

USPS-T-41

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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001-1

DIRECT TESTIMONY
OF
L. PAUL LOETSCHER
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE

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1 **Autobiographical Sketch**

2 My name is L. Paul Loetscher. I am a Senior Economist at Christensen
3 Associates, which is an economic research and consulting firm located in
4 Madison, Wisconsin. I joined Christensen Associates in 1995 as a Staff
5 Economist. In 1997 I was promoted to Economist and in 1999 I became a Senior
6 Economist. My education includes a B.A. in economics from Colorado State
7 University in 1990 and an M.A. in economics from Michigan State University in
8 1993. I earned an M.A. by completing coursework and qualifying examinations
9 for a Ph. D., but did not complete a dissertation. While a graduate student at
10 Michigan State University, I was a teaching assistant for four years. I was an
11 instructor for Intermediate Microeconomics, Labor Economics, and Principals of
12 Microeconomics.

13 Much of my work at Christensen Associates has dealt with the statistical
14 issues related to the estimation of mail volumes and mail characteristics, as well
15 as the development of engineering cost models of mail processing. During
16 Docket R97-1, I worked in support of the testimonies of witnesses Schenk
17 (USPS-RT-22/R97-1), McGrane (USPS-ST-40/R97-1), and Talmo (USPS-ST-
18 50/R97-1). During Docket R2000-1, I worked in support of the testimonies of
19 witnesses Crum (USPS-T-27/R2000-1), Daniel (USPS-T-28/R2000-1), Degen
20 (USPS-RT-5/R2000-1) and Yacoboucci (USPS-T-25/R2000-1). Other postal
21 projects I have worked on include developing engineering cost models of flat-
22 shaped mail, productivity studies of manual bundle sorting, surveys of rural

1 delivery volumes and parcel characteristics, analysis of the PERMIT system
2 database, and the analysis of volume and cost savings resulting from preparation
3 rule changes. This is the first time I have given testimony before the Postal Rate
4 Commission.

5 **Purpose of Testimony**

6 The purpose of my testimony is to sponsor LR-J-114, which contains statistical
7 estimates of the entry profile of Outside County Periodical flats, and LR-J-112,
8 which contains revenue, piece, and weight estimates of domestic mail volumes
9 by shape, ounce increment, and rate element. The Outside County Periodical
10 flats entry profile estimates are used by witnesses Taufique (USPS-T-34) and
11 Mayes (USPS-T-23). The domestic revenue, piece, and weight estimates by
12 shape, ounce increment, and rate element are used by witnesses Schenk
13 (USPS-T-43), Smith (USPS-T-15), and Miller (USPS-T-24).

14 **Outside County Periodicals Flats Entry Profile**

15 A national study was used to estimate the current entry practices of Outside
16 County Periodicals flats mailers. The data for this study came from electronic
17 manifests from selected publications and a national survey of other publications.
18 A complete description of the methodology employed in this study is documented
19 in LR-J-114.

1 **Domestic Mail Volumes by Shape and Weight Step**

2 Estimates of domestic mail by shape and weight step are produced using a
3 number of USPS data sources. For bulk-entered categories of mail, the PERMIT
4 system transaction database is used. Domestic Revenue, Pieces and Weight
5 Sampling System data are used to distribute volumes to characteristics for
6 single-piece categories in which shape information and weight data is collected.
7 For all other categories, ODIS data are used to generate a shape distribution
8 key. The methodology employed in producing these estimates is documented in
9 LR-J-112.