

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS PAFFORD TO INTERROGATORIES OF
UNITED PARCEL SERVICE
(UPS/USPS-T1-1, 3-7)

The United States Postal Service hereby provides responses of witness Pafford to the following interrogatories of United Parcel Service: UPS/USPS-T1-1, 3-7, filed on July 23, 1997. Interrogatory UPS/USPS-T1-2 was redirected to the Postal Service for response.

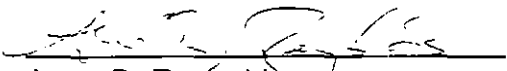
Each interrogatory is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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August 6, 1997

ANSWERS OF BRADLEY V. PAFFORD
TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

- T1-1. Please refer to lines 19 through 22 of your testimony. Provide (a) the number of automated bulk mail entry offices from which information supplied by mailers on mailing statements was gathered and (b) the number of offices where the bulk mail entry function has not been automated from which information was gathered.
- T1-1. a. Information was gathered from 1,674 automated bulk mail entry offices.
- b. Data were gathered from 67 non-automated offices.

ANSWERS OF BRADLEY V. PAFFORD
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- T1-2. a. Please refer to lines 3-5 on page 4 of your testimony, where you state, "[M]ost postage revenue accounts are general accounts which are not identified with specific mail categories." Has the Postal Service considered implementing a data collection system under which postage revenue, at least for major classes and subclasses of mail, would be identified with specific mail categories? If not, why not? If so, please provide all studies and reports relating to the Postal Service's consideration of this matter.
- b. Please refer to lines 5 and 6 of your testimony. Has the Postal Service considered adopting a revenue accounting system which would contain volume information? If not, why not? If so, please provide all studies and reports relating to the Postal Service's consideration of this matter.
- c. Please provide (i) an estimate of the costs of implementing a data system under which postage revenue accounts would be identified with specific mail categories and (ii) an estimate of the costs of implementing a revenue accounting system containing volume information.
- T1-2. Redirected to the Postal Service for response.

ANSWERS OF BRADLEY V. PAFFORD
TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

- T1-3. Please refer to lines 2-4 on page 7 of your testimony. Describe all "miscellaneous data" to which you refer, and in the case of all such data, describe how it is used to produce estimates of revenue and volume as referred to by you.
- T1-3. The miscellaneous inputs are as follows: COD transactions; registered transactions; APO/FPO unnumbered and total insured transactions; mailgram pieces; money order pieces; Express Mail revenue, pieces and weight; international priority airmail revenue, pieces, and weight; international surface airlift revenue, pieces and weight; international outbound revenue pieces and weight; automated address correction revenue; Alaska bypass standard (B) parcel post revenue, pieces and weight; stamped envelope revenue; revenue, pieces and weight for bulk mail accepted franked mail and Agency permit imprint mail (Official Mail Accounting System, or OMAS); and accounting system data (accounting booked revenues, philatelic revenue, administrative mail fees, foreign postal transaction revenue, international reply coupon revenue, outstanding money orders taken into revenue, box rents, revenue foregone, and investment income). These data are direct inputs into the RPW reporting system as described in USPS Library Reference H-38.

ANSWERS OF BRADLEY V. PAFFORD
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- T1-4. Please refer to Table 1 on page 8 of your testimony. Why did the Postal Service not calculate a coefficient of variation for Express Mail? Please compute and provide the coefficient of variation for Express Mail.
- T1-4. Express Mail revenue, pieces, and weight are obtained from the Express Mail Reporting System (EMRS). It is my understanding that EMRS accounts for every piece of Express Mail. Thus, it is a complete census, not a sample estimate, and therefore it is not subject to sampling error. The coefficient of variation would be zero.

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- T1-5. Please refer to Table 1 on page 10 of your testimony. What is meant by the entry for "Out. MO taken into rev" under the column "Service Category"?
- T1-5. "Out. MO taken into rev" stands for outstanding money orders taken into revenue. The entry indicates money orders which are not cashed during the fiscal year which are credited as revenue.

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T1-6. Please refer to Table 2 on page 11 of your testimony. Why did the Postal Service not calculate a coefficient of variation for Express Mail? Please compute and provide the coefficient of variation for Express Mail.

T1-6. See response to UPS/USPS-T1-4.

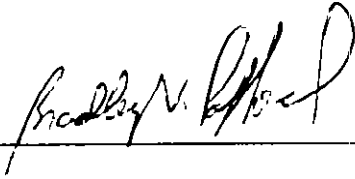
ANSWERS OF BRADLEY V. PAFFORD
TO INTERROGATORIES OF THE UNITED PARCEL SERVICE

T1-7. Please refer to Table 3 on page 14 of your testimony. Why did the Postal Service not calculate a coefficient of variation for Express Mail? Please compute and provide the coefficient of variation for Express Mail.

T1-7. See response to UPS/USPS-T1-4.

DECLARATION


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



Dated: 06-97

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.



Anne B. Reynolds

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