

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

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
PRESIDING OFFICER'S INFORMATION REQUEST NO. 3

The United States Postal Service hereby provides the responses to Presiding Officer's Information Request (POIR) No. 3, issued May 22, 2006. The following witnesses are sponsoring the identified responses to this POIR:

Witness Kelley (USPS-T-30)	Questions 1-3
Witness O'Hara:	Questions 4(a), (b), (e)-(g)
Witness Berkeley (USPS-T-39)	Questions 4(c), (d)
Witness Tang	Questions 5-6
Witness Bradley (USPS-T-17)	Questions 7-17
Witness Yeh	Questions 18b-c
Witness Kiefer (USPS-T-37)	Questions 18a, 19-29.

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

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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Chief Counsel, Ratemaking

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June 5, 2006

RESPONSE OF POSTAL SERVICE WITNESS KELLEY (USPS-T-30) TO  
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1. In USPS-LR-L-67, witness Kelley refers to an IOCS SAS dataset called TALLY05V2.SAS7BDAT stating that this dataset was filed in USPS-LR-L-9. The Postal Service has not filed TALLY05V2.SAS7BDAT as part of its Library Reference USPS-LR-L-9. Please provide a PC-executable copy of TALLY05V2.SAS7BDAT, the contents of which should match the number of observations and variables the Postal Service has already filed as PRCSAS05.ZIP in USPS-LR-L-9.

**RESPONSE:**

The IOCS SAS dataset TALLY05V2.SAS7BDAT was a preliminary SAS dataset of what was filed in R2006-1 as part of USPS-LR-L-9. The final IOCS SAS data set which was filed with R2006-1 is PRCSAS05.SAS7BDAT, which is included in PRCSAS05.ZIP as part of USPS-LR-L-9. The PC-SAS program

**AnalysisHQ103FY05.CARMM.CasingV4.sas** filed as part of the revised USPS-LR-L-67 runs with the filed IOCS SAS dataset PRCSAS05.SAS7BDAT. This PC-SAS program replaces **AnalysisHQ103FY05.CARMM.CasingV2.sas**, which was filed with the original USPS-LR-L-67, pages 13 through 33.

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2. On page 5 of USPS-T-30, witness Kelley states, "I assume that ten percent of DPS letters do require casing ... ." In the workbook UDCInputs.USPS tab "Inputs" the source for this figure is listed as "DAR." Does this refer to a Decision Analysis Report? If so, please provide the germane pages. If not, please otherwise define "DAR" and provide supporting documentation for the assumption that 10% of DPS letters require casing.

**RESPONSE:**

The contents of the cell referenced in the question are incorrect. The contents of the cell referenced in the question will be deleted as part of the revised USPS-LR-L-67. As is described in my direct testimony on page 5 line 15, USPS-LR-L-67 does assume that ten percent of DPS letters require casing. The justification for this assumption is explained in my testimony and is based on consultations with delivery operations personnel. The estimate is judgmental, there is no empirical documentation to provide.

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3. A number of SAS programs and their Excel output spreadsheets have been listed in USPS-LR-L-67. A printout of the SAS programs is also included in the same library reference. Please provide PC-executable copies of the SAS programs and the related spreadsheets listed on page 6 of USPS-LR-L-67 since these files were not included in the initial filing. Please provide documentation of all variables not already included in USPS-LR-L-9, and either provide program flow charts using new file names, or provide a chart showing the correspondence of old file names with the new PC-executable file names.

**RESPONSE:**

In conjunction to the response to this question, a revised USPS-LR-L-67 will be filed. The revised version includes a PC executable version of the SAS program

**AnalysisHQ103FY05.CARMM.CasingV4.sas**, which replaces

**AnalysisHQ103FY05.CARMM.CasingV2.sas** that was discussed in the initial version of USPS-LR-L-67. The SAS program had to be modified to run on the IOCS SAS dataset PRCSAS05.SAS7BDAT that was filed with USPS-LR-L-9

The SAS program **AnalysisHQ103FY05.CARMM.CasingV4.sas** performs a similar function to the SAS program ALBCARMM filed with USPS-LR-L-9. The modifications made to **AnalysisHQ103FY05.CARMM.CasingV4.sas** so that it can produce the results needed for USPS-LR-L-67 from USPS-LR-L-9 are described below.

The first modification is how the variable 'rgroup' is defined. USPS-LR-L-67 has three route groups, 1) letter routes (rgroup=1), 2) special purpose routes (rgroup=2), and 3) route 99 (rgroup=3). The SAS program ALBCARMM only distinguishes between two route groupings (rgroup = 1 or rgroup = 2) as described in USPS-LR-L-9.

Secondly, **AnalysisHQ103FY05.CARMM.CasingV4.sas** summarizes costs for casing activities. 'General Casing' is defined as one of the three activities: 1) 'A' – Preparing Mail for Sequencing / Loading Ledges; 2) 'B' Sequencing/Casing Mail; or 3)

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'C' Withdrawing/Pulling Down Mail/Strapping Out Mail (From Carrier Case). 'Pure Casing' is defined as costs associated strictly with activity 'B' Sequencing/Casing Mail.

Lastly, ECR tallies are labeled by rate category. ECR Saturation tallies are further defined as DAL and non-DAL. If the carrier is handling a DAL then these are DAL tallies. If the carrier is handling other ECR Saturation pieces, including host pieces of DAL mailings and addressed ECR Saturation pieces then these are non-DAL tallies.

The PC-SAS program **AnalysisHQ103FY05.CARMM.CasingV4.sas** gives the 'general casing' and 'pure casing' costs by ECR rate category for the three route groups as defined previously (variable rgroup).

The revised version of USPS-LR-L-67 also contains a PC-executable version of the SAS macros **macMxmail.sas** which is identical to the Word Version that was filed on page 33 of USPS-LR-L-67. Along with the macros, the comma delimited (CSV) file MxMailCodeFY05SPC.csv has also been included which is an input to the SAS macros **macMxmail.sas**.

The revised version of USPS-LR-L-67 also contains three new workbooks. They are the following: 1) CARMM05\_KLDetail\_3RGrpAll.xls; 2) CARMM05\_KLDetail\_3RGrpCasing.xls; and 3) CARMM05\_KLDetail\_3RGrpCasingPure.xls. These are the workbooks that are listed on page 6 of the original version of USPS-LR-L-67.

