

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

ANNUAL COMPLIANCE REVIEW, 2012

Docket No. ACR2012

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-15, 17, 19-21, 23-26, 28-30, AND 32-36
OF CHAIRMAN'S INFORMATION REQUEST NO. 5

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 5, issued on January 28, 2013.

Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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Question 1

The revised library reference, REV_USPS FY12-1, indicates that the costs for "Other Ancillary Services" are \$547.852 million. Please identify each Special Service included in the \$547.852 million and provide the corresponding costs and volumes for each.

RESPONSE:

See ChIR5.Q1.xls, contained in USPS-FY12-46. The attributable costs are derived using IOCS tallies and other data available in USPS-FY12-32. Some of the Special Services (for example, Certificate of Mailing) did not have any tally in FY 2012; therefore, no costs were assigned to such services for FY 2012.

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Question 2

Please refer to the response to CHIR No. 1, question 5(a)-(b), which provided the final CY 2011 annual and CY 2012 preliminary year-to-date monthly (January-September) quality of service measurement results for the link to terminal dues.

- a. Please explain the causes of the differences between the quality of service measurement results reported in the table UPU QLMS - GMS extract report 2011, YTD December 2011 compared to the results in the table UPU Quality Link Measurement System report, YTD December 2011.
- b. Please explain the causes of the change in the CY 2012 year-to-date on-time percent performance compared with the CY 2011 annual performance for letter post items reported in the table UPU Quality Link Measurement System report, YTD December 2011.

RESPONSE:

- a. The extract report was developed pursuant to decisions by the UPU Postal Operations Council (POC) to change the measurement methodology for the alignment of the previous Unipost External Measurement System, better known as the "UNEX" system, design specifications with new UPU Global Monitoring System design specifications. Many developing countries with large volume flows to the U.S. but that do not participate in the Quality Link to terminal dues were added to the test letter pools and affect the final USPS score. Many of these countries send large-volume mail dispatches without following the usual preparation that Quality Link participants observe. The mail arrives in bags only, with letters and flats bundled inside with rubber bands around them, which requires additional manual processing to empty the bags, remove the rubber bands and then place the mail pieces into the processing stream. This is in contrast to the majority of previous Quality Link to terminal dues countries that send letters in letter trays, flats in flat tubs, and packets in bags. This better mail preparation expedites mail processing for the Postal Service, as less time-consuming

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manual labor is involved.

b The causes of the change in CY 2012 year-to-date on-time percent performance compared with the CY 2011 annual performance can be explained by the fact that the Postal Service changed its domestic standards as of July 1, 2012, as a result of network rationalization. These domestic standards have not yet been reflected in the UPU QLMS measurement performance metrics, since this requires a decision by the UPU POC which meets in April 2013. From January to June letter post performance had trended upward as a result of dedicated Lean Six Sigma improvement projects in processing inbound letter mail. As a result of still being measured on older, outdated domestic service standards, the reported results dropped more than 10 percentage points in July 2012 alone.

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Question 3

The following questions concern Product Specific costs. Please refer to USPS-FY12-NP2 (Revised), Excel file Reports (Booked).xls (Revised 1-14-13), worksheet A-Pages (c), Table A-2.

- a. For FY 2012, International Money Transfer Service (IMTS)—Outbound product specific costs increased substantially compared to FY 2011. Please explain the causes of this increase in product specific costs for IMTS-Outbound.
- b. For the first time in FY 2012, the International Cost and Revenue Analysis (ICRA) Report presents product specific costs for the following Negotiated Service Agreement (NSA) contracts: Global Expedited Package Services (GEPS) contracts, Global Reseller Expedited Package (GREP) contracts, and Global Expedited Package Services – Non-published Rates (GEPS – NPR) contracts. Please explain the reasons for the newly reported product specific costs for these products.

RESPONSE:

a. There are two reasons for the increase in IMTS product specific costs from FY 2011 to FY 2012. First, Finance Number 677800 (Sure Money) and Finance Number 661237 (eIMTS) had zero costs in FY 2011 and they had positive costs in FY 2012. Finance Number 661237 was IFS – International Finance Service until the fourth quarter of FY 2011, at which point it was changed to eIMTS and it was included in IMTS product specific costs for the entirety of FY 2012.

