

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

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

RESPONSE OF POSTAL SERVICE WITNESS PAFFORD
TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION.
(NNA/USPS-T4-1-7)
(May 18, 2005)

The United States Postal Service hereby provides the responses of witness Pafford to the following interrogatories of the National Newspaper Association, filed on May 4, 2005: NNA/USPS-T4—1-7.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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May 18, 2005

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NNA/USPS-T4-1. Please confirm that the total annual volumes for In County ail reported in the Fiscal Year 2004 Revenue Piece Weight report appended to your testimony are derived in part from a census of post offices using Postal One and in part from the supplemental probability sample of non-Postal One offices mentioned in your testimony at page 9. If you do not confirm, please explain how the volumes were derived.

RESPONSE:

Confirmed.

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NNA/USPS-T4-2. Did the Postal One system completely replace the PERMIT system used in automated offices in earlier years to collect volume data? If your answer is no, please explain.

RESPONSE:

Yes. FY2004 was the transitional year. See also footnote 2 of my testimony for more details.

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NNA/USPS-T4-3. Please explain any changes in sampling, sampling design, billing determinant measurement, computerization of post offices or measurement methodology instituted by the Postal Service that would have changed the way In County volumes were measured between the base year in R2000-1 and Fiscal Year 2004.

RESPONSE:

Please refer to section IV of my testimony which states that, "At the beginning of FY2004, the probability-based sample of non-automated offices was updated." Also refer to table 2 of Library Reference USPS-LR-K-17 that describes the new non-automated office panel sampling strata. These were the sampling related changes. The sample design remained consistent between base year for R2000-1 and R2005-1. I do not have any knowledge of billing determinant measurement changes, nor changes to computerization of post offices as these were not the subject of my testimony and would have no impact upon the results I report. In terms of measurement technology, I am assuming the question refers to statistical estimation, of which there were no changes affecting estimation of In-County volumes.

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NNA/USPS-T4-4. Please provide a breakdown of the percentage of In County volumes derived from Postal One offices and supplemental probability study offices.

RESPONSE:

The PostalOne office stratum accounted for 62.2% of the FY2004 In County volume estimate, and the supplemental probability based estimate contributed the remaining 37.8%.

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NNA/USPS-T4-5. With regard to the supplemental probability study offices, please provide:

- a. The total number of offices in the population
- b. The total number of strata in the sample
- c. The total number offices from which you received data for the panel.
- d. The total number of pieces reported from this panel in 2004

The blow up factor you used to derive the total volume from this panel

- e. The frequency with which offices in the panel reported data for the RPW report and whether that frequency is greater or lesser than the frequency used in previous years.

RESPONSE:

a-b. Please refer to Periodicals portion of the table shown on page 2 of Library Reference USPS-LR-K-17.

c. Data were received from all 44 offices.

d. The total number of pieces reported in FY2004 from this panel was 7,463,291, and the associated blow up factor was 101.83.

e. Panel offices report on a monthly basis. Every one of the 44 offices reported data in FY2004. The frequency of reporting is not comparable between base years for R2001-1 and R2005-1. This is because a new panel was drawn for base year FY2004 in R2005-1.

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NNA/USPS-T4-6. Is it necessary to reconcile the data reported from any combined volume and revenue results from the Postal One and supplemental sample with the results from the accounting code? If so, please explain the amount of adjustment required to finalize the RPW report?

RESPONSE:

It is not necessary, but there is increased precision that results by applying ratio estimators. Periodicals estimates are adjusted based on the ratio of Periodicals AIC revenue to estimated revenue. The adjustment factor for FY2004 was 1.0033.

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NNA/USPS-T4-7. Do you anticipate that Postal One will be introduced into all nonautomated offices and thereby eliminate the need for a supplemental panel within the foreseeable future?

RESPONSE:

I am not aware of any plans that might obviate the need for a supplemental panel.