Each workbook listed in the preceding paragraph consists of four worksheets named the following: 1) 'SumblyClassCode'; 2) 'PivotTable'; 3) 'CARMMDetail'; and 4) 'Lookup'.

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The output of the SAS program is contained in the first eight columns of the 'CARMMDetail' worksheet. Columns nine and ten consist of formulas based on the 'Lookup' worksheet. The worksheet named 'PivotTable' summarizes the output data in 'CARMMDetail' that is used in USPS-LR-L-67 workbook **UDCInputs.xls** (worksheets 'CARMM', 'CARMMECR', 'CARMMCasing', and 'CARMMNewCasing'). The worksheet 'SumByClassCode' summarizes the output data by the variable ClassCode.

The mapping from the newly filed worksheets to the worksheets within **UDCInputs.xls** is the following: **CARMM05\_KLDetail\_3RGrpAll.xls** provides data to worksheets **CARMM** and **CARMMECR**;  
**CARMM05\_KLDetail\_3RGrpCasingGeneral.xls** provides data to worksheets **CARMMCasing** and **CARMMECR**; and **CARMM05\_KLDetail\_3RGrpCasingPure.xls** provides data to worksheet **CARMMNewCasing**.

RESPONSE OF POSTAL SERVICE WITNESS O'HARA TO  
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4. Please refer to both USPS-LR-L-123 and USPS-LR-L-124. All amounts are in thousands of dollars.

- a) The TYAR revenue for Certified Mail is listed as 698,854. In witness O'Hara's testimony, Exhibit USPS-31B, the value is listed as 698,435. Please reconcile the difference.
- b) The TYBR revenue for Money Orders is listed as 215,027. In witness O'Hara's testimony, Exhibit USPS-31A, the value is listed as 230,401. Please reconcile the difference.

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- e) The TYAR revenue for Registered Mail is listed as 60,607. In witness O'Hara's testimony, Exhibit USPS-31B, the value is listed as 60,573. Please reconcile the difference.
- f) The TYBR revenue for Stamped Envelopes is listed as 12,350. In witness O'Hara's testimony, Exhibit USPS-31A, the value is listed as 9,585. Please reconcile the difference.
- g) Please provide an itemized listing of the revenue items included in "other special services" in witness O'Hara's testimony, Exhibits USPS-31A and USPS-31B.

**RESPONSE:**

- a) The TYAR revenue of \$698,854 (in thousands) for Certified Mail in witness Berkeley's testimony is correct. Errata will be filed shortly to correct Exhibit USPS-31B.
- b) The TYBR revenue for Money Orders should be \$230,490 (in thousands), and the TYAR revenue for Money Orders should be \$242,185 (in thousands). Errata will be filed shortly.
- e) The TYAR revenue of \$60,607 (in thousands) for Registered Mail in witness Berkeley's testimony is correct. Errata will be filed shortly to correct Exhibit USPS-31B.

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- f) The TYBR revenue of \$12,350 (in thousands) for Stamped Envelopes in witness Berkeley's testimony is correct. Errata will be filed shortly to correct Exhibit USPS-31B.
- g) The itemized listing of the revenue items included in "other special services" in witness O'Hara's testimony, Exhibits USPS-31A and USPS-31B will be filed shortly.

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4. Please refer to both USPS-LR-L-123 and USPS-LR-L-124. All amounts are in thousands of dollars.
- c) The TYBR revenue for P.O. Boxes is listed as 864,612. In witness O'Hara's testimony, Exhibit USPS-31A, the value is listed as 866,319. Please reconcile the difference.
  - d) The TYAR revenue for P.O. Boxes is listed as 951,849. In witness O'Hara's testimony, Exhibit USPS-31B, the value is listed as 953,886. Please reconcile the difference.

**RESPONSE:**

- c) The TYBR revenue of \$866,319 (in thousands) for post office boxes in witness O'Hara's testimony is correct. The TYBR revenue of \$864,612 in USPS-LR-L-123 and 124 did not include revenue from key and lock replacement revenue. Errata will be filed shortly to correct USPS-LR-L-123 and 124.
- d) The TYAR revenue of \$953,886 (in thousands) for post office boxes in witness O'Hara's testimony is correct. The TYAR revenue of \$951,849 in USPS-LR-L-123 and 124 did not include revenue from key and lock replacement revenue. Errata will be filed shortly to correct USPS-LR-L-123 and 124.

RESPONSE OF POSTAL SERVICE WITNESS TANG TO  
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5. The following question refers to USPS-LR-L-126, workbook "R2006-1 Outside County.xls." Please refer to worksheets "RR TYAR," "NP TYAR," and "CR TYAR." In these worksheets the base year to test year volume forecast ratio was applied to the volumes from worksheet "Test Year BR w 24pc Adjustm't." Please explain the reasons for using the test year before-rates volumes instead of the base-year volumes.

**RESPONSE:**

In worksheets "RR TYAR", "NP TYAR", and "CR TYAR", the ratio applied to the volumes from worksheet "Test Year BR w 24 piece Adjustm't" is the test- year-after-rates (TYAR) to test-year-before-rates (TYBR) ratio. Since the 24-piece volume adjustment was not applied to the base year, the mail mix change occurring in 2006 would not be reflected in the rate design if the base year volume were used. I have updated the notes to indicate it is the "TYAR to TYBR ratio" that is calculated in worksheet "Fcst08". The change will be included in the revised LR-L-126 to be filed shortly.

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6. The following question refers to USPS-LR-L-126, workbook "R2006-1 Within County.xls." Please refer to worksheet "TYAR BD" cell B23. In this cell the base-year to test-year volume forecast ratio was applied to the test year before-rates volume of Ride-Along pieces. Please explain the reasons for using the test year before-rates volume for Ride-Along pieces instead of the base-year volume as used in cells B5, B6, and B9 through B21.

**RESPONSE:**

Cell B23 in worksheet "R2006-1 Within County.xls" should have used the base-year volume, not the test year before-rates volume. The correction will be included in the revised LR-L-126 to be filed shortly. It will not cause material change to rates or rate design.

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7. Please provide the following files referred to on page 6 of USPS-LR-L-80.
  - a. Calculating.Variabilities.xls, and
  - b. Calculating.Variabilities.addendum.xls.

**RESPONSE:**

The electronic versions of these spreadsheets were inadvertently omitted from the Library Reference. They are being submitted in USPS-LR-L-136, which is entitled "Window-Service Spreadsheets Provided by Witness Bradley in Response to POIR No. 3, Items 7-8, 10-11."