Second, in FY 2011, the IMTS product specific costs were split between Outbound and Inbound based on the IOCS tally split of 7:1 and in FY 2012 that ratio was 4:0. As such, all of the IMTS product specific costs were attributed to the Outbound portion.

b. In FY 2011, these product specific costs were reported as part of volume variable costs in the Reports and Reports (Booked) files. In FY 2012, these product specific costs were reported as product specific. The methodology did not change, only the

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columns on which these costs were reported changed.

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Question 4

The following question concerns market dominant inbound international negotiated service agreements (NSAs). Please refer to USPS-FY12-NP2 (Revised), Excel file Reports (Booked).xls (Revised 1-14-13), worksheet A Pages (md), Table A-2, and the reference to Global Direct Entry with Foreign Postal Administrations. Please provide the revenue, volume variable cost, product specific costs (if any), pieces, and net/gross pounds for each agreement/contract (identified by name, docket number and, if applicable, agreement/contract number) used to derive the revenue, cost, volume, and weight figures for Global Direct Entry with Foreign Postal Administrations shown in Table A-2.

RESPONSE:

The revenue, volume-variable costs, pieces and net/gross pound for the arrangements that the Postal Service has with a few foreign postal administrations are shown on the GDEI tab of USPS-FY12-NP2 (Revised), Excel file Inputs.xls.

In FY 2012, such mail was received from the postal operators of five countries: Belgium, France, Germany, Singapore, and Switzerland. As the Postal Service stated in response to Chairman's Information Request No. 3, Question 12, in ACR2011 (which the Commission acknowledged on page 150 of its 2011 Annual Compliance Determination), these arrangements predate the Commission's system for regulating market dominant and competitive products under the Postal Accountability and Enhancement Act of 2006, and therefore were established in accordance with the Postal Service's former authority over international mail rates. Except for Deutsche Post DHL and Swiss Post, these arrangements were entered into informally.

In Docket No. R2013-1, which concerned adjustments in prices to take effect on January 27, 2013, the Postal Service, added "a handling charge for foreign-origin, inbound direct entry First-Class Mail Single-Piece Machinable Letters, Single-Piece Postcards, Single-Piece Flats, and Single-Piece Parcels tendered by foreign postal

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operators, subject to the terms of an authorization arrangement.”¹ In Order No. 1541, the Commission reviewed this handling charge and found it to be consistent with applicable pricing criteria.²

During FY 2013, the Postal Service plans to continue its efforts to formalize these arrangements by entering into authorization arrangements with foreign postal operators. Such authorization arrangements would include payment of single-piece rates coupled with the published rate handling charge for foreign-origin, inbound direct entry First-Class Mail Single-Piece Machinable Letters, Single-Piece Postcards, Single-Piece Flats, and Single-Piece Parcels.

¹ United States Postal Service Notice of Market-Dominant Adjustment, Docket No. R2013-1 (Oct. 11, 2012), at 54, and Attachment A, at 4, 5, 13, and 15.

² PRC Order No. 1541, Order on Price Adjustments for Market Dominant Products and Related Mail Classification Changes, PRC Docket No. R2013-1, at 13-14.

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Question 5

The following questions concern outbound competitive international NSAs for Global Expedited Package Services (GEPS) Contracts.

- a. In USPS-FY12-NP2 (Revised), Excel file Reports (Booked).xls (Revised 1-14-13), worksheet tab A Pages (c), Table A-2, the Postal Service reports the financial results for the GEPS products in a single entry, "Global Expedited Package Services (GEPS) Contracts." The competitive product list identifies three products under the heading Global Expedited Package Services (GEPS) Contracts: GEPS2, GEPS3 and GEPS4. For these products, please provide the revenue, volume variable cost, product specific costs (if any), pieces, and net/gross pounds for each agreement/contract (identified by docket number, name of company/operator and, if applicable, agreement/contract number) used to derive the revenue, cost, volume, and weight figures for GEPS Contracts shown in Table A-2.
- b. Please reconcile the revenue, pieces, pounds, volume variable cost, and contribution for the GEPS2, GEPS3 and GEPS4 products shown in USPS-FY12-NP2 (Revised), Excel file NSA Summary (Booked).xls (Revised 1-14-13), worksheet tab Summary, with the revenue, pieces, pounds, volume variable costs, product specific costs (if any), and contribution provided for such products in response to subpart (a), above.
- c. Please respond to subparts (a)-(b), above, with reference to the Excel file Reports.xls (Revised 1-14-13), worksheet tab A Pages (c), Table A-2 and the Excel file NSA Summary (Imputed).xls (Revised 1-14-13), worksheet tab Summary.

