

ORIGINAL

Before The
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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OFFICE OF THE SECRETARY

Mailing Online Service

Docket No. MC98-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE
WITNESS ROTHSCHILD TO INTERROGATORIES OF
OFFICE OF THE CONSUMER ADVOCATE
(OCA/USPS-T4-12-23)

The United States Postal Service hereby provides the response of witness Rothschild to the following interrogatories of Office of the Consumer Advocate:
OCA/USPS-T4-12-23, filed on August 3, 1998.

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

Respectfully submitted,

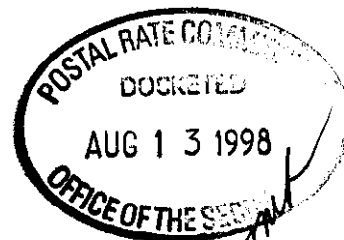
UNITED STATES POSTAL SERVICE

By its attorneys:

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August 13, 1998



**Responses of Postal Service Witness Rothschild
to OCA Interrogatories**

OCA/USPS-T4-12. Please refer to USPS-LR-2/MC98-1, page 4. The report states, that "a given level of statistical reliability could be achieved using a smaller sample in the survey."

- a. What did the Postal Service indicate was an acceptable level of statistical reliability?
- b. What level of statistical reliability was achieved given the smaller survey sample?
- c. What levels of statistical reliability were initially recommended by National Analysts, Inc?

RESPONSE:

a. - c. When conducted, this research was not designed as support for a Commission filing. A specific level of reliability was neither requested nor recommended, and no precise level of statistical reliability was calculated.

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OCA/USPS-T4-13. USPS-LR-2/MC98-1, page 4, indicates that the survey was targeted towards document producers in the continental United States that generate at least some NetPost-appropriate pieces, not to all document producers in the United States.

- a. Please explain why all 50 states within the United States were not included in the survey?
- b. Please explain what impact not addressing all 50 states had on the statistical validity of the survey results.
- c. Please explain what impact limiting the survey to NetPost-appropriate pieces as opposed to addressing all document producers in all 50 states had on the statistical validity of the survey results.
- d. In preparing the survey, was an assumption made that none of the non-NetPost document producers would prepare to "migrate" their documents to NetPost-appropriate pieces?
- e. If your response to part 'd' of this interrogatory is affirmative, please explain the rationale for assuming that non-NetPost document producers would not prepare to "migrate" their document to NetPost-appropriate pieces.
- f. If your response to part 'd' of this interrogatory is negative, then please explain the rationale for limiting the survey to document producers of NetPost-appropriate pieces.

RESPONSE:

- a. When conducted, this research was not designed as support for a Commission filing, but as business planning research. Our goal was to determine if there was "enough" volume to warrant further development, not what the total volume of NetPost would be. It is a common industry standard to confine business planning research to the continental U.S.
- b. - c. The statistical impact was not determined.
- d. Yes

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- e. Again, let me reiterate that for business planning purposes, the objective was to determine if there was enough volume among the most likely users to warrant further evaluation of NetPost, not to estimate the total volume.
- f. Not applicable.

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OCA/USPS-T4-14. Please refer to USPS-LR-2/MC98-1, pages 6-7.

- a. In designing the survey sample, please explain why the estimated "appropriate universe size" (Table 2) used does not match the known D&B universe size (Table 1).
- b. Referring to part 'a' of this interrogatory, please explain what the statistical impact is upon survey results of changing the "known" D&B universe size to an "estimated" universe size.
- c. Who made the decision to change the estimated "appropriate universe size" from the known D&B universe size?
- d. At 6, "[t]he NetPost-appropriate universe size was estimated at the conclusion of data collection, based on the eligibility rates found during the screening process." Please explain the specifics of what analysis was performed to determine the estimated "appropriate universe size"?
- e. If any analysis was performed, and/or if any supporting documentation exists that relates to determining the "appropriate universe size," please cite the source and provide copies of all information not otherwise filed in this docket.
- f. If no supporting documentation or analysis was prepared to determine the estimated "appropriate universe size," please explain how the estimate was developed.

RESPONSE:

- a. - c. These questions cannot be answered because they proceed from an incorrect premise. Table 2 is Sample Allocation, not appropriate universe size.
- d. - f. The specifics of the analysis to determine the appropriate universe sizes are on page 21. The estimated sizes are shown on pages 22-23 of the library reference.

