

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

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POSTAL RATE AND FEE CHANGES, 2000

Docket No. R2000-1

POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

NOTICE OF UNITED STATES POSTAL SERVICE CONCERNING ERRATA  
TO REBUTTAL TESTIMONY OF WITNESS STAISEY (USPS-RT-16)  
(ERRATUM)

The United States Postal Service hereby files this notice of errata to the rebuttal testimony of witness Staisey (USPS-RT-16). The following corrections are being made:

On page 11, line 2, "200" is changed to "93" and "4" is changed to "3".

On page 18, line 15, "rate" is changed to "bias".

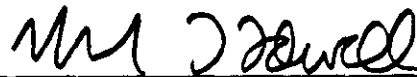
Corrected pages are attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking



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1 that 216 million pieces per year would shift to PC postage. These results are  
2 calculated from a sample size of 93 respondents, where only 4 provided positive  
3 responses (Tr. 23/10599). In another example, witness Heisler concludes, from 2  
4 positive responses, that 6.8 million pieces would shift in the non-household  
5 sector (26-50 employees) for the scenario where there is no discount on First-  
6 Class mail printed by a meter (Tr. 23/10602). Normally, a small sample size  
7 leads to large coefficients in variation, an important criteria when evaluating  
8 statistical results. Given the small sample sizes in the household and non-  
9 household studies, we would expect the coefficients of variation to be high.  
10 Witness Heisler, however, does not provide coefficients of variation when asked  
11 to do so in USPS/PB-T3-10 (Tr. 23/10622). Instead he provides upper and lower  
12 bounds, which have no statistical meaning. Since the true coefficients of variation  
13 are not provided, one cannot test directly the hypothesis that the small sample  
14 sizes lead to large coefficients of variation. However, one can look at the upper  
15 and lower bounds provided in USPS/PB-T3-10 and see that these numbers are  
16 very large. These two examples demonstrate that the results of the number of  
17 pieces potentially affected by PC postage or postage meters are based on  
18 sample sizes that are too small to provide meaningful results from the number of  
19 positive responses.

## 20 ***2. Response rate not provided***

21 Throughout his study, witness Heisler does not explicitly state the  
22 response rate associated with the Household and Non-Household Surveys. In  
23 market research studies, one would normally expect to have the response rate

1 postage from the Internet (whether an Internet connection when printing postage  
2 is required or not), these small businesses are not properly educated about the  
3 PC postage concept and are therefore providing responses resulting from a  
4 questionnaire bias. The conclusions made from this survey about the interest  
5 level in the PC postage market are not valid or reliable.

6

## 7 **B. Methodological Flaws**

### 8 **1. Low response rate**

9 In order to present valid conclusions from a market research survey that  
10 are an appropriate estimate of the population's interest in a new product, the  
11 response rate in a study needs to suggest that the respondents are providing  
12 information that is indicative of the population at large. The response rate of this  
13 survey, as stated by witness Boggs (Tr. 29/13834) is 16.5 percent. Since a very  
14 large majority of the randomly selected small businesses are non-respondents (a  
15 potential 83.5% non-response bias), this non-respondent population may have  
16 provided significantly different responses from those who did respond. This low  
17 response rate does not allow for conclusions to be made that are indicative of the  
18 small business population.

19

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**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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