RESPONSE:

All activity for GEPS contracts was reported as GEPS3 for FY 2012. There were no GEPS2 or GEPS 4 contracts with any mailing activity during FY 2012.

Questions 5, 6 and 7 all involve additional detail below the docket number for the products summarized in the NSA Summary workbooks. A master workbook detailing all of the outbound NSA contracts is provided in USPS-FY12-NP35, with separate sheets distinguishing the booked and imputed results. The following summaries are provided:
GEPS 3, GEPS - Customized Rate (which maps to GEPS3 on the NSA Summary

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reports), GEPS NPR 2, GEPS NPR 3, Global Plus 1B, Global Plus 2B, GREPS 1, GLOBAL PLUS 1C, GLOBAL PLUS 2C, and Global Direct Contracts 1. The sum of the revenue from these categories is [REDACTED], which aligns with the "ICM Check" in the crosswalk (see cell e172 of the "Summary" sheet in NSA Summary (Booked)). This also matches the amount from the A Summary Report (see cell g176) of NSA Summary Booked.

When adding customer names to the reporting database, it was discovered that CP2012-9 was reported as GEPS3 and it should have been reported as Global Direct. Reclassifying CP2012-9 to Global Direct shifts [REDACTED] of revenue from GEPS3 to Global Direct in the NSA Summary. Also while adding customer names, it was discovered that small amounts for CP2012-15, 16 and 17 should have been reported as CP2012-14. Reclassifying those amounts shifts [REDACTED] of revenue from GEPS3 to GREPS. Thus, the reorganized revenue totals are: total GEPS3 of [REDACTED]; total Global Direct of [REDACTED]; and total GREPS of [REDACTED]. These amounts are also shown on ChIR5.Q5.6.7.Nonpublic.xls in USPS-FY12-NP35, along with costs, volume and weight and contribution.

There are two additional issues affecting the classifications in Reports.xls and Reports (Booked).xls, and all changes apply to both versions, with only the particulars of costing differing between the two versions. Some serial numbers did not transfer to the ICM Costing Module due to missing serial numbers and CP2011-67 was not consistently reported under GREPS. The missing serial numbers affect [REDACTED] of revenue, which should have been shown in Reports under GEPS NPR, but instead was shown under GEPS. Part of Docket Number CP2011-67 was classified as GEPS, but it

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should have been reported under GREPS. This affects an additional [REDACTED] of revenue, which should have been shown in Reports under GREPs. The shift of [REDACTED] from GEPS3 to GREPS also applies to Reports. Lastly, the Global Direct summary in the Reports files was done by product and not contract, so the move of [REDACTED] that was made for the NSA Summary is unnecessary in Reports. None of the cost estimates are affected; thus, costs, pieces and weight would be transferred in the same manner as the revenue shifts to different rows within the NSA Outbound Category. With these changes, Reports.xls and Reports (Booked).xls classifications and data are in agreement with those reported on the corresponding NSA Summary workbooks. Furthermore, the line for Subtotal International Outbound under International Negotiated Service Agreements on page A-2 on sheet "A Pages(c)" is unchanged by these reclassifications in both Reports.xls and Reports (Booked).xls.

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Question 6

The following questions concern outbound competitive international negotiated service agreements for Global Reseller Expedited Package (GREP) Contracts.

- a. In USPS-FY12-NP2 (Revised), Excel file Reports (Booked).xls (Revised 1-14-13), worksheet tab A Pages (c), Table A-2, the Postal Service reports the financial results for the GREP product in the entry "Global Reseller Expedited Package Contracts." Please provide the revenue, volume variable cost, product specific costs (if any), pieces, and net/gross pounds for each agreement/contract (identified by docket number, name of company/operator and, if applicable, agreement/contract number) used to derive the revenue, cost, volume, and weight figures for GREP Contracts shown in Table A-2.
- b. Please reconcile the revenue, pieces, pounds, volume variable cost, and contribution for the Global Reseller Expedited Package Contracts product shown in USPS-FY12-NP2 (Revised), Excel file NSA Summary (Booked).xls (Revised 1-14-13), worksheet tab Summary, with the revenue, pieces, pounds, volume variable costs, product specific costs (if any), and contribution provided for this product in response to subpart (a), above.
- c. Please respond to subparts (a)-(b), above, with reference to the Excel file Reports.xls (Revised 1-14-13), worksheet tab A Pages (c), Table A-2, and the Excel file NSA Summary (Imputed).xls (Revised 1-14-13), worksheet tab Summary.