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OCA/USPS-T4-15. Please refer to USPS-LR-2/MC98-1, page 7. "Quotas were also set for the number of respondents However, early field experience indicated that the incidence of companies that had NetPost-appropriate advertising mail, newsletters, and forms was so low that the number of screening interviews required to obtain 300 completed interviews for each would be prohibitive. Therefore, the quotas for interviews by application were revised"

- a. Please explain what impact the revised quota had on the statistical validity of the survey results when extrapolated out to the entire 50 states.
- b. If your response to part 'a' of this interrogatory is "insignificant" or can be interpreted as having a "similar" meaning, please explain why the sampling plan initially "called for 300 interviews to be completed for each of the five applications."

RESPONSE:

- a. - b. Because the goal of this research was to determine if there would be enough NetPost volume in total to warrant further development, it was not deemed time- or cost-effective to continue searching for respondents who turned out to produce such low incidence applications. The precise statistical impact on the survey results of having reduced sample sizes for these applications was not important to our purpose and is unknown.

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OCA/USPS-T4-16. The following refers to USPS-LR-2/MC98-1, page 7. Please refer to the following statement, "large organizations were oversampled in order to obtain a readable base for them, even though their likelihood of sending NetPost volume was believed to be lower than other size groups."

- a. Please explain who made the determination to "oversample" large organizations?
- b. Please explain the purpose of obtaining a "readable base" given that the "likelihood of sending NetPost volume was believed to be lower than other size groups."
- c. What is the statistical impact on the validity of survey results as a consequence of over sampling a group that was expected to have lower NetPost volume?

RESPONSE:

- a. A staff sampling statistician, in collaboration with the remainder of the research team, of which I am the head, made the determination.
- b. We needed to confirm our hypothesis with a sample size that would produce reasonably stable results.
- c. The precise statistical impact on the survey results of oversampling was not important to our purpose and is unknown.

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OCA/USPS-T4-17. Section F of USPS-LR-2/MC98-1, indicates that the questionnaire was provided to the survey participant via a computer diskette. Please provide a copy of that diskette and a copy of any additional information included with the diskette.

RESPONSE:

A computer diskette will be provided under separate cover. As noted in Appendix F -- NetPost Service/Optional Worksheets -- respondents who completed the computerized version of the questionnaire received a paper copy of the NetPost service description, an introductory letter, a quick reference sheet, and optional worksheets #1 and #2.

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OCA/USPS-T4-18. Section F of USPS-LR-2/MC98-1, indicates that the survey participant received a \$35.00 honorarium if the questionnaire was fully completed and returned within two weeks from its receipt.

- a. Why was an honorarium offered?
- b. Who determined the amount of the honorarium?
- c. What impact does offering a cash honorarium have on the statistical validity of the survey?
- d. If your response to part 'c' of this interrogatory is 'none' or can be interpreted similarly, please explain why someone filling out a questionnaire wouldn't quickly provide just "any" response to each question and return the form for the cash honorarium. Include in your response a description of how the survey results were adjusted to address the possibility of "random" answers.
- e. Who determined whether or not a returned questionnaire was satisfactorily completed and met the return criteria and thus "earned" the honorarium?
- f. How many of the returned questionnaires were not eligible for the honorarium?
- g. Please refer to part 'f' of this interrogatory. Provide a table indicating the number of and the reason(s) for a returned questionnaire being declared ineligible for the honorarium.

RESPONSE:

- a. - d. It is common industry practice when conducting commercial and public sector research to offer an honorarium to respondents. Such honoraria typically improve response rates and encourage participants to take their survey task seriously. The actual impact of the honorarium on the statistical validity of this study cannot be determined. The project team, of which I am the head, determined the amount of the honorarium based on past experience, industry standards, and budgetary constraints.

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- e. The project team, of which I am the head, determined whether or not a returned questionnaire was eligible.

- f. 120.

- g. The only reason why someone did not receive the honorarium was if the questionnaire was not completed in its entirety. For establishing completeness, all questions except Q.16 had to be answered.

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OCA/USPS-T4-19. The following interrogatories refer to section E of USPS-LR-2/MC98-1.

