), provide the formula used to calculate the CV or variance and show actual calculations, or if the CV was obtained from the record of this proceeding, provide explicit citations. Confirm that the implications of requiring a 95% confidence level for a one cent error level would necessitate an IOCS sample approximately 3.3 times as large as the current IOCS sample size. If not confirmed, please explain fully. If the Postal Service spends

approximately $13,000,000 for current IOCS data collection, how much do you estimate it would cost to provide data with this level of precision?

USPS/ABA&NAPM-T1-40.

Consider a hypothetical subclass for which all mail processing is done by the mailer. In other words, they hand the mail to the carrier as the carrier is leaving the station to deliver mail.

a. For this hypothetical subclass, how many IOCS tallies would you expect? Would this number of tallies be too few to reliably estimate the mail processing costs associated with this subclass?

b. What decision rule would you apply for determining whether there were sufficient tallies to reliably estimate the mail processing costs for this subclass?

c. Suppose that on two out of 850,000 IOCS readings, employees were observed handling this type of mail. How much more than the $13,000,000 the Postal Service currently spends for IOCS data collection should it spend to obtain what you deem a reliable estimate of the costs for this hypothetical subclass?

USPS/ABA&NAPM-T1-41.

On June 6, 2000, you filed errata to your testimony, workpapers and library reference (ABA&NAPM-LR-1). In the cover sheet accompanying your testimony errata, it states, "The numerical changes are relatively insignificant....and are due in most all instances to errata filed by USPS witnesses Mayes and Fronk." In the cover sheet accompanying your library reference errata, it states, "ABA&NAPM-LR-1...has been revised by incorporating the errata filed by witness Mayes on April 21, 2000 and witness Fronk on April 17, 2000."

a. Please confirm that the errata of witnesses Fronk and Mayes were available for your review over one month prior to the May 22, 2000 due date for filing your testimony.

b. Please confirm that an additional two weeks elapsed after the May 22 due date before you incorporated the revisions of witnesses Mayes and Fronk into your testimony, workpapers and library reference.

USPS/ABA&NAPM-T1-42.

In the June 6, 2000 cover sheet accompanying the errata to your testimony, item 12 states, "Technical Appendices A.1 through A.5 have been changed as a result of obtaining a legible copy of errata filed by USPS witness Mayes on April 21, 2000 and witness Fronk on April 17, 2000." If you were having trouble reading those errata, did you, your counsel or anyone else on your behalf make any effort to contact the Postal Service in an effort to obtain legible copies? If not, please explain.