RESPONSE:

Please see the response to Question 5 above.

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Question 7

The following questions concern outbound competitive international negotiated service agreements for Global Expedited Package Services—Non-Published Rates (GEPS—NPR) Contracts.

- a. In USPS-FY12-NP2 (Revised), Excel file Reports (Booked).xls (Revised 1-14-13), worksheet tab A Pages (c), Table A-2, the Postal Service reports the financial results for the GEPS-NPR product in the entry “Global Expedited Package Services (GEPS)—Non-Published Rates.” Please provide the revenue, volume variable costs, product specific costs (if any), pieces, and net/gross pounds for each agreement/contract (identified by docket number, name of company/operator and, if applicable, agreement/contract number) used to derive the revenue, cost, volume, and weight figures for Global Expedited Package Services (GEPS)—Non-Published Rates shown in Table A-2.
- b. Please reconcile the revenue, pieces, pounds, volume variable cost, and contribution for the Global Expedited Package Services (GEPS)—Non-Published Rates product shown in USPS-FY12-NP2 (Revised), Excel file NSA Summary (Booked).xls (Revised 1-14-13), worksheet tab Summary, with the revenue, pieces, pounds, volume variable costs, product specific costs (if any), and contribution provided for this product in response to subpart (a), above.
- c. Please respond to subparts (a)-(b), above, with reference to the Excel file Reports.xls (Revised 1-14-13), worksheet tab A Pages (c), Table A-2, and the Excel file NSA Summary (Imputed).xls (Revised 1-14-13), worksheet tab Summary.

RESPONSE:

Please see the response to Question 5 above.

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Question 8

The following questions concern International Business Reply Service (IBRS) Competitive Contracts.

- a. IBRS Competitive Contracts consist of three products: IBRS Competitive Contract 1, 2 and 3. In USPS-FY12-NP2 (Revised), Excel file NSA Summary (Booked).xls (Revised 1-14-13), worksheet tab IBRS, please confirm that CP2010-17 and CP2012-5 are IBRS Competitive Contract 1 contracts, and all other identified contracts are IBRS Competitive Contract 3 contracts. If not confirmed, please explain.
- b. Please reconcile the reported financial results for the IBRS Competitive Contract products presented in USPS-FY12-NP2 (Revised), Excel file NSA Summary (Booked).xls (Revised 1-14-13), worksheet Summary, with the revenue, pieces, pounds, volume variable cost, product specific cost, and contribution for International Business Reply Service (IBRS) Competitive Contracts reported in USPS-FY12-NP2 (Revised), Excel file Reports (Booked).xls (Revised 1-14-13), worksheet tab A Pages (c), Table A-2.
- c. Please respond to subpart (a) and (b), above, with reference to the Excel file Reports.xls (Revised 1-14-13), worksheet tab A Pages (c), Table A-2 and the Excel file NSA Summary (Imputed).xls (Revised 1-14-13), worksheet tab Summary.

RESPONSE:

- a. Confirmed that on the IBRS tab of USPS-FY12-NP2 (Revised), Excel file NSA Summary (Booked).xls (Revised 1-14-13) CP2010-17 and CP2012-5 are IBRS 1 and all the other IBRS dockets are IBRS 3. Additionally, on the Summary tab of the same workbook, the IBRS 2 labels on rows 99 and 106 should refer to IBRS 3.
- b. Reports (Booked).xls reports [REDACTED] revenue, [REDACTED] costs, [REDACTED] pieces, and [REDACTED] pounds for IBRS combined. Rounding the whole dollar and natural unit amounts in NSA Summary (Booked).xls yields the same amounts.
- c. The same explanation and methodology applies to the imputed cost version.