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8. Please provide the file entitled, "Average Product Times.R2006.xls" referred to on page 3 of USPS-LR-L-81.

**RESPONSE:**

The electronic version of this spreadsheet was inadvertently omitted from the Library Reference. It is being submitted in USPS-LR-L-136, which is entitled "Window-Service Spreadsheets Provided by Witness Bradley in Response to POIR No. 3, Items 7-8, 10-11."

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9. USPS-LR-L-80 at page 3 states that “various variables are created using EViews ‘GENR’ function. Each created value is self documented including the formula used to create it.” Please provide a listing and description of each formula for every variable created in EViews and subsequently used in USPS-LR-L-80 and USPS-LR-L-81.

**RESPONSE:**

The formula for any variable can be obtained by clicking your mouse on the variable in the EViews workfile. Moreover, the entire set of formulas can be obtained by clicking on the “Details” button in the workfile. The requested formulas are reproduced below:

**USPS-LR-L-80:**

CASH	series	03/15/06 10:36	[History] Modified: 1 7915 // cash=0 -- Modified: 1 7915 if tentype=1 // cash = 1
CHECK	series	03/15/06 11:15	[History] Modified: 1 7915 // check =0 -- Modified: 1 7915 if tentype=2 // check=1
CREDIT	series	03/15/06 12:49	[History] Modified: 1 7915 // credit =0 -- Modified: 1 7915 if tentype=21 or tentype =22 or tentype=23 or tentype=35 or tentype=102=> -- credit = 1
D1	series	03/16/06 13:10	[History] Modified: 1 7915 // d1=0 -- Modified: 1 7915 if loc=85098 // d1=1
D10	series	03/16/06 13:11	[History] Modified: 1 7915 // d10=0 -- Modified: 1 7915 if loc = 107799 // d10=1
D11	series	03/16/06 13:11	[History] Modified: 1 7915 // d11=0 -- Modified: 1 7915 if loc = 127189 // d11=1
D12	series	03/16/06 13:11	[History] Modified: 1 7915 // d12=0 -- Modified: 1 7915 if loc = 40832 // d12=1
D13	series	03/16/06 13:11	[History] Modified: 1 7915 // d13=0 -- Modified: 1 7915 if loc = 116806 // d13=1
D14	series	03/16/06 13:12	[History] Modified: 1 7915 // d14=0 -- Modified: 1 7915 if loc=30422 // d14=1
D15	series	03/16/06 13:12	[History] Modified: 1 7915 // d15=0 -- Modified: 1 7915 if loc=4079 // d15=1
D16	series	03/16/06 13:25	[History] Modified: 1 7915 // d16=0 -- Modified: 1 7915 if loc = 120905 // d16=1
D17	series	03/16/06 13:13	[History] Modified: 1 7915 // d17=0 -- Modified: 1 7915 if loc=118483 // d17=1
D18	series	03/16/06 13:13	[History] Modified: 1 7915 // d18=0 -- Modified: 1 7915 if loc = 126721 // d18=1
D19	series	03/16/06 13:13	[History] Modified: 1 7915 // d19=0 -- Modified: 1 7915 if loc = 123775 // d19=1
D2	series	03/16/06 13:11	[History] Modified: 1 7915 // d2=0 -- Modified: 1 7915 if loc = 98456 // d2=1
D20	series	03/16/06 13:13	[History] Modified: 1 7915 // d20=0 -- Modified: 1 7915 if loc = 27500 // d20=1
D21	series	03/16/06 13:13	[History] Modified: 1 7915 // d21=0 -- Modified: 1 7915 if loc = 30283 // d21=1
D22	series	03/16/06 13:13	[History] Modified: 1 7915 // d22=0 -- Modified: 1 7915 if loc = 70364 // d22=1
D23	series	03/16/06 13:13	[History] Modified: 1 7915 // d23=0 -- Modified: 1 7915 if loc = 119685 // d23=1
D24	series	03/16/06 13:14	[History] Modified: 1 7915 // d24=0 -- Modified: 1 7915 if loc = 69225 // d24=1
D25	series	03/16/06 13:14	[History] Modified: 1 7915 // d25=0 -- Modified: 1 7915 if loc = 128644 // d25=1
D26	series	03/16/06 13:14	[History] Modified: 1 7915 // d26=0 -- Modified: 1 7915 if loc = 4881 // d26=1
D27	series	03/16/06 13:14	[History] Modified: 1 7915 // d27=0 -- Modified: 1 7915 if loc = 119973 // d27=1
D3	series	03/16/06 13:11	[History] Modified: 1 7915 // d3=0 -- Modified: 1 7915 if loc=84745 // d3=1
D4	series	03/16/06 13:11	[History] Modified: 1 7915 // d4=0 -- Modified: 1 7915 if loc=69759 // d4=1
D5	series	03/16/06 13:11	[History] Modified: 1 7915 // d5=0 -- Modified: 1 7915 if loc=39717 // d5=1
D6	series	03/16/06 13:12	[History] Modified: 1 7915 // d6=0 -- Modified: 1 7915 if loc=21799 // d6=1
D7	series	03/16/06 13:12	[History] Modified: 1 7915 // d7=0 -- Modified: 1 7915 if loc = 20171 // d7=1
D8	series	03/16/06 13:12	[History] Modified: 1 7915 // d8=0 -- Modified: 1 7915 if loc=2303 // d8=1
D9	series	03/16/06 13:12	[History] Modified: 1 7915 // d9=0 -- Modified: 1 7915 if loc=36211 // d9=1
DEBIT	series	03/16/06 12:24	[History] Modified: 1 7915 // debit = 0 -- Modified: 1 7915 if tentype = 3 // debit =1
INTERNATL	series	03/15/06 12:56	[History] Modified: 1 7915 // internatl=intl+iss
OSS	series	03/15/06 10:13	[History] Modified: 1 7915 // oss=rr+sc+com+dc+pd
OTHPAY	series	03/15/06 12:59	[History] Modified: 1 7915 // othpay=0 -- Modified: 1 7915 if tentype=100 or tentype=118 // othpay=1
OWR	series	03/15/06 12:59	[History] Modified: 1 7915 // owr=bpm+lib+mm
SERVICES	series	03/15/06 13:02	[History] Modified: 1 7915 // services=pkup+hold+mailpay

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USPS-LR-L-81:

