

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

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PREMIUM FORWARDING SERVICE

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Docket No. MC2007-3

**NOTICE OF THE UNITED STATES POSTAL SERVICE  
OF FILING WITNESS DAWSON'S RESPONSE TO INTERROGATORY  
FROM THE OFFICE OF THE CONSUMER ADVOCATE,  
REDIRECTED FROM WITNESS HOPE  
OCA/USPS-T1-5  
(August 24, 2007)**

The United States Postal Service hereby provides the response of witness Gregory Dawson to the following interrogatory of the Postal Regulatory Commission's Office of the Consumer Advocate (OCA): OCA/USPS-T1-5, filed on August 13, 2007, and redirected from witness Hope.

The interrogatory is stated verbatim and followed by the response:

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS DAWSON  
TO INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE,  
REDIRECTED FROM WITNESS HOPE

**OCA/USPS-T1-5.** Please turn to the Second Data Collection Report for the Premium Forwarding Service, April 1, 2006–September 31, 2006 (Q3–Q4 FY 2006) (Attachment 1 to your testimony). Please explain the statement on page 2, “A distribution of PFS volume (shipments) by zone for FY 2006 was estimated by recording information from over 15,600 sampled application forms.” Please explain the basis for the sampling, including statistical reliability and degree to which the sample is representative of the universe from which it is drawn.

**RESPONSE:**

From the outset of the PFS experiment on August 7, 2005, pertinent data from all copies of PFS application forms received at USPS Headquarters were entered into an electronic database. These data included, among other things, the origin post office’s ZIP Code, the destination ZIP Code, the number of purchased weeks of service, and the purchase payment. This initiative was continued through applications dated February 13, 2006. At that point, the initiative was terminated due to resource constraints. The undertaking yielded 13,659 records. A supplemental study was conducted for the period February 14–September 30, 2006, where one in every ten applications was sampled. This yielded 2,741 additional records. These additional records were necessary for estimating PFS’s FY 2006 zone distribution to account for seasonal differences in the travel patterns of PFS customers.

In order to create an estimate for the entire year, the two estimates obtained from the data described above were essentially weight-averaged, using PFS shipment revenue from the relevant time periods as the weights.

The large sample size for both of the estimates ensures that the accuracy of the zone distributions is quite high. At a confidence level of 95 percent, with a confidence interval of 2.5 percent (a total range of five percent), the required sample size for simultaneously measuring several population proportions is 2,038 observations<sup>1</sup>. Thus, each sample is large enough to ensure a sufficiently accurate estimate of the corresponding time period, ensuring that the final Fiscal Year estimate is reliable.

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<sup>1</sup> S.K. Thompson, “Sample size for estimating multinomial proportions,” 1987, *The American Statistician*, volume 41, p. 41-42.