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Question 9

Please refer to USPS-FY12-NP2 (Revised), Excel file "NSA Summary (Booked).xls", worksheet IDE Sack Handling, Column T. Please show the calculations used to derive the "FY 12 Cost" for each foreign postal operator.

RESPONSE:

NSA Summary Booked.xls reports an incomplete calculation of costs. The costs reported apply for flows that occurred in only the first six months of FY 2012. The corrected costs should be [REDACTED] for CP2008-14; [REDACTED] for CP2008-15; and [REDACTED] for CP2009-41. The difference in total costs for IDE Sack Handling is an increase of [REDACTED].

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Question 10

The following questions relate to Package Intercept Service.

- a. In the Competitive Billing Determinants, the Postal Service reports an aggregate estimate for FY 2012 Package Intercept Service revenues and volumes. Please disaggregate the revenue and volume figures for the products that used Package Intercept Service.
- b. It appears that Library Reference USPS-FY12-NP26, which provides non-public Special Services special cost studies, does not include a Package Intercept Service special cost study. Please provide a special cost study, consistent with other Competitive service offerings.
- c. It appears that the non-public CRA does not include Package Intercept Service's revenues and attributable cost data with the Competitive Ancillary Services product. Please identify where Package Intercept Service's revenues and attributable cost appear in the non-public CRA.
- d. It appears that the RPW revenues for Package Intercept Service were included with market dominant Special Services. See Response to CHIR No. 3, question 9. Please explain why the revenues were not included with the Competitive Ancillary Services product.

RESPONSE:

- a. The Postal Service currently does not collect the category of mail for Package Intercept mailpieces in POS and PostalOne! Therefore, the billing determinants for this category cannot be disaggregated.
- b. A model is provided under seal in USPS-FY12-NP35.
- c. Package Intercept revenues are included with market dominant Special Services. The Postal Service's data systems did not identify any costs for this product. To the extent that the costs are large enough to even be measureable, they are probably subsumed in institutional costs.
- d. This was an error.

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Question 11

Please refer to the Preface to Library Reference USPS-FY12-NP27, which states that the Postal Service plans to permanently discontinue the USPS Electronic Postmark Service (EMP) Program.

- a. Has the Postal Service already discontinued the EPM Program?
- b. If the EPM Program has not been discontinued, please provide an expected discontinuance date.

RESPONSE:

- a. Yes.
- b. Not applicable.

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Question 12

Please refer to USPS-FY12-LR-4, Excel file: FY 2012 Standard Mail.xls. A category called "Simplified Address" is included on the following tabs: ECR LETTERS P. C2-1, ECR FLATS P. C2-2, ECR FLATS (ltr-shaped) P. C2-3, ECR PARCELS P. C2-4, ECR PARCELS P. C2-4, NP ECR FLATS P. C4-2, NP ECR FLATS P. C4-2, and NP ECR PARCELS P. C4-4. This category did not exist in USPS-FY11-4.

- a. Please explain how simplified address mailpieces differ from Carrier Route, High Density, and Saturation pieces.
- b. Please provide workpapers that distribute the simplified address mailpieces to their respective products.
- c. Please explain how simplified address mailpieces are different from Every Door Direct Mail- Retail mailpieces.
- d. Please confirm that simplified address mailpieces pay Carrier Route, High Density or Saturation prices. If not confirmed, please explain.
- e. Please provide workpapers in electronic format showing how the Postal Service calculated revenue for simplified address mail including the applicable prices.

RESPONSE:

- a. Simplified address mailpieces are entered at BMEUs. They are Carrier Route mailpieces using Saturation prices with simplified addressing. Simplified address mailpieces are all Saturation mail.
- b. The billing determinants show how simplified address mailpieces are distributed. There are no workpapers other than the billing determinants where the breakdown is shown. Billing determinants simply show RPW data in billing determinant format.
- c. Every Door Direct Mail - Retail pieces use simplified addresses but have additional volume, shape, entry, and payment requirements.
- d. Confirmed. Simplified address mailpieces pay Saturation prices.
- e. As noted in the response to part (b) above, please see the billing determinants.

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Question 13

Please provide a copy of the "revised Periodicals Processing Policy" implemented in Quarter 4 of FY 2011.

RESPONSE:

See USPS-FY12-46.

