

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

**RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS BOZZO
(USPS-T-46) TO INTERROGATORY OF DIRECT MARKETING ASSOCIATION
(DMA/USPS-T46-1)
(July 5, 2006)**

The United States Postal Service hereby provides the response of Witness Bozzo (USPS-T-46) to the above referenced interrogatory, filed on June 20, 2006.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 5, 2006

Response of United States Postal Service Witness A. Thomas Bozzo, USPS-T-46,
To Interrogatory of Direct Marketing Association

DMA/USPS-T46-1. Please refer to your description of the Beta test in USPS-T-46.

- a) Were the Beta sites randomly selected?
- b) If they were not, on what basis were they selected?
- c) To the extent that the Beta sites were not randomly selected, does this imply that the IOCS samples for the year that did not include the beta sites do not comprise a random sample? Please fully explain your response.
- d) If the Beta sites were not randomly selected, please describe how one can rule out the hypothesis that the differences shown in Table 1 Tally Subclass Distribution could be caused by differences between Beta and NonBeta test sites, rather than by the revised IOCS software.

Response.

- a. No.
- b. The beta sites were selected according to several criteria. The beta sites were chosen to provide geographic variety (i.e., regional and urban/rural), and to cover certain specialized facility types (BMCs, PMPCs, ISCs). It was also desired that the beta sites have mail subclass mixes relatively close to the country as a whole, so that the representativeness of the IOCS production sample would be minimally affected by the beta test. The beta test sample size was also chosen to provide sufficient observations for analysis while minimally affecting the sampling variability of the production estimates.
- c. As I stated in the response to part b, while the beta sites were nonrandomly selected, they were chosen such that the beta test would have a minimal effect on the representativeness of the IOCS first stage sample for FY 2004. While random sampling is a means of obtaining representative samples, “randomness” and “representativeness” are not synonymous. Apart from the effect on the first-stage

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panel, the subsequent sampling stages' randomness was unaffected by the beta test.

- d. It is not possible to definitively eliminate composition differences between the beta and FY 2004 production sites. However, methods such as comparing differences between the beta and production sites' data prior to the beta test may provide information on the possible magnitude of composition effects. Please note also that random selection of the beta sites would not, in itself, rule out the hypothesis that differences such as those shown in Table 1 were caused by differences in the sites.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Frank R. Heselton

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