

BEFORE THE  
POSTAL RATE COMMISSION . SEP 12 4 49 PM '97  
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 HARAHUSH TO INTERROGATORIES OF  
THE OFFICE OF THE CONSUMER ADVOCATE  
(OCA/USPS-T3-1(A)-(C),(E)-(G); 2-4)  
AND MOTION FOR THEIR LATE ACCEPTANCE  
(September 12, 1997)

The United States Postal Service hereby provides responses of witness Harahush to the following interrogatories of the Office of the Consumer Advocate: OCA/USPS-T3-1(a)-(c),(e)-(g); 2-4, filed on August 28, 1997. A partial objection to interrogatory OCA/USPS-3 was filed on September 8, 1997. Interrogatory OCA/USPS-T3-1(d) was redirected to the Postal Service for response. Each interrogatory is stated verbatim and is followed by the response.

The Postal Service respectfully asks that these responses be accepted today, one day out of time. Because of significant difficulties in working with the Postal Service's mainframe computer, the witness was unable to obtain the requested information in order to file the responses yesterday. We sincerely regret any

inconvenience that this late filing may cause, but the Postal Service does not consider that this minor delay will prejudice any of the participants in this proceeding.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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September 12, 1997

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OCA/USPS-T3-1. Please refer to page 21 of library reference H-89. The "Data Recoding" section states that counts of third-class single piece increased substantially for PQ 4, and consequently that third-class single piece mail was recoded as third-class bulk rate regular for the city carrier system.

a. Could the recoding affect the proportion of single subclass stops for third-class single piece or for other subclasses? Please explain.

b. Please provide a count of the third-class single piece mail that was recoded to third-class bulk rate regular. Please provide this as both a weighted and unweighted count.

c. Please provide more detail on how the recoding was performed.

d. Please explain why it was necessary to perform this recoding of third-class single piece mail for the city carrier system.

e. Please explain why the volume for third-class single piece mail increased substantially on the city carrier routes after July 1, 1996.

f. Has the CODES data collection software been changed since July 1, 1996 to correct the problem of having too much third-class single piece volume on city carrier routes? If so, please explain what changes were necessary. If not, will random data recoding continue in the future?

g. How was it determined that the PQ 4 FY 1995 third-class city carrier volumes were more accurate than those from the PQ 4 FY 1996 volumes? For example, is it possible that the FY 1996 PQ 4 third-class single piece estimates were correct (before recoding) and that there were inaccuracies in the analogous FY 1995 PQ 4 estimates? Please explain.

RESPONSE

a. Yes. Recoding could affect the proportions of single subclass stops for third-class single piece and third-class bulk only. This could happen in two ways.

First, stops for which only third-class single piece mail were entered would have been single subclass stops before being recoded. Subsequent to recoding they could be either single subclass stops, with only third-class single piece or bulk

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rate regular or they could be multi-subclass stops, with both third-class single piece and bulk rate regular. Second, stops which consisted of both third-class single piece and bulk rate regular prior to recoding would have been multi-subclass stops prior to recoding. Subsequent to recoding they may have become single subclass stops, with only third-class bulk rate regular, or they could have continued to be multi-subclass stops. No other combination of subclasses would have affected the proportions of single-subclass stops.

b. weighted - 855,756,470

unweighted - 14,245

c. Separately, for each shape, we calculated the growth rate in third-class single piece plus regular from FY 95 to FY 96. We applied this overall growth rate to the FY 95 PQ4 third-class single piece estimate to obtain a target estimate for third-class single piece for FY 96 PQ4.

Each piece of third-class single piece was then assigned to either third-class single piece or third-class bulk, depending upon whether a computer generated random number exceeded a fraction chosen such that, in probability, we would obtain a third-class single piece estimate approximately equal to the target.

d. Redirected to USPS for institutional response.

e. With the change in software on July 1, we made changes in the way third-class single piece was collected. For example, prior to July 1, 1996, third-class single piece was referred to as ounce rate, and was listed as the last choice

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when third-class was selected. After July 1, third-class single piece was listed as single piece, and listed as the first choice after Standard A was chosen.

