

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

Before Commissioners:

George Omas, Chairman;
Dawn A. Tisdale, Vice Chairman;
Ruth Y. Goldway; and
Tony Hammond

Postal Rate and Fee Changes

Docket No. R2006-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

(Issued May 18, 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 1, 2006.

1. In response to the Commission's request in docket R2005-1, the Postal Service provided a volume variability factor for registry which was based on an IOCS SAS tally analysis. In USPS-LR-L-100, the registry variability factor has been deleted from SAS programs MODMODEL, NMDMODEL, AND BMCMODEL. Please explain why the registry factor has been deleted. If this is an oversight, please provide an updated registry factor including revised copies of the aforementioned SAS programs

2. The Postal Service has supplied the Commission with files that are not PC executable. Library References LR-L-55 and LR-L-100 contain programs that are in text formats and have to be converted to PC SAS. The PRC version of these programs, as submitted in USPS-LR-L-100 is incomplete. While a number of missing programs in the PRC version reside in USPS-LR-L-55 and require no modification, others such as MBC and ROLLFRWD programs need to be modified to accommodate the changes in the PRC version.
 - a) Please provide the PRC version of MBC and ROLLFRWD programs.
 - b) Please identify the remaining SAS programs used in the PRC version but not included in USPS-LR-L-100.
3. Please explain why the encirclement rules are not applied in USPS-LR-L-100 and the SAS program used to apply these rules is removed from MOD1POOL. If this is an oversight, please provide a revised USPS-LR-L-100 and its related spreadsheets and supporting documentation.
4. The SAS Log for MBC program in USPS-LR-L-55 shows that the IOCS dataset has 385 variables. However, the following results from executing MBC program using the IOCS dataset in USPS-LR-L-9 show that there are only 383 variables. Please explain why the submitted SAS log shows a different result. Was there a different version of IOCS dataset used when executing USPS-LR-L-55 or USPS-LR-L-100 programs?

```
4400 libname in 'c:\r2006-1\vantysmith\prc-v1\';
NOTE: Libref IN was successfully assigned as follows:
      Engine:          V9
      Physical Name:  c:\r2006-1\vantysmith\prc-v1
4401          run;
4402 filename mod 'c:\r2006-1\vantysmith\prc-v1\modfin05.sas';
4403 libname out1 'c:\r2006-1\vantysmith\prc-v1\out1';
NOTE: Libref OUT1 was successfully assigned as follows:
      Engine:          V9
      Physical Name:  c:\r2006-1\vantysmith\prc-v1\out1
4404 libname out2 'c:\r2006-1\vantysmith\prc-v1\out2';
NOTE: Libref OUT2 was successfully assigned as follows:
      Engine:          V9
      Physical Name:  c:\r2006-1\vantysmith\prc-v1\out2
4405 libname out3 'c:\r2006-1\vantysmith\prc-v1\out3';
NOTE: Libref OUT3 was successfully assigned as follows:
      Engine:          V9
      Physical Name:  c:\r2006-1\vantysmith\prc-v1\out3
```

```

4406
4407     DATA IOCS ;
4408     SET IN.PRCASAS05;
4409     if substr(f257,2,1) = '1'
4410     or substr(f257,2,1) = '2' ;
4411     if f261 ne '4';
4412     if f264 ne 'K';
4413     iocwgt = f9250/100000;
4414

```

NOTE: Character values have been converted to numeric values at the places given by:
(Line):(Column).

4413:17

NOTE: There were 726475 observations read from the data set IN.PRCASAS05.

NOTE: The data set WORK.IOCS has 215379 observations and 383 variables.

NOTE: DATA statement used (Total process time):

```

real time      26.15 seconds
cpu time       2.23 seconds

```

```

4415     data mods12 ;
4416     infile mod   ;
4417     input
4418     @1 f2 $ 6.;

```

NOTE: The infile MOD is:
File Name=c:\r2006-1\vantysmith\prc-v1\modfin05.sas,
RECFM=V,LRECL=256

NOTE: 2676 records were read from the infile MOD.

The minimum record length was 0.

The maximum record length was 6.

NOTE: SAS went to a new line when INPUT statement reached past the end of a line.

NOTE: The data set WORK.MODS12 has 2675 observations and 1 variables.

NOTE: DATA statement used (Total process time):

```

real time      0.03 seconds
cpu time       0.03 seconds

```

```

4419     proc sort ;
4420     by F2;
4421

```

```

4422     *-----Step 1: Separate BMCs from nonBMCs-----;
4423

```

NOTE: There were 2675 observations read from the data set WORK.MODS12.

NOTE: The data set WORK.MODS12 has 2675 observations and 1 variables.

NOTE: PROCEDURE SORT used (Total process time):

```

real time      0.03 seconds
cpu time       0.03 seconds

```

```

4424     DATA temp out2.bmc ;
4425     SET iocs;
4426
4427     * ..... create the file for the 21 BMC finance numbers .....;
4428     * ..... create a temporary file for MODS and NONMODS tallies .....;
4429
4430     * .....encrypted BMC numbers.....;
4431     If f2 = '259504' or f2 = '875506' or f2 = '537702' or f2 = '831114'
4432     or f2 = '349210' or f2 = '451611' or f2 = '143812' or f2 = '564914'
4433     or f2 = '842327' or f2 = '282427' or f2 = '941522' or f2 = '631626'
4434     or f2 = '411827' or f2 = '689333' or f2 = '913633' or f2 = '064831'
4435     or f2 = '455146' or f2 = '067146' or f2 = '665745' or f2 = '629842'
4436     or f2 = '167457' or f2 = '286427'
4437     THEN OUTPUT OUT2.BMC ;
4438     else output temp;

```

NOTE: There were 215379 observations read from the data set WORK.IOCS.

