

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2006-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 4

(Issued June 1, 2006)

The United States Postal Service is requested to provide the information described below to assist in developing a record for the consideration of the Postal Service's request for a recommended decision on proposed rates, fees and classifications. To facilitate inclusion of the required material in the evidentiary record, the Postal Service is to have a witness attest to the accuracy of the answers and be prepared to explain to the extent necessary the basis for the answers. The answers are to be provided by June 14, 2006.

1. Please provide the source for the 'Shift of BMC space to ISC' data in USPS-LR-L-54 in workbook fcilty05.xls on page I-15.
2. Please provide the source for FY 2008 annual equipment depreciation data in USPS-LR-54 in workbook TY08Equipment.xls on page IV-10.
3. Please refer to both USPS-LR-L-123 and USPS-LR-L-124. The source for TYAR volumes for CONFIRM is listed as "TYAR Volume is estimated based on base year usage by existing customers." Please provide a spreadsheet with step-by-step calculations indicating how to develop the volumes.

In Docket No. R2005-1, during cross-examination by the Office of the Consumer Advocate, witness Stevens indicated that the United States Postal Service had collected data during calendar year 2004 with the intent of updating the City Carrier Street Time

Study ("CCSTS"). See Docket No. R2005-1, Tr. 6/1997-98. Questions 4 through 10 seek information related to this data.

4. Please address how the resolution of sampling issues discussed by witness Kelley in USPS-T-16, Docket No. R2005-1, compares with the resolution of those issues in the 2004 data witness Stevens mentioned above. The answers should include comparisons with respect to such things as sample design, stratification, sample selection, sample size determination, and sampling precision.
5. Using the 2004 survey data, please provide files that correspond to the following files included in LR-K-79 in Docket No. R2005-1:
 - a. COSTPOOL2.FINAL.xls
 - b. MDCD.CPSUM.FINAL.xls

In doing so, please provide all data with corresponding date, ZIP Code, and route number identifiers. Also please provide a data dictionary with descriptions of all variables.

6. Using the 2004 survey data, please provide files that correspond to the following files included in LR-K-81 in Docket No. R2005-1:
 - a. Density MDATA.prn
 - b. LFVolume MDATA.prn
 - c. PAVolume MDATA.prn
 - d. Timepool MDATA.prn

In doing so, please provide a data dictionary with descriptions of all variables.

7. Please provide a file that cross-walks masked ZIP Codes in all files submitted in response to questions 4 through 6, and any file submitted in LR-K-79 and LR-K-81 in Docket No. R2005-1.

8. Please describe any differences between the 2002 and the 2004 surveys in the Postal Service's efforts to train data collectors and verify the accuracy of the data collected.
9. Please describe any differences in the mail volume data collection methods used in 2002 and 2004. For example, were mail volume data for the 2004 survey collected by carriers and their supervisors, or were volume data obtained from the Delivery Operations Information System (DOIS)?
10. With respect to route pivots, where more than one carrier might deliver mail on the same route on a given day, please describe any differences in the Postal Service's data collection methods in the 2002 and 2004 surveys.
11. Please run the carrier street time cost variability model described in USPS-T-14 in Docket No. R2005-1 using the time and volume data collected in the 2004 survey, and provide the output and the log of the run.
12. Has the Postal Service collected city carrier time and volume data that are similar to the data collected in FY 2002 or FY 2004 described above from any other time period?

Questions 13 through 16 seek information pertaining to USPS-T-4, and USPS-LR-L-11.

13. This question seeks clarification of the definition of "Collection Mail."
 - a. USPS-LR-L-11 at pages 22-23 discusses the formation of estimates of collection mail. Please clarify whether the volume of collection mail estimated by the City Carrier Cost System (CCCS) is confined to mail taken from "blue collection boxes" by carriers on special purpose routes; mail collected by regular city carriers at regular delivery stops with some

- “blue box collection mail volume,” or a combination of mail collected by regular and special purpose carriers.
- b. If your answer to “a” above includes, or is limited to, collections made by carriers serving special purpose routes, please provide an Excel file showing the separate distributions to subclasses of FY 2005 mail collected by regular city carriers and mail collected by carriers serving special purpose routes, show any calculations made, and identify the source(s) used in your calculations.
 - c. Please identify the variable names associated with the values in the first column in files WTEST.PQ1FY05, WTEST.PQ2FY05, WTEST.PQ3FY05, and WTEST.PQ4FY05, found in USPS-LR-L-11.
14. The following questions address discrepancies in volume calculations made in the file LOTUS.CITY.SATURATN.FY2005 in USPS-LR-L-11. Note, these questions assume that entries for the column “Letters” is the sum of “DPS Letters and Other Letters” in LOTUS.CITY.SATURATN.FY2005. Questions A and B apply to large parcels, small parcels, flats, and letters. Questions C through E apply to small parcels, flats, and letters.
- a. Please confirm that International Airmail Express Priority (AW38+AX38+AY38) in the above-mentioned file is not included in the International Mail Category in USPS-LR-L-5, B_Workpapers folder, File “CS06&7.XLS” worksheet 7.08. If not, why not?
 - b. Please confirm that volumes for the category “Other” in LOTUS.CITY.SATURATN.FY2005 in USPS-LR-L-11 (AW55+AX55+AY55) is positive, but there is no corresponding value in cell AA62 in USPS-LR-L-5, B_Workpapers, File “CS06&7.XLS, worksheet 7.08.”
 - c. Please confirm that volumes for Standard ECR All Other (AW14+AX14+AY14) in LOTUS.CITY.SATURATN.FY2005 in