Discussions with field staff indicated that the nomenclature used in the original software released July 1 had some effect on the increase.

f. Yes. Standard A single piece is now referred to as "Single piece (Non bulk)" and Standard A Regular is now referred to as "Regular (Bulk)" in the CODES data collection software.

g. The PQ4 FY96 third-class single piece counts substantially exceeded third-class single piece counts in the four previous quarters.

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OCA/USPS-T3-2. Please refer to page 25 of library reference H-89. The "Data Recoding" section states that counts of third-class single piece increased substantially for PQ 4, and consequently that third-class single piece mail was recoded as third-class bulk rate regular for the rural carrier system.

a. Please provide a count of the third-class single piece mail that was recoded to third-class bulk rate regular. Please provide this as both a weighted and unweighted count.

b. *Please provide more detail on how the recoding was performed.*

c. Please explain why it was necessary to perform this recoding of third-class single piece mail for the rural carrier system.

d. Please explain why the volume for third-class single piece mail increased substantially on rural carrier routes after July 1, 1996.

e. Has the CODES data collection software been changed since July 1, 1996 to correct the problem of having too much third-class single piece volume on rural carrier routes? If so, please explain what changes were necessary. If not, will random data recoding continue in the future?

f. How was it determined that the PQ 4 FY 1995 third-class rural carrier volumes were more accurate than those from the PQ 4 FY 1996 volumes? For example, is it possible that the FY 1996 PQ 4 third-class single piece estimates were correct (before recoding) and that there were inaccuracies in the analogous FY 1995 PQ 4 estimates? Please explain.

RESPONSE:

a.     weighted - 412,184,392  
       unweighted - 8,849

b. See OCA/USPS-T3-1c.

c. See OCA/USPS-T3-1d.

d. See OCA/USPS-T3-1e.

e. See OCA/USPS-T3-1f.

f. See OCA/USPS-T3-1g.

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OCA/USPS-T3-3. To what extent has random recoding of recoded subclass been utilized in other Postal Service data collection systems over the last 10 years? Please list each occurrence and provide the justification for the use of random recoding.

RESPONSE:

A partial objection has been filed for this interrogatory.

To the knowledge of the Postal Service, the process of random recoding of rate case data has not been used by the Postal Service in the past.

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OCA/USPS-T3-4. Please refer to Table 4 of your testimony. This shows that 0.00080 of the single delivery residential (SDR) volume is special fourth class and 0.00036 of it is library rate.

a. Please confirm that the ratio of special fourth class rate to library rate volume is approximately 2.2 for city carrier SDR delivered mail.

b. Please refer to Table 2 of USPS-T-1. This table provides the FY 1996 volume estimate for special fourth class rate (189,793) and for library rate (30,133). Please confirm that the ratio of special fourth class to library rate volume is approximately 6.3 for national volume estimates.

c. Please confirm that the proportion of special fourth class rate volume relative to library rate volume is substantially smaller for SDR city carrier volume than for national volumes.

d. Please explain why the city carrier special fourth class rate and the library rate pieces could not have been randomly recoded to agree proportionally with the known national volumes.

RESPONSE:

a. Confirmed. Note, however, that both the numerator and denominator of the ratio of 2.2 are subject to sampling error and the resulting ratio is also subject to sampling error.

b. Confirmed. Note, however, that both the numerator and denominator of the ratio of 6.3 are subject to sampling error and the resulting ratio is also subject to sampling error.

c. Confirmed.

d. There is no reason to suspect this ratio should be the same for city carrier mail delivered to single delivery residential delivery stops as it is for the entire nation.



DECLARATION

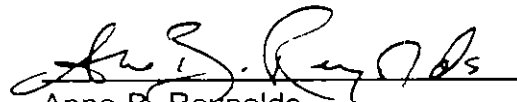
I, Thomas W. Harahush, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information and belief.

Thomas W. Harahush

Dated: 9-12-97

**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.

  
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September 12, 1997