CASH	series	03/15/06 10:36	[History] Modified: 1 7915 // cash=0 -- Modified: 1 7915 if tentype=1 // cash = 1
CHECK	series	03/15/06 11:15	[History] Modified: 1 7915 // check =0 -- Modified: 1 7915 if tentype=2 // check=1
CREDIT	series	03/15/06 12:49	[History] Modified: 1 7915 // credit =0 -- Modified: 1 7915 if tentype=21 or tentype =22 or tentype=23 or tentype=35 or tentype=102=> -- credit = 1
D1	series	03/16/06 13:10	[History] Modified: 1 7915 // d1=0 -- Modified: 1 7915 if loc=85098 // d1=1
D10	series	03/16/06 13:11	[History] Modified: 1 7915 // d10=0 -- Modified: 1 7915 if loc = 107799 // d10=1
D11	series	03/16/06 13:11	[History] Modified: 1 7915 // d11=0 -- Modified: 1 7915 if loc = 127189 // d11=1
D12	series	03/16/06 13:11	[History] Modified: 1 7915 // d12=0 -- Modified: 1 7915 if loc = 40832 // d12=1
D13	series	03/16/06 13:11	[History] Modified: 1 7915 // d13=0 -- Modified: 1 7915 if loc = 116806 // d13=1
D14	series	03/16/06 13:12	[History] Modified: 1 7915 // d14=0 -- Modified: 1 7915 if loc=30422 // d14=1
D15	series	03/16/06 13:12	[History] Modified: 1 7915 // d15=0 -- Modified: 1 7915 if loc=4079 // d15=1
D16	series	03/16/06 13:25	[History] Modified: 1 7915 // d16=0 -- Modified: 1 7915 if loc = 120905 // d16=1
D17	series	03/16/06 13:13	[History] Modified: 1 7915 // d17=0 -- Modified: 1 7915 if loc=118483 // d17=1
D18	series	03/16/06 13:13	[History] Modified: 1 7915 // d18=0 -- Modified: 1 7915 if loc = 126721 // d18=1
D19	series	03/16/06 13:13	[History] Modified: 1 7915 // d19=0 -- Modified: 1 7915 if loc = 123775 // d19=1
D2	series	03/16/06 13:11	[History] Modified: 1 7915 // d2=0 -- Modified: 1 7915 if loc = 98456 // d2=1
D20	series	03/16/06 13:13	[History] Modified: 1 7915 // d20=0 -- Modified: 1 7915 if loc = 27500 // d20=1
D21	series	03/16/06 13:13	[History] Modified: 1 7915 // d21=0 -- Modified: 1 7915 if loc = 30283 // d21=1
D22	series	03/16/06 13:13	[History] Modified: 1 7915 // d22=0 -- Modified: 1 7915 if loc = 70364 // d22=1
D23	series	03/16/06 13:13	[History] Modified: 1 7915 // d23=0 -- Modified: 1 7915 if loc = 119685 // d23=1
D24	series	03/16/06 13:14	[History] Modified: 1 7915 // d24=0 -- Modified: 1 7915 if loc = 69225 // d24=1
D25	series	03/16/06 13:14	[History] Modified: 1 7915 // d25=0 -- Modified: 1 7915 if loc = 128644 // d25=1
D26	series	03/16/06 13:14	[History] Modified: 1 7915 // d26=0 -- Modified: 1 7915 if loc = 4881 // d26=1
D27	series	03/16/06 13:14	[History] Modified: 1 7915 // d27=0 -- Modified: 1 7915 if loc = 119973 // d27=1
D3	series	03/16/06 13:11	[History] Modified: 1 7915 // d3=0 -- Modified: 1 7915 if loc=84745 // d3=1
D4	series	03/16/06 13:11	[History] Modified: 1 7915 // d4=0 -- Modified: 1 7915 if loc=69759 // d4=1
D5	series	03/16/06 13:11	[History] Modified: 1 7915 // d5=0 -- Modified: 1 7915 if loc=39717 // d5=1
D6	series	03/16/06 13:12	[History] Modified: 1 7915 // d6=0 -- Modified: 1 7915 if loc=21799 // d6=1
D7	series	03/16/06 13:12	[History] Modified: 1 7915 // d7=0 -- Modified: 1 7915 if loc = 20171 // d7=1
D8	series	03/16/06 13:12	[History] Modified: 1 7915 // d8=0 -- Modified: 1 7915 if loc=2303 // d8=1
D9	series	03/16/06 13:12	[History] Modified: 1 7915 // d9=0 -- Modified: 1 7915 if loc=36211 // d9=1
DEBIT	series	03/16/06 12:24	[History] Modified: 1 7915 // debit = 0 -- Modified: 1 7915 if tentype = 3 // debit =1
INS49	series	01/09/06 12:46	[History] Modified: 1 7915 // ins49=0
INS50	series	01/09/06 12:47	[History] Modified: 1 7915 // ins50=0
INTERNATL	series	03/15/06 12:56	[History] Modified: 1 7915 // internatl=intl+iss
OSS	series	03/15/06 10:13	[History] Modified: 1 7915 // oss=rr+sc+com+dc+pd
OTHPAY	series	03/15/06 12:59	[History] Modified: 1 7915 // othpay=0 -- Modified: 1 7915 if tentype=100 or tentype=118 // othpay=1
OWR	series	03/15/06 12:59	[History] Modified: 1 7915 // owr=bpm+lib+mm
SERVICES	series	03/15/06 13:02	[History] Modified: 1 7915 // services=pkup+hold+mailpay

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Please note that the tender type variables (tenype) are defined in the "Overview" tab in wscleanpos.11.3.05.xls. For convenience, those definitions are reproduced below:

TenderTypeID	TenderTypeName
0	Non-Revenue Visit
1	Cash
2	Check
3	Debit Card
5	Postal Money Order Redeem
6	Non-Postal Money Order
21	MasterCard
22	AMEX
23	DISCOVER
35	VISA
100	Split Tender
102	Diners
118	Modified Tender

Here are the definitions for the variables used in the formulas:

LOC	Numerical code indicating the post office in which the transaction took place
TENTYPE	The tender type for the transaction.
DC	The number of delivery confirmation items processed in the transaction.
PKUP	The number of pickup items processed in the transaction.
INS49	The number of insurance items for \$50 or less processed in the transaction.
INS50	The number of insurance items for more than \$50 processed in the transaction.
RR	The number of return receipt items processed in the transaction.
SC	The number of signature confirmation items processed in the transaction.
BPM	The number of bound printed matter pieces processed in the transaction.
MM	The number of media mail pieces processed in the transaction.
COM	The number of certificate of mailing items processed in the transaction.
INTL	The number of international mail pieces processed in the transaction.
ISS	The number of international special service items processed in the transaction.
MAILPAY	The number of mailing payments processed in the transaction.
PD	The number of postage due items processed in the transaction.
HOLD	The number of held mail items processed in the transaction.
LIB	The number of library rate pieces processed in the transaction.