- a. A review of the questionnaire indicates that, in order to complete the survey, a participant may have had to perform mathematical calculations. Please explain what steps were taken to verify the results of mathematical calculations on returned surveys.
- b. This question refers part 'a' of this interrogatory. If mathematical calculations were not confirmed, please explain why not? Include in your response, the statistical impact each incorrect mathematical computation would have upon the accuracy of the survey results.

RESPONSE:

- a. - b. In those instances where respondents returned paper worksheets, all calculations were reviewed and corrected as necessary. In those instances where an electronic version was completed, respondents were asked by the computer program to check their responses resulting from mathematical calculations and if they exceeded the maximum amount allowable in the computer program, they were asked to recheck and verify their figures.

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OCA/USPS-T4-20. The following interrogatory refers to section E of USPS-LR-2/MC98-1. In reviewing a copy of Version 5 of the January 1997, questionnaire that was distributed to survey participants, it appears that a number of "branching decisions" needed to be made by a respondent. For example see the following comment from page 5, "IF YOU CHECKED Q.3C, SKIP TO THE ENHANCED NETPOST SERVICE ON PAGE 11." Please explain what methods of 'error' checking were performed to ensure that the respondents understood and properly completed the "branching decision" questions.

RESPONSE:

For the computerized questionnaire, respondents automatically skipped to the appropriate next question. If the respondent found he/she had made a mistake, he/she could go back to the previous screen to correct his/her answer. The procedures for error checking the paper questionnaire are described on pages 18 and 19 of the library reference.

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OCA/USPS-T4-21. Please refer to USPS-LR-2/MC98-1, page 34. Please provide a breakdown of Total, First-Class, and Standard volumes in Table 15 by Application. (See page 28, Table 10 for the five Application types.)

RESPONSE:

Basic NetPost Service and 25% Contribution Margin
Rate Schedule Volume Estimate (000's)

Adjusted Volume Estimate
Year 1

	Total	Newsletters	Direct Mail	Invoices	Forms	Announcements
Total Volume	295,665	14,931	45,710	13,867	84,678	136,479
Next-Day Volume	91,745	1,097	905	691	36,200	52,858
Standard Volume	203,920	13,834	44,805	13,176	48,478	83,621

Adjusted Volume Estimate
Year 2

	Total	Newsletters	Direct Mail	Invoices	Forms	Announcements
Total Volume	516,015	26,059	79,776	24,201	147,787	238,192
Next-Day Volume	160,119	1,915	1,580	1,205	63,179	92,252
Standard Volume	355,895	24,143	78,196	22,996	84,608	145,941

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Adjusted Volume Estimate
Year 3

	Total	Newsletters	Direct Mail	Invoices	Forms	Announcements
Total Volume	804,531	40,629	124,380	37,732	230,418	371,371
Next-Day Volume	249,646	2,986	2,463	1,879	98,504	143,832
Standard Volume	554,885	37,643	121,918	35,853	131,914	227,539

Adjusted Volume Estimate
Year 4

	Total	Newsletters	Direct Mail	Invoices	Forms	Announcements
Total Volume	1,127,826	56,955	174,362	52,895	323,009	520,604
Next-Day Volume	349,964	4,186	3,452	2,634	138,086	201,630
Standard Volume	777,862	52,769	170,910	50,261	184,923	318,974

Adjusted Volume Estimate
Year 5

	Total	Newsletters	Direct Mail	Invoices	Forms	Announcements
Total Volume	1,317,404	66,529	203,671	61,786	377,304	608,113
Next-Day Volume	408,790	4,890	4,033	3,077	161,298	235,522
Standard Volume	908,613	61,639	199,638	58,709	216,007	372,591

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OCA/USPS-T4-22. Did any of your market research collect data that could be used to estimate frequency of transmissions by Mailing Online customers? If not, why not? If so, please provide such estimates, broken down by class of mail and application type if possible.

RESPONSE:

No. It was not part of our contractual responsibilities.

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OCA/USPS-T4-23. Did any of your market research collect data that could be used to estimate current frequency of mailing by respondents? (See, e.g., USPS-LR-2/MC98-1, Tab E, page 2.) If not, why not? If so, please provide such estimates, broken down by class of mail and application type if possible.

RESPONSE:

No. It was not part of our contractual responsibilities.

DECLARATION

I, Beth B. Rothschild, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Beth B. Rothschild

Dated: 8-13-98

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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August 13, 1998