

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

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OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000


Docket No. R2000-1

RESPONSES OF MAGAZINE PUBLISHERS OF AMERICA, INC.  
WITNESS CROWDER TO INTERROGATORIES OF THE  
OFFICE OF CONSUMER ADVOCATE (OCA/MPA-T5-1-9)

(July 3, 2000)

The Magazine Publishers of America hereby submits the responses of witness Crowder to interrogatories OCA/MPA-T5-1-9, filed on June 19, 2000. Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

  
\_\_\_\_\_  
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**OCA/MPA-T5-1.** Please refer to your testimony at page 5, lines 12 through 13.

- (a) Please confirm that if the Commission were to reject the use of the ES data for ratemaking purposes, it is your testimony that the Commission should employ the approach for analyzing load-time variability and attributing load-time costs exactly as outlined in the Docket No. R97-1, Opinion and Recommended Decision. If you do not confirm, please explain in detail the approach you recommend.
- (b) If the Commission were to use the ES data to develop out-of-office time proportions, is it your testimony that the Commission should employ the proportions exactly as presented in Table 3 of Witness Baron's testimony (USPS-T-12, p. 35)? If no, please identify what adjustments to the data you believe are required and the alternative street-time proportions that these adjustments would yield.

**RESPONSE:**

- (a) My testimony with respect to the use of the STS and LTV results is described fully in the R97-1 transcript for JP-NOI-1.
- (b) For the reasons described fully in my testimony, I can imagine no way to adjust the ES proportions to make them suitable. I do recommend that, if the Commission uses the ES data for out-of-office time proportions, then, for consistency, it should also use the USPS preferred ES load time volume variability estimate (Response to UPS/USPS-T12-16). As explained in my testimony, I disagree with the USPS concept of attributing to volume any load-time effect derived from possible deliveries in the ES model.

**OCA/MPA-T5-2.** Please refer to your testimony at page 5, lines 13 through 16, where you recommend that if the Commission chooses to use the ES data to develop carrier street-time proportions, it should likewise employ the regression equations developed by the Postal Service using these data (i.e., the ES variability model) to estimate load-time volume variability.

- (a) Are you recommending that the Commission employ the regression specification and related elasticities exactly as presented in Tables 3 and 4 (pp. 10 and 11) from the Postal Service's LR-I-310? If yes, please explain fully why you believe this particular specification best captures load-time variability if the ES-based allocations are used. If no, please explain what alternative specification of the regression you would employ and why.
- (b) Have you conducted any evaluation or diagnostic tests to assess the accuracy and appropriateness of the ES variability model? If yes, please describe these activities in detail and provide the results of your review; please also provide any and all notes, workpapers, spreadsheets, or other written documentation of your evaluation of the ES variability model. If no, why not?
- (c) Have you evaluated total accrued load-time predicted by the ES variability model using average FY1998 CCS values for the volume terms? If yes, please provide the results of that evaluation. If no, why not?
- (d) Have you estimated load-time elasticities from the ES variability model using average FY1998 CCS values for the volume terms? If yes, please provide these elasticity estimates.
- (e) Do you agree that, if the ES variability model is employed for ratemaking purposes, the load time elasticities should be calculated using up-to-date volume information? Please explain your answer, yes or no.
- (f) Please confirm that the ES dataset does not include data on mail volumes collected at a stop or along an entire route? If confirmed, do you agree that the ES variability model likely understates load time volume variability given that the LTV regressions yield a positive elasticity of load time with respect to collected volume? Please explain your answer fully.

**RESPONSE:**

- (a) As stated in response to OCA/MPA-T5-1(b): I do recommend that, if the Commission uses the ES data for out-of-office time proportions, then, for consistency, it should also use the USPS preferred ES load time volume variability estimate (Response to UPS/USPS-T12-16). As explained in my

testimony, I disagree with the USPS concept of attributing to volume any load-time effect derived from possible deliveries in the ES model.

I have not investigated the USPS ES model(s) thoroughly nor have I had any time to consider alternative specifications. My reason for the above recommendation is simply that the USPS ES load time model is developed from the same dataset used to calculate city carrier street time proportions. As such, it is not subject to the distortions in volume-variable cost measurement that result when different data bases are used to measure accrued costs and volume variabilities. Please see also my response to USPS/MPA-T5-4 and my testimony in R87-1 JP-NOI-1.

- (b) Please see response to (a) above.
- (c) No, I have not had time.
- (d) No, I have not had time.
- (e) Yes. However, the current CCS volume data are by stop type and would need to be converted to the appropriate average route volume measures to calculate the shape-related variabilities.
- (f) Confirmed that the ES dataset does not include data on collected mail volume. However, that does not necessarily mean that total volume variability is understated. It is likely that the variability associated with collected mail volume is being picked up by that for delivered volume.

**OCA/MPA-T5-3.** Please refer to your testimony at page 28.

- (a) Please confirm that the sample design and actual sample of routes from the 1986 Street Time Sampling (STS) survey appropriately account for the six route/carrier characteristics (at lines 7 through 15) that you argue are critical to generating accurate street-time proportions. If not confirmed, please identify how the STS sample design and resulting sample fail to meet these criteria.
- (b) Were the sampled routes in the STS study selected entirely at random?
- (c) Please confirm that the sample design and the actual sample of routes from the 1985 LTV study appropriately account for the six route/carrier characteristics (at lines 7 through 15) that you argue are critical to generating accurate street-time proportions. If not confirmed, please identify how the LTV sample design and resulting sample fail to meet these criteria.
- (d) Were the sampled routes in the LTV study selected entirely at random?
- (e) Please provide the unweighted sampling ratio of the STS sample of routes relative to total Postal Service routes.
- (f) Please provide the unweighted sampling ratio of the LTV sample of routes relative to total Postal Service routes.