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10. Please provide an Excel spreadsheet of the input data (prior to deletion of any observations) used to produce "First Estimation: Calculating Residuals for Analysis," on page 9, USPS-LR-L-80.

**RESPONSE:**

These data are included in the Eviews worksheet in USPS-LR-L-80. The requested Excel version is being submitted in USPS-LR-L-136, which is entitled "Window-Service Spreadsheets Provided by Witness Bradley in Response to POIR No. 3, Items 7-8, 10-11."

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11. Please provide an Excel spreadsheet with the variable PMRESIDS sorted with the corresponding observation for BKSTID.

**RESPONSE:**

These data are included in the Eviews worksheet in USPS-LR-L-80. The requested Excel version is being submitted in USPS-LR-L-136, which is entitled "Window-Service Spreadsheets Provided by Witness Bradley in Response to POIR No. 3, Items 7-8, 10-11."

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12. This question seeks clarification of the variables contained in USPS-LR-L-80, wscleanpos.11.3.05.xls. Please confirm whether the variable "length" is identical to the variable "TIME" on p. 4 of USPS-LR-K-80, USPS-LR-L-80 (Bradley).doc. If not, please explain the meaning of "Length" and provide an Excel spreadsheet with the variable "Time" sorted with the corresponding observation for BKSTID.

**RESPONSE:**

Confirmed.

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13. This question seeks clarification of the manner in which EViews treats blank cells imported from Excel. The spreadsheet, wscleanpos.11.3.05.xls, tab "Final" in LR-L-80 contains cells with 0s and blank cells. How were blank cells treated by EViews?
- a. Does EViews consider blank cells to be missing values or are blank cells automatically equated with 0s?
  - b. Were blank cells transformed to zero values?

**RESPONSE:**

- a. EViews converted the blank cells to zeros.
- b. Yes

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14. These questions seek information on how variables in USPS-LR-L-80 were calculated and regressions performed.
- a. How was the variable "Credit" calculated? Which categories of the variable "tender-type" (tentype in worksheet, wscleanpos.11.3.05.xls, Tab "Overview") were used to construct this variable?
  - b. How was the variable "OWR" calculated? Is OWR equal to "Other" in wscleanpos.11.3.05.xls, tab "Final?"
    - i. If OWR can be calculated from variables already contained in wscleanpos.11.3.05.xls, please explain how OWR is calculated.
    - ii. If OWR cannot be calculated from variables already contained in wscleanpos.11.3.05.xls, please provide an Excel spreadsheet that links the values of OWR to the corresponding value of the variable "bkstid" in wscleanpos.11.3.05.xls.
  - c. Please provide a table linking the variable "locID" provided in wscleanpos.11.3.05.xls, tab "Final" with the corresponding dummy variable numbers used in the various regressions presented in this library reference.
  - d. Please confirm that with the exception of the regression entitled, "Including Only A Single Intercept" on page 15, all regressions were run through the origin.
  - e. Please confirm that the identification of high positive and negative residuals referred to on page 25 of USPS-T-17 was made after outlier values for transaction time, stamped envelopes per transaction, priority mail per transaction and non-bulk stamp transactions were removed.
  - f. Please confirm that "Other SS1" listed on page 19 of USPS-LR-L-80 is the same as OSS as defined on p.5 of the same library reference. If not, please explain the differences between the two variables, and provide an Excel spreadsheet that links the values of "Other SS1" to the corresponding value of the variable "bkstid" in wscleanpos.11.3.05.xls.

**RESPONSE:**

- a. The "Credit" payment type variable was created in EViews and its formula is contained therein. As the name suggests the "Credit" payment type variable is an indicator variable to identify transactions in which a credit card was used. The formula for the "Credit" variable and the tender type definitions are presented in my response to Question 9 above. The tender types include the various types of credit cards (e.g. Mastercard, Visa).

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- b. The "OWR" was created in EViews and its formula is contained therein. "OWR" stands for Other Weigh & Rate and the variable captures the other weigh and rate transactions not explicitly specified in the equation. It thus includes the sum of Bound Printed Matter, Library Rate and Media Mail weigh and rates. The formula is presented in my response to Question 9, above. The OWR variable is not the same as the "Other" variable in wscleanpos.11.3.05.xls. That variable is entitled "OTH" in the EViews workfile.
- i. It is the sum of Bound Printed Matter, Library Rate and Media Mail weigh and rates.
- ii. Not applicable
- c. The requested table is presented in my response to Question 9 above. It is repeated below for convenience:

D1	85098
D2	98456
D3	84745
D4	69759
D5	39717
D6	21799
D7	20171
D8	2303
D9	36211
D10	107799
D11	127189
D12	40832
D13	116806
D14	30422
D15	4079
D16	120905
D17	118483
D18	126721
D19	123775
D20	27500

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D21	30283
D22	70364
D23	119685
D24	69225
D25	128644
D26	4881
D27	119973

- d. I'm not sure what the phrase "were run through the origin" intends, but I can confirm that the specified regressions did not include any intercept terms other than the site-specific dummy variables.
- e. Confirmed.
- f. Confirmed.

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15. USPS-LR-L-80 at page 19 states that " $\beta(0)$  is calculated as the average value for the site-specific intercepts, the payment variables and the item variable."

- a. Please identify the payment variables, and provide the coefficients used to make this calculation.
- b. Please confirm that "the average of the payment variables" refers to the average of their coefficients estimated in the Recommended Model on page 7.
- c. If you don't confirm, please describe the means by which you calculated these values and provide the values of the payment variables used in the calculation of  $\beta(0)$ .

**RESPONSE:**

- a. The payment variables are Check, Credit and Debit.
- b. Confirmed.
- c. The calculation is a weighted average of the coefficients in which the weights are the mean values for the payment variables. The calculation is given below:

Calculating the average payment variable:

Variable	Coefficient	Mean
CHECK	27.60235	0.055598
CREDIT	25.64015	0.110816
DEBIT	7.955208	0.055344

Average 4.8162473

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16. USPS-T-37 at page 12 states, "... there is no empirical measure of the derivative of total transactions with respect to the transactions volume for product k."
- a. Please identify the data that would have had to have been collected to perform this calculation.
  - b. Wouldn't a transformation of any cells in wscleanpos.11.3.05.xls, tab "Final" that contain multiple quantities of items to the value "1" allow a regression of total transactions against the transactions volume for each product that could produce the desired derivative?
  - c. If not, please explain why not?