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Question 14

Please identify and explain how the revised Policy altered Periodicals processing with respect to

- a. Origin and destination entry processes;
- b. Service standard;
- c. Container identification;
- d. Service visibility requirements;
- e. Merging mail classes;
- f. Dispatch and routing;
- g. Letter mail processing; and
- h. Consolidation of facilities.

RESPONSE:

As discussed below, the primary change made by the revised policy was the elimination of Hot2C practices. For the most part, the revised policy did not change other areas, but rather served to consolidate and reiterate the various disparate materials. In addition, the revised policy was implemented in tandem with new Critical Entry Times (CETs).

- a. Origin and destination entry processes: No changes to entry were made. A reiteration of the existing policy was included. However, effective July 1, 2011, mailers were allowed to request drop ship appointments for mixed loads containing Periodicals any time the facility is open and staffed. Prior to that date, mailers could request drop ship appointments for 100 percent Periodicals loads any time the facility is open and staffed, but "mixed" loads that contained Periodicals and Standard Mail and/or Package Services were restricted to specific appointment windows.
- b. Service Standard: No changes were made to service standards. Instead, it reiterated our processing policy to achieve the service standards which were currently in place when the policy was issued – July 1, 2011. The policy did seek to clarify that daily, weekly, and monthly Periodicals all have the same processing expectations and service standards. In addition, all Hot-2C operations and bullpens were to cease and all Hot-2C signs within our processing facilities were to be removed. Furthermore, the policy reinforced the requirement to process Periodicals based upon the arrival time of the mail at each facility and based upon the service standard, not upon publication titles.

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c. Container identification: Prior to issuance of the policy, facilities utilized a variety of methods to identify mail actual arrival date and time. The Periodicals policy provided a standardized national format for Periodicals placards with requirements for recording the actual date and time of mail arrival and the identification of the expected day of clearance or day of delivery by circling the day on the Periodicals placard. The standard Periodicals placards are available through the Topeka MDC as a catalog item.

Examples:

Clearance Placard	Delivery Placard
RECEIPT DATE: _____	RECEIPT DATE: _____
TIME: _____	TIME: _____
PERIODICALS MAIL	PERIODICALS MAIL
for	for
<u>CLEARANCE</u>	<u>DELIVERY on</u>
(Circle One)	(Circle One)
MO TU WE TH FR SA SU	MO TU WE TH FR SA
Aaptown P&DC City, State, 5-Digit ZIP	Aaptown P&DC City, State, 5-Digit ZIP

d. Surface visibility requirements: The Periodicals policy did not make any changes to the Surface Visibility scanning requirements.³ Instead, on page 10 of the document, the policy seeks to reinforce the requirements which were in place at the time the policy was written. Those same requirements remain in place today.

³ In response to Question 1 of Chairman's Information Request No. 1, the Postal Service incorrectly stated "service visibility requirements" instead of "surface visibility requirements". The Postal Service is responding to this follow-up question with the correct terminology.

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- e. Merging mail classes: The Periodicals processing policy did not make any changes with respect to merging mail classes. The merging of mail classes policy was developed externally from the Periodicals processing policy. The Periodicals processing policy simply prescribed how to identify and process merged classes of flats to ensure that the service standards were achieved.
- f. Dispatch and routing: The Periodicals processing policy did not make any changes with respect to dispatching and routing mail. The policy outlined and reinforced procedures that were already in place at the time that the policy was implemented.
- g. Letter mail processing: The Periodicals processing policy did not make any changes with respect to letter processing. The policy outlined and reinforced procedures that were already in place at the time that the policy was implemented.
- h. Consolidation of facilities: The Periodicals processing policy did not make any changes with respect to "Consolidation of Facilities". The policy did outline and reinforce existing processing procedures for mail at "Consolidation Gateway Facilities".⁴

⁴ Consolidation Gateways are facilities identified in the Domestic Mail Manual (DMM) labeling lists L009, L010, and L011 as those facilities that receive and process Mixed States Residue (MXD) Standard or Periodicals Mail.

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Question 15

Has the Postal Service measured how elimination of Hot2C practices has lead to a reduction of manual processing at each facility that processes Periodicals? If so, please provide any workpapers or presentations developed.

RESPONSE:

No. With the interplay of other programs and initiatives – such as FSS ramp-up, moving mail up the ladder, consolidations, etc. – and volume declines, it is not feasible to isolate the effect of the elimination of Hot2C practices on manual processing.