- USPS-LR-L-11 is positive, but there is no corresponding value in USPS-LR-L-5, B_Workpapers, File "CS06&7.XLS, worksheet 7.08."
- d. Please confirm that small parcel volumes for Standard ECR (AW12+AX12+AY12) in LOTUS.CITY.SATURATN.FY2005 in USPS-LR-L-11 is positive, but there is no corresponding value in USPS-LR-L-5, B_Workpapers, File "CS06&7.XLS, worksheet 7.08."
- e. Please account for the discrepancy between the sum of "Standard ECR All Other" and "Standard ECR" in LOTUS.CITY.SATURATN.FY2005 and "Enhanced Carrier Route" in file "CS06&7.XLS, worksheet 7.08."
15. The variable "RCAT," is identified as Route Category on page 34 of USPS-LR-L-11. The file entitled "z.sas7bdat" in USPS-LR-L-11 contains the following values for the variable "RCAT:" 1, 2, 3, 4, and 5. Please identify the Route Categories which correspond to these five numbers.
16. In USPS-LR-L-52, workbook MPPGBY08.xls, tab H, cell D98 contains the formula '=!C80.' Should the formula actually be '=!G80'? If not, please explain.
17. In USPS-LR-L-52, workbook MPPGBY08.xls, tab H, cell D99 contains the formula '=!C81.' Should the formula actually be '=!G81'? If not, please explain.
18. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "Inputs." Item 20 shows TYBR Fees of \$1,095,837; item 21 shows TYAR Fees of \$1,047,000. In contrast, the workpapers supporting USPS-T-39 (USPS-LR-L-123) show TYBR fees of \$1,163,212 (WP-29, cell D64) and TYAR fees of \$1,189,636 (WP-30, cell D65). Please reconcile the foregoing amounts. Also, regarding USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "Inputs," the notes section cites USPS-T-31 as the source for the numbers. Please confirm the source for these numbers.

19. Please refer to USPS-LR-L-41, workbook "R2006_USPS-LR-L-41_BPM Spreadsheets," sheet "Inputs." Items 15 and 16 show TYBR Fees as \$1,154,329 and TYAR Fees as \$1,383,000, respectively. In contrast, USPS-T-39 workpapers (USPS-LR-L-123) show TYBR fees of \$1,256,179 (WP-29, cell E64) and TYAR fees of \$1,495,483 (WP-30, cell E65). Please reconcile the foregoing amounts.

20. Please refer to USPS-LR-L-41, workbook "R2006_USPS-LR-L-41_Media and Library Spreadsheets," sheet "Inputs." Item 13 shows TYBR fees of \$434,103 for Media Mail and \$47,473 for Library Mail. Item 14 shows TYAR fees of \$467,000 for Media Mail and \$53,000 for Library Mail. In contrast, USPS-T-39 workpapers (USPS-LR-L-123) show TYBR fees of \$460,184 for Media Mail and \$49,559 for Library Mail (WP-29, cells G64 and H64), and TYAR fees to be \$493,710 for Media Mail and \$54,663 for Library Mail (WP-30, cells G65 and H65). Please reconcile the foregoing amounts.

21. Please refer to USPS-T-38, page 8, footnote 4. The footnote states that Non-Dropship Zone 5 transportation costs were used as a proxy for DBMC Zone 5 transportation costs because DBMC Zone 5 transportation costs were "inexplicably high."
 - a. Please identify the factors causing (or are believed to be causing) DBMC Zone 5 transportation costs to be unreliable.
 - b. High DBMC Zone 5 transportation costs for BMC and Parcel Post have been a common occurrence in past cases as well. Please discuss Postal Service efforts to improve the reliability by which these costs are measured.

22. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "Leakages & Surcharges." Column [B] shows per piece rate differences and surcharges. Please explain why the Intra-Inter BMC differential, all of the Drop Ship discounts, and the RBMC nonmachinable surcharge are not rounded to reflect the actual rate differences, as was done in past rate cases. Please make the necessary corrections or explain why the rate differences per piece should not be rounded to reflect the actual rate difference used.

23. Please refer to USPS-LR-L-41, workbook "R2006_USPS-LR-L-41_BPM Spreadsheets.xls," sheet "Revenue Leakages." Column [D] shows the rate difference per piece. Please confirm that in past rate cases, the rate differences per piece were rounded to the nearest hundredth or thousandth to reflect the actual rate difference used. Please make the necessary corrections or explain why the rate differences per piece should not be rounded to reflect the actual rate difference used.

24. Please refer to USPS-LR-L-41, workbook "R2006_USPS-LR-L-41_BPM Spreadsheets.xls," sheet "Pound and Piece Charges." For the per pound component each cost markup in column [F] is derived by adjusting the cost coverage markup factor including contingency (125%) by some positive or negative set amount. Please explain how the adjustments to the markup factor were derived for each per pound charge, and the reasoning behind using each.

George Omas
Presiding Officer