

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

RATE AND SERVICE CHANGES TO IMPLEMENT
FUNCTIONALLY EQUIVALENT NEGOTIATED
SERVICE AGREEMENT WITH BANK ONE
CORPORATION

Docket No. MC2004-3

RESPONSE OF UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 5
(POIR5)

The United States Postal Service hereby provides responses to Presiding Officer's Information Request (POIR) No. 5. The POIR was issued on August 25, 2004, and requested responses by September 2, 2004.

The information request is stated verbatim, then followed by its response. The witness attesting to the response is identified in the header thereof.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Nan K. McKenzie

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September 2, 2004

RESPONSE OF UNITED STATES POSTAL SERVICE MICHAEL PLUNKETT
TO PRESIDING OFFICER'S INFORMATION REQUEST No. 5

POIR 5. Refer to USPS-T-1, Appendix A, page 13. The unit cost figures in lines 3 and 4 of column B (\$0.5831 and \$0.6295 respectively) have been modified from the costs originally calculated in the referenced Tables from USPS LR-J-69. Please provide the source tables as modified to calculate the new cost estimates, including a description of the modifications and references to all input sources.

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RESPONSE:

The \$0.5831 cost figure was a transposition error; please see the United States Postal Service Notice of Second Errata to the Testimony of Witness K. Plunkett, filed on September 1, 2004 and the attachment thereto. The cost figure \$0.6295 results from isolating flats return-to-sender costs from overall return to sender costs. Please refer to the following attachment.

Attachment to Response to POIR 5

Table 5.2.4.1
Mailstream Processing Unit Cost for First-Class Mail, by Disposition

	A		B		C		D		E		F
	Mail Processing Overall Cost (Thousands)		Volume (Thousands) (1)		Mail Processing Cost/Piece		Transportation Cost/Piece (2)		Piggyback Factor (3)		Total Cost/Piece
1. Forward	\$138,507	(4)	1,953,295		\$0.0709		\$0.000011		72.4%		\$0.1223
2. Return to Sender	\$24,670	(5)	67,564		\$0.3651		\$0.000011		72.4%		\$0.6295

(1) Refer to Section 4.0, Volume Profile, Table 4.3.3, First-Class Mail. It is estimated that 5.5% of total Return to Sender Volume is Flat Mail $1,228.427 * 5.5\% = 67,564$

(2) This is the ratio of Cost Segment 14: Transportation (FY2000 CRA), for First-Class Mail and the total volume of First-Class Mailpieces from the 2000 RPW.

(3) Based on the R2001 rate case, piggyback factor for mail processing.

(4) Developed from FY2000 IOCS survey data. This is the cost of mail processing for forwarded (23.D.F) First-Class Mailpieces of the following shapes: letters, postcards, flats, parcels, and IPPs.

(5) Developed from FY2000 IOCS survey data. This is the cost of mail processing for return to sender (23.D.D and 23.D.E) First-Class Mailpieces of the following shapes: flats,

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.

Nan K. McKenzie

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