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Question 17

Has the Postal Service measured how elimination of Hot2C practices has lead to changes in service performance at each facility that processes Periodicals? If so, please provide any workpapers or presentations developed.

RESPONSE:

No. The interplay of other initiatives – most notably the use of the Service Performance Diagnostics as a management tool – makes it impossible to isolate the effect of the elimination of Hot2C practices on service performance.

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Question 19

Three FSS bundle and container preparation options were introduced in January 2011.

- a. Please confirm that in FY 2012
 - i. 2.6 percent of all Periodicals pallets were prepared as FSS Facility or FSS Scheme pallets;
 - ii. 1.9 percent of all Periodicals bundles were prepared as FSS bundles; and
 - iii. 4.3 percent of all Periodicals Pieces were presorted for the FSS.
- b. If not confirmed, please explain.
- c. Please provide the number of FSS Pallets, bundles, and pieces for Standard Mail Flats and Standard Mail Carrier Route in FY 2012.

RESPONSE:

- a. Confirmed.
- b. Not applicable.
- c. In FY 2012, 7261 pallets (0.19 percent) of Standard Mail Flats and Standard Carrier Route flats were prepared as FSS Facility or FSS Scheme Pallets; 570,382 bundles (0.09 percent) of Standard Mail flats and Standard Mail Carrier Route flats were prepared as FSS bundles; and 42,663,243 pieces (0.29) percent of Standard Mail and Standard Mail Carrier Route pieces were prepared in FSS bundles.

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Question 20

Please confirm that no price incentive for preparing FSS pallets and bundles in FY 2012 was available. If not confirmed, please explain the incentive. Do any non-price incentives exist (*i.e.*, speed of service) for mailers to prepare FSS pallets and bundles.

RESPONSE:

Partially confirmed. While there is no explicit price incentive for FSS prepared Periodicals, preparation of FSS bundles can reduce postage. Customers can merge multiple Carrier Route and 5-Digit bundles into a single FSS bundle. This bundle will incur a single 5-Digit bundle charge rather than each individual bundle being charged. In Standard Mail, there is no such incentive other than the reduction in mailer preparation costs that may come from having to prepare fewer bundles.

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Question 21

The Postal Service converted 198 SPBS to APBS as of December 2011. The following table was developed using the MODS productivities contained in USPS-FY12-LR-23 and USPS-FY11-LR-23.

SPBS TPH/HOUR		
	FY 2011	FY 2012
SPBS Outgoing	357	404
SPBS Incoming	201	220
All SPBS	215	224

Source: YRscrub2012.xls and YRscrub2011.xls

- a. Please confirm that the SPBS MODS codes are used to measure APBS productivity. If not confirmed, please explain which MODS codes are used for the calculation of APBS productivity.
- b. Please confirm that SPBS/APBS productivity increased 4.3 percent from FY 2011 to FY 2012.
- c. If not confirmed, please explain.
- d. Please quantify the impact of the increase in SPBS/APBS productivity on the unit cost for Periodicals, Standard Mail Flats, and Standard Mail Carrier Route.

RESPONSE:

- a. Confirmed that the SPBS operation groups include MODS operations for APBS equipment converted from SPBS.
- b. Not confirmed.
- c. The table presented above is labeled "SPBS TPH/HOUR," however the reported productivities for "SPBS Outgoing" and "SPBS Incoming" are measured as TPF/hour. The TPF/hour productivities are used in the cost models employing data from USPS-FY12-23. Correct tables of TPF/hour and TPH/hour are shown below, with percent changes from FY 2011 to FY 2012. The productivity increases vary by operation group, however please note that the TPH/hour increase for "All SPBS" is 4.4 percent (before

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rounding TPH/hour). The increase in TPH/hour is lower than the increase in TPF/hour because the TPH/TPF ratio declined (or, conversely, reject rates increased).

