

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268B0001

EXPERIMENTAL PRIORITY MAIL FLAT-RATE
Box, 2004

Docket No. MC2004-2

RESPONSE OF UNITED STATES POSTAL SERVICE
WITNESS LOETSCHER TO OCA INTERROGATORY
(OCA/USPS-T3-8)
(August 12, 2004)

The United States Postal Service hereby files witness Loetscher's
response to the following interrogatory of the Office of the Consumer Advocate:
OCA/USPS-T3-8, filed on August 2, 2004.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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OCA/USPS-T3-8. This is a follow-up to your answer to interrogatory OCA/USPS-T3-7 which referred to your response to DBP/USPS-T3-7. Please confirm that the table in that interrogatory response indicates the sample sizes in your study for the three-pound increment and all heavier pound increments, all of which include approximately 13 percent of the FY2002 Priority mail volume, were less than required for the sample at each of those pound increments to be statistically accurate at the 95 percent confidence level.

RESPONSE:

Not confirmed. First, as clarification, approximately 23 percent, not 13 percent, of total Priority Mail volume in FY 2002 was at the 3-pound increment or heavier. The 13 percent threshold is valid for the 4-pound increment or heavier, consistent with the assertion in my response to DBP/USPS-T3-7 that “over 87 percent of FY2002 Priority Mail volume weighed less than 3 pounds” (the 4-pound increment applies to pieces weighing 3 - 4 pounds).

The correct interpretation of the table provided in response to DBP/USPS-T3-7 is that the statistical precision is different for each pound increment at the 95 percent confidence level. Pound increments with relatively more volume are measured with relatively more precision. For example, in the first two pound increments there is a 95 percent probability that the estimated mean cubic feet is no worse than plus or minus 5 percent of the true value. For the 3 pound increment there is a 95 percent probability that the estimated value is no worse than within 7.5 percent of the true value. To expand, the table below shows the actual precision levels achieved by the study for each of the first 10 pound increments at the 95 percent confidence level.

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Response to OCA/USPS-T3-8 (cont.):

Pound Increment	Sample Mean (ft ³)	Sample Variance	Study Observations	Precision at 95% Confidence Level
1	0.132	0.010	1,277	4.2%
2	0.241	0.039	1,603	4.0%
3	0.398	0.126	747	6.3%
4	0.566	0.224	423	7.9%
5	0.739	0.333	258	9.5%
6	0.888	0.423	181	10.6%
7	1.073	0.475	128	11.1%
8	1.237	0.663	118	11.8%
9	1.349	0.910	69	16.6%
10	1.319	0.470	70	12.0%

This table shows that only the pound increments over 5 pounds – none of which accounted for more than 2 percent of FY 2002 Priority Mail volume – have greater than a 5 percent probability that the estimate differs from the true value by more than 10 percent. For the pound increments that contain the great majority of Priority Mail volume, (1, 2, 3, 4, and 5 pounds) the precision is greater.

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.

Richard T. Cooper

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