

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

POSTAL RATE AND FEE CHANGES, 2006

Docket No. R2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE WITNESS PAFFORD  
TO INTERROGATORIES OF THE NATIONAL NEWSPAPER ASSOCIATION  
NNA/USPS-T3-11 - 24

The United States Postal Service hereby provides witness Pafford's responses to the following interrogatories of the National Newspaper Association, filed on June 29, 2006:  
NNA/USPS-T3-11 - 24.

Each interrogatory is stated verbatim and followed by the response:

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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July 13, 2006

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS PAFFORD TO  
INTERROGATORY OF THE NATIONAL NEWSPAPER ASSOCIATION

**NNA/USPS-T3-11.** On page 1 of USPS-LR-L-17, the Postal Service states that the BRPW System utilizes “a non-automated office segment from which postage statement information is obtained from a probability-based sample of these offices.” With respect to this statement please explain what distinguishes an automated from a non-automated office segment and provide counts of all automated and non-automated office segments in the universe of BRPW facilities grouped by type and by size category for FY 2005.

**RESPONSE:**

The automated segment includes offices reporting through the automated system for collection of postage statements: PostalOne. The non-automated segment consists a probability-based sample of offices selected from the non-automated office segment of the population: those not reporting through PostalOne. The count of automated offices in FY2005 was 8,436 in Q1 and Q2, 8,440 in Q3, and 8,452 in Q4. The number of non-automated offices can be found in table 1, USPS-LR-L-17/R2006-1. See also my response to NNA/USPS-T3-15 for size category information.

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**NNA/USPS-T3-12.** On page 1 of USPS-LR-L-17, the Postal Service states that the BRPW System utilizes “a probability-based sample” of non-automated office segments. Please define the term “probability-based sample,” explain fully how this sample was selected and provide all data supporting each specific probability that was measured or considered in selecting this sample.

**RESPONSE:**

Probability-based sample means that the selection of sample units is carried out by random procedures and with known probabilities of selection. See my response to NNA/USPS-T3-5.c for a description of the sample strata. Within each stratum a random sample of finance numbers was chosen using a uniform random number generator for the targeted sample size specified in table 1 of USPS-LR-L-17/R2006-1. See the worksheets PAN2003A and PAN2003B in the attached EXCEL workbook for the computer programs that generated the sampling frame (PAN2003A) and selected the panel offices randomly (PAN2003B). Individual probabilities for all units in the population are not maintained in the code, just the selected offices' [output.

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**NNA/USPS-T3-13.** On page 1 of USPS-LR-L-17, the Postal Service states that the BRPW System utilizes “a probability-based sample” of non-automated office segments. With respect to this statement please provide any analyses or calculations that demonstrate that the USPS’ “probability-based sample” was randomly selected.

**RESPONSE:**

See my response to NNA/USPS-T3-12 and also the worksheets PAN2003A and PAN2003B in the attached EXCEL workbook.

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**NNA/USPS-T3-14.** On page 1 of USPS-LR-L-17, the Postal Service states that the BRPW System utilizes “a probability-based sample” of non-automated office segments. With respect to this statement please provide any analyses or calculations that demonstrate that the USPS’ “probability-based sample” was not biased.

**RESPONSE:**

See my response to NNA/USPS-T3-12 and the worksheets PAN2003A and PAN2003B in the attached EXCEL workbook. Random sampling procedures ensure that the sample selection is not biased.

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**NNA/USPS-T3-15.** On page 2 of USPS-LR-L-17, the Postal Service provided Table 1. With respect to Table 1, please define each stratum shown for Periodicals (i.e.,] 2.1, 2.2, 2.3, 2.4 and 2.5) and explain fully how the USPS selected the dividing lines between each stratum that is shown for Periodicals in Table 1.

**RESPONSE:**

See my response to NNA/USPS-T3-7.c that defines the revenue variable used for stratification, and how the dividing lines were established. See also the worksheets PAN2003A and PAN2003B in the EXCEL workbook attached to the response to NNA/USPS-T3-12. The strata boundaries are \$101 - \$600 for stratum 2.5, \$601 – \$1,600 for stratum 2.4, \$1,601 - \$3,500 for stratum 2.3, \$3,501 - \$8,150 for stratum 2.2, and \$8,151+ for stratum 2.1.