NOTE: The data set WORK.TEMP has 204249 observations and 383 variables.

NOTE: The data set OUT2.BMC has 11130 observations and 383 variables.

NOTE: DATA statement used (Total process time):

```

real time      3.71 seconds
cpu time       1.37 seconds

```

```
4439      proc sort data=temp;
4440          by f2;
4441
```

```
NOTE: There were 204249 observations read from the data set WORK.TEMP.
NOTE: The data set WORK.TEMP has 204249 observations and 383 variables.
NOTE: PROCEDURE SORT used (Total process time):
      real time          7.71 seconds
      cpu time           3.56 seconds
```

```
4442      data  out1.mod out3.nmod ;
4443          merge temp(in=a) mods12(in=b);
4444          by f2;
4445          IF A=1 AND B=1 THEN OUTPUT OUT1.MOD;
4446          ELSE OUTPUT OUT3.NMOD;
4447
4448
4449 run;
```

```
NOTE: There were 204249 observations read from the data set WORK.TEMP.
NOTE: There were 2675 observations read from the data set WORK.MODS12.
NOTE: The data set OUT1.MOD has 171343 observations and 383 variables.
NOTE: The data set OUT3.NMOD has 32906 observations and 383 variables.
NOTE: DATA statement used (Total process time):
      real time          7.03 seconds
      cpu time           1.86 seconds
```

5. Please refer to worksheet "Volume Input Data" in both USPS-LR-L-123 and USPS-LR-L-124.
- a) The source given for BY, TYBR, and TYAR International mail volumes is "Volume Forecast from Witness Thress (USPS-T-7), Attachment A." International mail volumes are not provided in Attachment A. Please provide the correct source for the BY, TYBR, and TYAR International mail volumes.
 - b) The TYBR Return Receipt volume is listed as 249.957. The source given is "Volume Forecast from Witness Thress (USPS-T-7), Attachment A." However, the value in witness Thress's testimony (in the same units) is 247.952. Please reconcile the difference.
 - c) The source given for BY, TYBR, and TYAR Stamped Envelopes is "Volume Forecast from Witness Thress (USPS-T-7), Attachment A." Stamped envelope volumes are not provided in Attachment A. Please provide the correct source for the BY, TYBR, and TYAR Stamped Envelope volumes.

- d) For the categories indicated below, please provide a spreadsheet with step by step calculations indicating how to develop the volumes in the Volume Input Data worksheet starting from Witness Thress (USPS-T-7), Attachment A volume forecast numbers. Please also provide a brief rationale for each adjustment.
- i. TYAR First-Class single piece
 - ii. TYAR First-Class nonautomated presort
 - iii. TYAR First-Class automated presort
 - iv. TYBR First-Class automated presort
 - v. TYAR Priority mail
 - vi. TYBR Standard Regular
 - vii. TYAR Standard Regular
 - viii. TYBR Standard ECR
 - ix. TYAR Standard ECR
6. USPS Exhibit T-10B details the volumes used by the cost rollforward model in calculating the mail volume cost effect.
- a) Please confirm that the “other” category in special services volumes (transactions) consists of the transactions for Return Receipts, Delivery Confirmation, and Signature Confirmation. Also, please confirm that the volume estimates for these three categories are shown in Attachment A of USPS T-7.
 - b) The sum of the volumes for Return Receipts, Delivery Confirmation, and Signature Confirmation from Attachment A of USPS T-7 do not match what is shown in USPS Exhibit T-10B for each of the years of the rollforward, including the Base Year. A comparison of the volumes is shown below.

	Attachement A USPS T-7	USPS Exh. 10B	Difference
BY 2005	951,270	953,213	1,943
FY 2006	1,004,237	1,006,190	1,953
FY 2007BR	1,055,679	1,057,631	1,952
FY 2007AR	1,032,825	1,034,770	1,945
TY 2008BR	1,125,959	1,127,962	2,003
TY 2008AR	1,059,491	1,061,450	1,959

Please reconcile these differences.

7. Please refer to USPS-LR-L-126, file R2006-1 Outside County.xls, worksheets "TYAR NP" (cell D88) and "TYAR CR" (cell D54). Please explain why container revenue is not included in the revenue totals for Nonprofit or Classroom.

8. Please refer to the following statement in USPS-T-35, page 6, line 22: "I propose a 37 – 63 split between revenue to be raised from pounds and pieces." Please explain how container revenues are categorized and what effect this has on the 37 – 63 split.

9. Please refer to the discussion of pound rates in USPS-T-35, pages 6-10 and worksheet "Pound Data" (cells D54, D55, and D56). Please explain fully why 30 percent passthroughs are used for the pound rate dropship discounts instead of the 50.3, 50.4, and 50.4 percent passthroughs proposed in Docket No. R2001-1. (See Docket No. R2001-1, USPS-LR-J-107, file OC01.xls, worksheet "Pound Data_Adv" cells D47, D48, and D49.)

10. Please reconcile the differences in revenues for Within County and Outside County in USPS-LR-L-126, file R2006-1 Outside County.xls, worksheet "FY2008 Summary," cells D6, D7, D8, and D10 with the revenues appearing in USPS-31B.

George Omas
Presiding Officer