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

POSTAL RATE AND FEE CHANGES, 2001

Docket No. R2001–1

FOLLOW-UP RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS SCHENK TO ORAL CROSS-EXAMINATION QUESTIONS
FROM COMMISSIONER GOLDWAY

The United States Postal Service hereby provides the responses of witness

Schenk to oral cross-examination questions from Commissioner Goldway on December

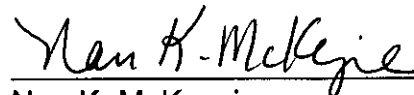18, 2001, which appear in the transcript at Tr. 5/943-36.

The questions are restated and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
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January 3, 2002

QUESTION (Tr. 5/945-46): What is the meaning of the term "closeness" used in the discussion of standard errors on page 5 of USPS-LR-J-113?

RESPONSE:

The survey design for the Parcel Post Weight Study includes two certainty strata ("PSA" and "NonPSA Certainty") that represent a very large percentage of the population of permit imprint Parcel Post mail. By design, all mailers that fall in these certainty strata are sampled. That is, there is not a random selection of mailers within the certainty strata. If all mailers in the certainty strata were to respond to the survey, then, by definition, the certainty strata would not contribute to the sampling variation of the resulting estimates. This would imply that the resulting estimates would have low variance, since a large share of the total volume of permit imprint Parcel Post mail is sampled with certainty. However, due to large non-response in the certainty strata, I cannot claim that the estimates are so precise. Furthermore, I cannot compute the variance among the respondents because most of the respondents (14 of the total 21 respondents) do not come from a random selection process. The random selection of smaller mailers in other strata would contribute to the variance of the estimates. However, this contribution is very small given the share of pieces in these strata.

There is a possibility that a low response rates in a certainty strata could produce a bias in the estimates. A "self-selection bias" would exist if the decision of a mailer to participate in the survey was correlated with the weight distribution of the mailer's mail. There is no *a priori* reason to expect such a correlation. Also, the closeness of the sample's average weight estimates compared to the average weight estimates from

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RPW reinforces the position that there is little bias in the estimates. That the average

weight estimates are close to RPW estimates is a subjective comparison and is based

on my professional experience in this area. Two other points reinforce my opinion that

the estimates are reliable. First, the source data for each mailer are the same data that

are used to produce their postage statements and, in turn, are used to compute RPW

estimates. Second, in spite of the low response rates, the inflation factors in the various

strata are reasonably small. That is, those mailers that did respond represent a good

share of the volume in their respective strata.

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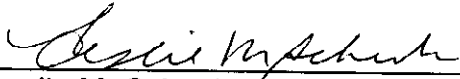FROM COMMISSIONER GOLDWAY

QUESTION (Tr. 5/943-44)

Doesn't the difference in volumes by destination entry discount between the respondent
mailers and the universe for the NonPSA Certainty stratum indicate that there are
problems with the weight distributions resulting from this study (e.g., that there is bias in
the resulting weight distributions)?

RESPONSE:

The distribution of sample pieces across the three rate categories within any stratum is

not used to infer the distribution of total pieces by weight step. Each of the three rate

categories (DBMC, DSCF, DDU) can in a sense be thought of as a separate survey.

For example, sampled DBMC pieces are used to derive a weight distribution to be

applied to a Billing Determinants estimate of DBMC pieces only. The response rate of

mailers that mostly mail DBMC pieces is different than the response rate of mailers that

mostly mail DDU pieces. This produces a different piece distribution of sampled pieces

across rate categories compared to total stratum pieces. However, as in my response

to the previous question, there is no reason to believe there is a correlation between

mailers' participation in the survey and the weight distribution of their mail. Therefore,

the fact that the distribution of pieces for the 11 NonPSA Certainty stratum respondent

mailers *across* rate category differs from the distribution *across* rate category for all 20

mailers in the stratum does not indicate that there is any bias in the weight distributions

within each rate category, as reported in USPS-LR-J-113.

DECLARATION

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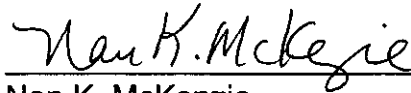
Leslie M. Schenk
Leslie M. Schenk

Dated: 1/3/02

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.

Nan K. McKenzie

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