**RESPONSE:**

- a. The relevant data would be a measure of the different ways that an additional unit of item "k" affects transactions. That is, it would provide information on to what extent item k would create a brand new transaction, join an existing SISQ transaction for item k, join a SISQ or SIMQ transaction for another item, or join an existing MI transaction.
- b. As I understand the suggestion, I don't think it would.
- c. To clarify the analysis, let's examine a simplified version of wscleanpos.11.3.05.xls that has only 3 types of transactions: selling stamps, Priority Mail and special services. Also, let's reduce the dimension of our simplified version of wscleanpos.11.3.05.xls, so that it has only five observations.

The simplified version would look like:

Transaction	Time	Stamps	Priority Mail	Special Services
1	50	3	0	0
2	75	3	1	0
3	90	0	2	1
4	25	1	0	0
5	120	0	2	4

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The suggested analysis stipulates a transformation of any cells in that contain multiple quantities of items to the value "1." The transformed data set would thus look like:

<b>Transaction</b>	<b>Time</b>	<b>Stamps</b>	<b>Priority Mail</b>	<b>Special Services</b>
1	50	1	0	0
2	75	1	1	0
3	90	0	1	1
4	25	1	0	0
5	120	0	1	1

This does produce a data set with a categorical variable for each transaction type in each observation. However, the formation of the dependent variable for the proposed regression is problematic. If the regression is run on the data set as currently constructed the dependent variable would have the value "1" for all observations, thus precluding estimation. Alternatively, if the data were aggregated to all transactions, then there would be only one observation, which would also preclude estimation.

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17. USPS-T-15 at page 15 states,  $\frac{\partial n_{SISQ_k}}{\partial X_k}$  "... can be approximated by assuming that the rate of change in SISQ transactions of a particular type is equal to their representation in the current population of transactions. The rate of change in SISQ transactions for a particular item is thus approximated by the proportion of those transactions in all transactions.  $\frac{\partial n_{SISQ_k}}{\partial X_k} = \frac{n_{SISQ_k}}{n}$  "

- a. Please identify the economic conditions under which the last mathematical expression would be true.
- b. Please explain why you believe these conditions are approximately true.

**RESPONSE:**

- a. For this condition to be true, the growth in SISQ transactions for item k would have to equal the growth in the transaction volume for item k adjusted for the size of the volume of item k relative to transactions. This is demonstrated mathematically as:

$$\frac{\partial n_{SISQ_k}}{n_{SISQ_k}} = \frac{\partial X_k}{X_k} \left( \frac{X_k}{n} \right).$$

- b. In the absence of data, it seems reasonable to assume that the growth in new transactions involving item k is driven by the growth in the transactions volume of item k adjusted for the size of the existing transactions volume for item k relative to the number of transactions.

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18. Please refer to USPS-LR-L-46. The addendum on page 75 states, "After results of the initial models were incorporated into the analysis of the downstream witnesses, errors were discovered in the calculations of the Parcel Post, Bound Printed Matter, and Media/Library Mail cost estimates."
  - a. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "Inputs." All of item 17 except a and k, and all of item 19 use cost figures from USPS-LR-L-46. Please update these figures with data from the USPS-LR-L-46 workbook "Parcel Post REV.xls"

**RESPONSE:**

- a. Please see WP-ParcelPost-R0601.xls, attached. The updated cost figures from USPS-LR-L-46 cause the pricing model in WP-ParcelPost-R0601.xls to generate values in some rate cells that differ slightly from the values I am proposing. Since the differences between the values in the updated workbook and my proposed rates are small, I do not see any reason to change my proposed rates as a result of this update.

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18. Please refer to USPS-LR-L-46. The addendum on page 75 states, "After results of the initial models were incorporated into the analysis of the downstream witnesses, errors were discovered in the calculations of the Parcel Post, Bound Printed Matter, and Media/Library Mail cost estimates."
- b. Please refer to USPS-LR-L-41, workbook "R2006\_USPS-LR-L-41\_BPM.xls," sheet "Inputs." Items 12d, 12e, 13b, and 13c on this sheet use cost figures from USPS-LR-L-46. Please update these figures with data from USPS-LR-L-46, workbooks "Bound Printed Matter REV.xls," and "Parcel Post REV.xls."
  - c. Please refer to USPS-LR-L-41, workbook "R2006\_USPS-LR-L-46\_Media and Library Spreadsheets.xls," sheet "Inputs." Items 9-11 use cost figures from USPS-LR-L-46. Please update these figures with data from USPS-LR-L-46, workbooks "Media – Library Mail REV.xls," and "Parcel Post REV.xls."

**RESPONSE:**

- b. Please see attached spreadsheets, R2006\_USPS-LR-L-41\_BPM\_POIR3\_18b.xls for updated "Inputs" sheet. The following table depicts the passthroughs as proposed and the implied passthroughs that result from comparing the revised costs to the proposed rates. The implicit passthroughs are in most instances, within a few percentage points of those filed<sup>1</sup>. Using the implicit passthroughs, and thereby maintaining the rates as proposed, is consistent with the objectives of the rate design.

	<u>As Filed</u>	<u>Implicit</u>
<b>Dropship passthroughs:</b>		
DSCF	85.0%	94.0%
DDU	80.0%	85.5%
<b>Barcode passthroughs:</b>		
Single-Piece Parcels	100.0%	109.2%
Presort Parcels	100.0%	109.2%
Single-Piece Flats	100.0%	109.2%
Presort Flats	100.0%	109.2%

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<sup>1</sup> Implicit passthroughs are the passthroughs that, if entered in the rate design spreadsheets, along with Witness Miller's revised cost data, would generate the rates as proposed.

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- c. Please see attached spreadsheets, R2006\_USPS-LR-L-41\_Media and Library\_POIR3\_18c.xls for updated "Inputs" sheet. The following table depicts the passthroughs as proposed and the implied passthroughs that result from comparing the revised costs to the proposed rates. The implicit passthroughs are in most instances, within a few percentage points of those filed<sup>2</sup>. Using the implicit passthroughs, and thereby maintaining the rates as proposed, is consistent with the objectives of the rate design.