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**NNA/USPS-T3-16.** On page 2 of USPS-LR-L-17, the Postal Service provided Table 1. With respect to Table 1, please explain fully whether the strata shown for Periodicals (i.e. 2.1, 2.2, 2.3, 2.4 and 2.5) are defined on the basis of revenue (or other measure of volume) for all Periodicals, for all Outside County Periodicals, for all Within County Periodicals or for each Periodical subclass separately. If the strata are defined separately for each Periodical subclass, please confirm that the USPS used the same sample of nonautomated office segments for each different subclass of Periodicals that it analyzed. Explain any answer other than a confirmation.

**RESPONSE:**

Not confirmed. The strata are defined as given in table 1. See also my response to NNA/USPS-T3-7.c. The data for all Periodicals subclasses are collected from the panel.

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**NNA/USPS-T3-17.** On page 2 of USPS-LR-L-17, the Postal Service provided Table 1. With respect to Table 1, please provide the minimum and maximum Within County revenue levels that were used to group office segments in each stratum (i.e. 2.1, 2.2, 2.3, 2.4 and 2.5).

**RESPONSE:**

See my response to NNA/USPS-T3-15 for the upper and lower boundaries.

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**NNA/USPS-T3-18.** On page 2 of USPS-LR-L-17, the Postal Service states, “The probability-based sample of the non-automated office segment was last updated at the beginning of FY2004.” With respect to this statement, please explain fully for the Periodicals sample what exactly was “last updated at the beginning of FY 2004” and what was not.

**RESPONSE:**

Prior to the FY2004 panel update, a survey was conducted of post offices where In-County and Outside-County revenue was obtained for a given quarter. Utilizing this survey information, along with AIC revenue account information by finance number, and the financial data base of finance numbers reporting through the Postal Service’s Trial Balance, a sampling frame was developed that was used to draw the updated panel. From the sampling frame, strata were developed as shown in table 1 of USPS-LR-L-17/R2006-1. Within each stratum, a random sample of panel offices was drawn. See also my response to NNA/USPS-T3-7.c.

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**NNA/USPS-T3-19.** On page 2 of USPS-LR-L-17, the Postal Service states, "Table 1 provided the updated population and sample sizes used in FY 2005." With respect to this statement, please provide, for the Periodicals samples, populations and sample sizes based on data for FY 2004 and for FY 2005. Explain fully which of these data were used in the analyses in this case.

**RESPONSE:**

The population and sample size were the same for FY2004 and FY2005 estimation.

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**NNA/USPS-T3-20.** Refer to Table 1 in USPS-T-3. Provide, in the same format and for each of the same categories of mail shown in Table 1 that part of the revenue, piece and weight estimates derived solely from the ODIS-RPW system.

**RESPONSE:**

See the worksheet 'drpw' in the EXCEL workbook attached to the response to NNA/USPS-T3-12.

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**NNA/USPS-T3-21.** Refer to Table 1 in USPS-T-3. Provide, in the same format and for each of the same categories of mail shown in Table 1 that part of the revenue, piece and weight estimates derived solely from the BRPW system.

**RESPONSE:**

See the worksheet 'brpw' in the EXCEL workbook attached to the response to NNA/USPS-T3-12.

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**NNA/USPS-T3-22.** Refer to Table 1 in USPS-T-3. Provide, in the same format and for each of the same categories of mail shown in Table 1 that part of the revenue, piece and weight estimates derived solely from the automated office segment of the BRPW system as described on page 1 of USPS-LR-17/R2006-1.

**RESPONSE:**

See the worksheet 'auto' in the EXCEL workbook attached to the response to NNA/USPS-T3-12.

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**NNA/USPS-T3-23** Refer to Table 1 in USPS-T-3. Provide, in the same format and for each of the same categories of mail shown in Table 1 that part of the revenue, piece and weight estimates derived solely from the “bulk mail acceptance and financial reporting system maintained by the Postal Service’s Marketing group” that is part of the BRPW system as described on page 1 of USPS-LR-17/R2006-1.

**RESPONSE:**

See the response to NNA/USPS-T3-22.

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**NNA/USPS-T3-24.** Refer to Table 1 in USPS-T-3. Provide, in the same format and for each of the same categories of mail shown in Table 1 that part of the revenue, piece and weight estimates derived solely from the non-automated office segment of the BRPW system as described on page 1 of USPS-LR-17/R2006-1.

**RESPONSE:**

See the worksheet 'non-auto' in the EXCEL workbook attached to the response to NNA/USPS-T3-12.