

BEFORE THE  
POSTAL RATE COMMISSION

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POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 2000

DOCKET NO. R2000-1

RESPONSES TO INTERROGATORIES  
OF UNITED PARCEL SERVICE  
BY FLORIDA GIFT FRUIT SHIPPERS ASSOCIATION  
WITNESS JOSEPH E. BALL  
TO  
UPS/FGFSA-T1- 1- 4

Maxwell W. Wells, Jr.  
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Dated: July 7, 2000

UPS/FGFSA-T1 -- 1

Refer to page 19 of your testimony, where you state, "(a) 30 lb. Parcel receives no greater benefit from the (Postal Service's delivery) system than does a 5 lb. Parcel."

- (a) Explain whether "benefit" may be reasonably measured by the amount or extent of a mailer's revenue or profit. If "benefit" may not be reasonably measured by the amount or extent of a mailer's revenue or profit, provide a precise definition of "benefit."
- (b) Provide your best estimate of the amount of (i) revenue, and (ii) profit derived from selling a 5 pound gift box of Florida fruit through the Postal Service's delivery system.
- (c) Provide your best estimate of the amount of (i) revenue, and (ii) profit derived from selling a 30 pound gift box of Florida fruit through the Postal Service's delivery system.
- (d) Reconcile your answers to (a)-(c) with the cited statement on page 19 of your testimony.

Response:

- (a) The value or profitability of the contents of a mail piece do not provide a reasonable basis to measure the benefits from using the postal system and having that system provide for the transportation and delivery of the mail piece. The costs which are characterized as "institutional costs" include the administration of the Postal Service, research, and the totality of postal operations, including the processing and delivery functions, for which there is no established causal relationship to any particular class or sub-class of mail or which are not variable with mail volume. Use of the postal system for delivery of a mail piece provides a benefit to the mailer. I believe that every piece of mail receives a benefit from the postal system, and that benefit does not vary with the size, weight, value or profitability of the contents of the mail piece. Some mail receives greater benefits from the service provided by the system. This would include the time and speed of delivery. Mail subject to deferred delivery and the use of slower transportation will receive less benefits than mail which receives expedited delivery and air transportation.
- (b) The Association does not buy or sell gift fruit parcels, but merely arranges for and handles the transportation and delivery of parcels for members. I do not have access to the confidential information concerning the pricing or costs of gift fruit parcels sold by members of the Association.
- (c) See response to (b) above.
- (d) See the above responses. I do not believe that a conflict exists and, therefore, there is nothing to reconcile.

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On page 11, line 18, of your testimony, you characterize the TRACS sampling process as “non-representative and biased.” Provide a precise definition of the term “biased” as used in this line of your testimony.

Response: The dictionary definition of “bias” is: prejudice; particular tendency or inclination, esp. one that prevents unprejudiced consideration of a question; a systematic, as opposed to a random, distortion of a statistic, as a result of sampling procedure.

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On page 12, lines 13-14, of your testimony, you state that “The TRACS samples are randomly selected, and the data produced by each sample should have equal weight in the development of the distribution key.”

- (a) Define what you mean by “randomly selected,” and indicate whether, in using that terms, you are referring to a “random sample.”
- (b) Is a simple random sample “randomly selected,” as you use the term in the quoted passage?
- (c) In using data from a simple random sample to make inferences about the population from which the sample is drawn, should each sample be given equal weight?
- (d) Is a stratified random sample a “random sample” as you use the term in the quoted passage?
- (e) In using data from a stratified random sample to make inferences about the population from which the sample is drawn, should each sample be given equal weight?

Response:

- (a) The TRACS sampling process is fully explained by USPS witness Xie, and it appears to me that the process results in test sites being “randomly selected” which produces a “random sample”
- (b) I do not understand the difference between a “simple random sample” and a “random sample”. These appear to be technical terms used by economists and statisticians, and I am not familiar with the terms.
- (c) I believe that each sample should receive equal weight.
- (d) I do not understand the difference between a “stratified random sample” and a “random sample”. These appear to be technical terms used by economists and statisticians, and I am not familiar with the terms.
- (e) I believe that each sample should receive equal weight.

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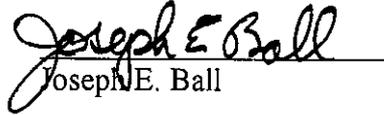
In your opinion, does the Postal Service take mail volumes into account in deciding how much highway capacity to purchase?

Response: I understand that the Postal Service takes into consideration multiple and various factor in contracting for purchased highway transportation. The number and space requirements of containers to be transported, regardless of the mail volume in the containers, and the timing of regularly scheduled trips to meet delivery time limitations are factors, among others, considered by the Postal Service. I have not been able to identify the extent to which, or if, actual or estimated mail volumes are taken into consideration by the Postal Service in negotiations for highway transportation contracts.

DECLARATION

I Joseph E. Ball, declare under penalty of perjury that the answers to the interrogatories UPS/FGFSA-T1-1 – 4 are true and correct, to the best of my knowledge, information and belief.

Dated, July 6, 2000.

  
Joseph E. Ball

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Dated: July 7, 2000.

  
Maxwell W. Wells, Jr.  
Attorney