	<u>As Filed</u>	<u>Implicit</u>
<b>Presort passthroughs:</b>		
5-Digit	170.0%	180.0%
Basic	140.0%	134.8%

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<sup>2</sup> The implicit passthroughs are the passthroughs that, if entered in the rate design spreadsheets, along with Witness Miller's revised cost data, would generate the rates as proposed.

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19. Please refer to USPS-LR-L-82, excel workbook "WP-ParcelPost.xls," sheet "Inputs."
- a. Item 6l shows the estimated TYBR PRS growth, with the Note section saying, "Assumed PRS growth between FY 2006 and TY 2008." Please explain the basis for this assumption.
  - b. Item 13 shows the share of Parcel Select using no-fee Delivery Confirmation. The Notes section says this value is an assumption. Please describe the basis for this assumption.
  - c. Item 17k shows the Electronic Delivery Confirmation cost per piece. The Notes section says this is an estimated value. Please provide workpapers showing how this figure is derived.

**RESPONSE:**

- a. The 15.5% growth between FY 2006 and TY 2008 represented the compounded effect of two years of volume growth, one at 10% and one at 5%. These growth rates were assumed by Postal Service pricing staff to generate conservative projections of revenues from Parcel Return Service in the test year.
- b. This value was developed by Postal Service pricing staff as an assumption through discussions with Postal Service product management staff who are familiar with the usage of Parcel Select products.
- c. This estimate was developed by Postal Service pricing staff as a working assumption early in the rate development process, when it was not certain that an alternative cost estimate would be developed by the Postal Service. It was not based on any cost study for Delivery Confirmation. The cost estimate sponsored by witness Page (USPS-T-23) was developed after the pricing staff assumption had been used to develop Parcel Post rates and was not used in pricing.

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20. Please refer to USPS-LR-L-82, excel workbook "WP-ParcelPost.xls" sheets that show Billing Determinants information for Intra-BMC, Inter-BMC, and Parcel Select (WP-PP-4 to WP-PP-6). It appears there are mistakes with several of the "Percent Nonmachinable Pieces" figures. The following table list the figures given in USPS-LR-L-82 as compared with the figures that are listed in USPS-LR-L-77, which is the library reference that shows the 2005 Billing Determinants:

<b>Service</b>	<b>LR-82 % Non-Mach Pieces</b>	<b>LR-77 % Non-Mach Pieces</b>
Intra-BMC	18.920615%	19.02391%
Inter-BMC	13.216375%	13.31049%
DBMC	6.4011060%	6.4029%

Please explain these differences and make any necessary corrections.

**RESPONSE:**

No correction is needed. The LR-77 nonmachinable piece shares include pieces paying the Oversized rate. For use in my workpapers (LR-82) the percentages have been recalculated to exclude Oversized-rate volumes as reported in the base year RPW reports. The reason for the change was to get a more accurate estimate of revenue from the Nonmachinable Surcharge, which is not applied to Oversized-rate pieces. This recalculation of the nonmachinable parcel percentages was one of the "late breaking" corrections cited in footnote 10 in my testimony (USPS-T-37). As a result of staff reassignment, I was requested to sponsor the Postal Service's proposed pricing for Parcel Post, along with the supporting testimony and workpapers, after most of the rate design was performed and workpapers developed by other pricing staff. After accepting this assignment, I thoroughly reviewed the Parcel Post rate design and pricing model that had been prepared. As a result of my review, I was able to confirm its essential validity and reliability. In addition, I made several minor changes to the workpapers, such as adjusting the nonmachinable parcel percentage calculations. See USPS-T-37, footnote 10 for a discussion of the impact of these changes. Because of the limited time available for review of the testimony and workpapers, I focused my attention primarily

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on ensuring the reliability of the data and calculations supporting the proposed pricing, hence a number of documentation errors were not detected in the workpapers. All of the documentation errors noted in this information request, as well as others that I note in my responses, are corrected in the attached revised workbook, WP-ParcelPost-R0601.xls.

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21. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "Cube-Weight Relationships." Please confirm that the note on the bottom of this sheet should refer to USPS-LR-L-89, not to USPS-LR-L-47.

**RESPONSE:**

Confirmed. Please see WP-ParcelPost-R0601.xls, attached, for the corrected note.

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22. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "TYBR Volumes," to the notes section at the bottom of the sheet. The part of note [2] explaining the derivation of pounds 1 and 2 for Intra-BMC volumes appears to be incorrect. Please confirm that the methodology used to compute these values is the same methodology used to compute Intra-BMC volumes for pounds 3 – 70 pounds, not the methodology referred to in note [2]. (It appears the note refers to the methodology used in R2001-1, which is not used in this case.)

**RESPONSE:**

Confirmed. The note has been corrected in WP-ParcelPost-R0601.xls, attached. The corrected workbook also updates several other incorrect references to the Inputs worksheet on the TYBR Volumes worksheet. In the original, several inputs were referenced by the wrong number, e.g. Input [7k], where Input [6k] was intended; in addition Inter-BMC TYBR volume was incorrectly referenced in Note 3 as Input [7g], rather than as Input [6f]. These references have been corrected.

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23. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "Balloon Costs." The per piece excess cost of balloon parcels is equal to the balloon transportation cost minus the 15 pound transportation cost plus the balloon weight-related non-transportation cost minus the 15 pound weight related non-transportation cost (rows 11, 16, 21, 26, 31). The proposal in this case asks that the balloon rate class maximum weight requirement be pushed up to 20 pounds (from 15) and that likewise it be charged the 20 pound rate. Why was the 15 pound costs used in the formula instead of the 20 pound costs?

**RESPONSE:**

The Balloon Costs worksheet uses both unit costs and volumes developed from historical data where balloon parcels topped out at 15 pounds. While the Postal Service is proposing that the weight ceiling be raised from 15 pound to 20 pounds, no cost study or any volume estimate for Parcel Post balloon parcels were available that used the new definition. It is reasonable to assume that the unit transportation costs of all balloon parcels using the new definition would be higher than using the current definition. To be sure, the unit transportation costs of the new reference parcels (20-pound parcels) are higher than the unit costs for 15-pound parcels, but it is not clear whether the excess costs (the difference between the balloon parcel costs and the reference parcel costs) would be higher or lower. Consequently, while it is reasonable to conclude that raising the threshold for balloon parcels to 20 pounds will increase the balloon parcel volume, the net impact on excess balloon parcel transportation costs remains ambiguous.