**RESPONSE:**

(a)-(f)

In this rate case, I have not investigated either the LTV or STS study. They have been investigated thoroughly over the time they have been used and the Commission has deemed them fit for use ever since they were first proposed in R87-1. As there were several parties interested in those two studies when they were first proposed, there should be a thorough record on them in the R87-1 transcripts.

However, in R87-1, I did participate in some analysis of the LTV study but I was only one of several individuals reviewing that study.

**OCA/MPA-T5-4.** Please confirm that in the STS study, the carriers self-reported their activities after being paged at three different times along a sampled route.

- (a) If not confirmed, please describe how the data were collected in the STS study.
- (b) Assuming the above is confirmed, were the carriers on STS sampled routes given thorough orientation classes, written instructions, and definitions of terms about how to interpret and record their work sampling observations?
  - (1) If yes, please describe these training activities and materials.
  - (2) Did one individual act as the common instructor for all the data collectors participating in the STS?
- (c) Did you investigate whether the STS database used to generate the street-time proportions excluded any data collected during the actual study? If yes, what were the results of your investigation.? If no, why not?

**RESPONSE:**

- (a) Confirmed.
- (b) The carriers were not trained as data collectors. However, my recall is that:
  - The test was designed to accommodate the use of carrier reporting, and
  - The carriers were thoroughly informed prior to their test and fully debriefed after their test by trained data technicians.

I cannot recall beyond that.

- (c) In this rate case, I have not investigated the STS study. It has been investigated thoroughly over the time it has been used and the Commission has deemed it fit for use ever since it was first proposed in R87-1. As there were several parties interested in the STS study when it was first proposed, there should be a thorough record on it in the R87-1 transcripts.

**OCA/MPA-T5-5.** Concerning the development and implementation of the 1985 LTV study:

- (a) Did you investigate the rate of turnover of data collectors that participated in this study? If yes, what were the results of your investigation? If no, why not?
- (b) Did you investigate the training regimen given to data collectors in this study? If yes, what were the results of your investigation? If no, why not?
- (c) Did you investigate whether the LTV database used to generate the LTV regressions excluded any data collected during the actual study? If yes, what were the results of your investigation? If no, why not?

**RESPONSE:**

(a)-(c)

In this rate case, I have not investigated the LTV study. It has been investigated thoroughly over the time it has been used and the Commission has deemed it fit for use ever since it was first proposed in R87-1. As there were several parties interested in the LTV study when it was first proposed, there should be a thorough record on it in the R87-1 transcripts.

However, in R87-1, I did participate in some analysis of the LTV study but I was only one of several individuals reviewing that study. I recall that LTV data processing and quality was an issue in that case.

**OCA/MPA-T5-6.** If one were to generate an entirely random sample of all routes that exist in the postal system, would you expect that routes with lower than average volume would be over-represented in the sample? Please explain your answer fully?

**RESPONSE:**

I have not examined that issue. As I indicate in my testimony, a properly designed random sample could employ stratification and/or other sampling techniques to assure that all route types and route work-load characteristics are adequately represented. See also testimony of Dr. Hay, MPA-T-4. By contrast, the non-random ES "sampling" did neither, and instead, incorporated a bias toward regions and zip codes with higher delivery point growth and more densely populated routes, and toward routes with higher than average load time characteristics.



**OCA/MPA-T5-7.** Are average total load-time and load-time volume variability likely to differ significantly between residential loop and residential curb route types? Please explain your answer fully.

**RESPONSE:**

I have not examined that issue.

**OCA/MPA-T5-8.** In Section IV of your testimony (pp. 34 through 40), you argue that operational changes alone cannot explain the differences in street-time proportions between the STS and ES studies. By inference, are you indicating that the 1986 STS study yields more accurate street-time percentages than does the ES study? Please explain your answer fully.

**RESPONSE:**

I was making no inferences other than what I described in testimony. I find it difficult to believe that the entire system of city letter routes could have changed that substantially since 1986. And, the USPS has not provided convincing evidence that the so-called "changes" are not in large part due to (1) the ES sample bias and (2) the way in which the ES data collectors recorded tallies and Mr. Raymond then allocated those tallies among STS categories.

**OCA/MPA-T5-9.** Please refer to the table that appears at page 34, line 4, of your testimony. This table compares the street-time percentages from the ES and STS studies. Please add a fourth column to this table that provides the street-time percentages for each category as you would impute them from the LTV study.

**RESPONSE:**

I am not entirely sure of precisely what you are requesting but, in any case, I have not done it.

## DECLARATION

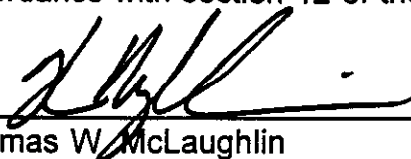
I, Antoinette Crowder, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

  
ANTOINETTE CROWDER

Dated: July 3, 2000

CERTIFICATE OF SERVICE

I hereby certify that I have on this date 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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Thomas W. McLaughlin

July 3, 2000