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

Complaint on First-Class Mail Service Standards	Docket No. C2001–3

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO INTERROGATORY OF DAVID POPKIN
(May 5, 2004)

The United States Postal Service hereby provides its response to the following interrogatory of David Popkin, dated April 12, 2004: DFC/USPS-157. The 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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Attorney

CERTIFICATE OF SERVICE

I hereby certify that, in accordance with section 12 of the Rules of Practice, I have this day served the foregoing document upon all parties of record.

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May 5, 2004
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RESPONSE OF THE UNITED STATES POSTAL SERVICE TO INTERROGATORY OF DAVID POPKIN

DBP/USPS-157 Please refer to your response to OCA/USPS-T1-1 in which you state at the start of the second paragraph that, "I am informed that the External First-Class Mail (EXFC) system is not designed to produce statistically valid estimates of service performance between specific origin-destination pairs." [a] Please confirm that, in reality, this sentence should state, in effect, that while the estimates of performance were calculated, the level of confidence desired by the Postal Service was below the desired level. [b] If you are not able to confirm, please explain. [c] What level of confidence does the Postal Service desire for its EXFC measurements?

RESPONSE:

(a) Not confirmed.

(b) The Postal Service cannot claim to have desired any particular level of confidence for the estimates, since the motivation for their production was external to the Postal Service.

(c) For each First-Class Mail service standard (1-day, 2-day, and 3-day) and for each of 80 participating performance clusters (PCs), the EXFC system is designed to generate estimates of aggregate service performance, either from a specific originating PC or to a specific destinating PC, at the 95 percent confidence level. For example, the system is designed to produce statistically reliable aggregate estimates of destinating service performance for mail to the Washington DC performance cluster from all PCs that have a 3-day service standard to Washington DC. However, EXFC is not designed to provide statistically reliable estimates of service performance between specific performance cluster pairs -- Phoenix to Washington DC, for example. Much more extensive EXFC mail piece seeding between the various EXFC origins and destinations would be necessary to accomplish such an objective. Accordingly, the Postal Service does not use the EXFC system internally or otherwise on a disaggregated basis for the

RESPONSE to DBP/USPS-157 (continued):

purpose of estimating the level of service performance between the various performance clusters. Specific origin-destination EXFC performance cluster data can be compiled and reported, as was done for purposes of generating USPS Library References C2001-3/12. However, as emphasized at page 1 of that Library Reference, much of the data contained therein are at a level insufficient to produce statistically accurate results, since generation of reliable service performance estimates for specific origin-destination pairs exceeds the parameters of EXFC test design.

The ODIS system is designed to generate estimates of destinating mail volume for certain key mail classes at the 95 percent confidence level for approximately 196 sample areas. The ODIS sample area is approximately equivalent to a Processing & Distribution Center area (P&DC), but there are exceptions. The ODIS system is not designed to provide statistically reliable estimates of origin volume, disaggregated destinating volume, origin/destination pair volumes, or service performance (either by origin, destination, or origin/destination pair). Much more extensive ODIS sampling would be necessary to accomplish such objectives. In effect, analyses of such breakouts would often result in the data being so thin as to result in statistically meaningless estimates.