It would, of course, be desirable to have estimates of costs and volumes based on the new definition but, since they were not available, I believe that using the unit costs and volumes based on the current definition should not pose any significant problems. I

base this view on the following:

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- The purpose of the calculation is simply to shift cost recovery from the per-piece rate element to the per-pound rate elements. The total amount of costs are recovered whether or not this adjustment is made, or whether the excess cost estimate is too high or too low. The costs that are not recovered in the per-pound rate element is recovered in the per-piece element, and vice-versa.
- The amount in question is relatively small. As can be seen from the Balloon Costs worksheet, the total excess costs that are shifted amount to \$5.3 million, about 0.4% of Parcel Post subclass costs.
- The preliminary rates for heavier weight pieces in many rate categories were highly constrained, as described in my testimony. The rate change mitigation and other constraints that were imposed significantly reduced the effects that prior shifting of costs between per-piece and per-pound rate elements might have had. Consequently, any alternative way of distributing these excess balloon costs probably would not have had much impact on the final proposed rates.

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24. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," to the sheets that show the constrained rates (WP-PP-25 – WP-PP-27.) It appears that the numbered notes on the bottom of the page do not correspond with the numbers that appear with the data. Please make the necessary corrections and provide a revised version.

**RESPONSE:**

Please see WP-ParcelPost-R0601.xls. In addition to revising the incorrect reference numbers, the following notes have been revised to improve clarity: Note 5 on WP-PP-25; Note 7 on WP-PP-26; and Note 4 on WP-PP-27.

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25. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "RDU Savings Calculations," note [1]. Please confirm that the note should show that the nonmachinable surcharge should be added for pounds 36 – 70, not pounds 1 – 35.

**RESPONSE:**

Confirmed. Note 1 has been corrected. Please see WP-ParcelPost-R0601.xls.

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26. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "Parcel Post Financials," note [Ab]. Please confirm that the note should show that the formula for [Ab] is:  $(\text{Input 14a}) + (\text{Total Dimensional Wt. Volume})$ . (The note currently shows [Ab] is equal only to Input14a.)

**RESPONSE:**

Confirmed. The second part of note 1 has been corrected. Please see WP-ParcelPost-R0601.xls.

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27. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "PRS Revenue Impacts," note [2]. Please confirm that the section of note [2] that shows the methodology for 36 pounds to 70 pounds should not show the subtraction of the Intra-BMC Nonmachinable surcharge, as the actual formula used does not perform this step.

**RESPONSE:**

Confirmed. The second part of note 2 has been corrected. Please see WP-ParcelPost-R0601.xls.

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28. Please refer to USPS-LR-L-82, workbook "WP-ParcelPost.xls," sheet "Dim-Wt Migrants Unit Costs," section [3] (Total Costs including Basic per piece cost). Please explain why the balloon costs for Intra-BMC (WP-PP-18 cell M13) are added to each cell as opposed to the balloon cost for Inter-BMC (WP-PP-18, cell M18).

**RESPONSE:**

The use of Intra-BMC balloon costs was an error. Please see WP-ParcelPost-R0601.xls, where the formulas in WP-PP-40 have been changed to include the correct balloon costs (Inter-BMC balloon costs). The change reduces the total estimated costs shown in WP-PP-40 by about \$36,000, or about 0.2% of the originally reported estimate.

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29. Please refer to USPS-LR-L-82, workbook WP-ParcelPost.xls. Throughout this workbook there appear to be multiple inaccuracies with references that refer to information found in "Inputs." The actual numbers used in these instances are correct, but the references do not refer to the actual numbers used. Please confirm, with respect to references to items from "Inputs," that on sheet:
- a. "TYBR Volumes" note 2 should refer to item 6c, note 3 should refer to item 6f, note 4 should refer to 6 (k, j, and i) and note 4 should refer to 6p and 6o;
  - b. "TYBR Adjusted Revenue" notes should refer to item 6 instead of 7 (with 6f instead of 7j for note [Bx]), 8 instead of 9, 9 instead of 10, 4 instead of 5, 10 instead of 11, 11 instead of 12, and 5 instead of 6;
  - c. "Cubic Foot Costs" notes should refer to item 16 instead of 19;
  - d. "Wt.-Related Non-Transp. Costs" note [3] should refer to item 17 instead of 20;
  - e. "Oversized Costs" notes should refer to item 17 instead of 20;
  - f. "Leakages and Surcharges" notes should refer to item 6 instead of 7, 8 instead of 9, 9 instead of 10, 10 instead of 11, 11 instead of 12, and 17 instead of 20;
  - g. "Per Piece Costs and Charges" notes should refer to item 15 instead of 18, 12 instead of 14, 6 instead of 7, 17 instead of 20, and 13 instead of 15;
  - h. "Preliminary Intra-BMC Rates" and "Preliminary Inter-BMC Rates" notes should refer to item 17 instead of 20;
  - i. "Preliminary Parcel Select Rates" notes should refer to item 17 instead of 20 and 9 instead of 10;
  - j. "Constrained Intra-BMC Rates," "Constrained Inter-BMC Rates," and "Constrained Parcel Select Rates" notes should refer to item 17 instead of 20;
  - k. "TYAR Volumes" notes should refer to item 14 instead of 17 (with 14j instead of 17n, 14m instead of 17k, and 14l instead of 17m);
  - l. "RDU Savings Calculation" notes should refer to item 23 instead of 26, 16 instead of 19, 19 instead of 22, 14m instead of 17n, 9 instead of 10, and 6 instead of 7;
  - m. "RBMC Savings Calculation" and "PRS Oversize Cost Savings" notes should refer to item 19 instead of 22, 16 instead of 19, and 23 instead of 26.

**RESPONSE:**

- a-m. All of the corrections cited in the question can be confirmed with one qualification cited below. In almost all cases the discrepancies were due to the deletion of one or more items on the Inputs worksheet that caused a renumbering of the input

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assumptions below the deleted item(s). This renumbering was evidently overlooked when the notes were prepared. Please see WP-ParcelPost-R0601.xls, where all of the changes cited in the question have been made to the appropriate workpapers. In subpart (a) of the question the second reference to note 4 is presumed to be erroneous and it is believed that note 5 was the intended reference. If "note 5" is substituted for the second reference to "note 4," the corrections following the second note 4 reference can be confirmed.