TPH/Hour and TPF/Hour for SPBS Operation Groups

Operation Group	SPBS TPF/Hour		
	FY 2011	FY 2012	% Change
SPBS Outgoing	357	404	13.1%
SPBS Incoming	201	220	9.6%
All SPBS	217	244	12.3%

Operation Group	SPBS TPH/Hour		
	FY 2011	FY 2012	% Change
SPBS Outgoing	351	372	5.9%
SPBS Incoming	199	202	1.7%
All SPBS	215	224	4.4%

Source: USPS-FY12-23, YRscrub2012.xls; USPS-FY11-23, YRscrub2011.xls

Replacing the FY 2012 SPBS productivity with the FY 2011 SPBS productivity in Docket No. ACR2012 USPS-FY12-11 models USPS-FY12-11.PER_OC.xls and USPS-FY12-11 USPS-FY12-11.STD.flats.xls and holding constant the CRA adjustment factor in each model yields an increase of \$162,945 in modeled mail processing costs or 0.00269 cents per piece in Periodicals, and an increase of \$174,608 in modeled mail processing costs or 0.00294 cents per piece in Standard Mail. Please note that these impacts only consider the effects of the changes in the SPBS productivity with “all else being equal,” and thus do not incorporate effects of any other operational changes such as FSS deployment, plant consolidations, volume declines, and changes to the mail mix that may have affected productivities or otherwise occurred in parallel with the productivity changes.

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Question 23

The following table was developed using the MODS productivities contained in USPS-FY12-LR-23 and USPS-FY11-LR-23 and USPS-FY08-LR-23.

AFSM Productivity			
	FY 2008	FY 2011	FY 2012
AFSM100 In Secondary	3,273	2,898	2,692
All AFSM Operations	3,163	2,826	2,667

Source: YRscrub2012.xls and YRscrub2011.xls and YRscrub2008.xls

- a. Please confirm that AFSM Incoming Secondary productivity declined 7.1 percent from FY 2011 to FY 2012.
- b. Please quantify the impact of the FY 2011 to FY 2012 decrease in AFSM productivity on the unit cost for Periodicals, Standard Mail Flats, and Standard Mail Carrier Route.
- c. Please confirm that AFSM Incoming Secondary productivity declined 17.7 percent from FY 2008 to FY 2012.
- d. Please quantify the impact of the FY 2008 to FY 2012 decrease in AFSM productivity on the unit cost for Periodicals, Standard Mail Flats, and Standard Mail Carrier Route.

RESPONSE:

- a. Confirmed.
- b. Replacing the FY 2012 AFSM 100 Incoming Secondary productivity with the FY 2011 AFSM 100 productivity in Docket No. ACR2012 USPS-FY12-11 models USPS-FY12-11.PER_OC.xls and USPS-FY12-11 USPS-FY12-11.STD.flats.xls and holding constant the CRA adjustment factor in each model yields a decrease of -\$3,415,358 in modeled mail processing costs or -0.05638 cents per piece in Periodicals, and a decrease of -\$8,531,838 in modeled mail processing costs or -0.1409 cents per piece in Standard Mail. Please note that these impacts only consider the effects of the changes in the AFSM 100 Incoming Secondary productivity with "all else being equal," and thus

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do not incorporate effects of any other operational changes such as FSS deployment, plant consolidations, volume declines and changes to the mail mix that may have affected productivities or otherwise occurred in parallel with the productivity changes.

c. Confirmed.

d. Replacing the F Y2012 AFSM 100 Incoming Secondary productivity with the FY 2008 AFSM 100 productivity in Docket No. ACR2012 USPS-FY12-11 models USPS-FY12-11.PER_OC.xls and USPS-FY12-11 USPS-FY12-11.STD.flats.xls and holding constant the CRA adjustment factor in each model yields a decrease of -\$16,845,289, in modeled mail processing costs or -0.2839 cents per piece in Periodicals and a decrease of -\$42,342,454 in modeled mail processing costs or -0.7137 cents per piece in Standard. Please note that these impacts only consider the effects of the changes in the AFSM 100 Incoming Secondary productivity with "all else being equal," and thus does not incorporate effects of any other operational changes such as FSS deployment, plant consolidations, volume declines and changes to the mail mix that may have affected productivities or otherwise occurred in parallel with the productivity changes.

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Question 24

In Response to CHIR 3 question 5 the Postal Service stated that FSS costs for Standard Mail Carrier Route have increased 1.84 cents from FY 2010 to FY 2012. The increase in FSS costs accounts for over 79 percent of the increase in Carrier Route costs since FY 2010.

- a. Please provide the same cost driver breakdown for Periodicals and Standard Mail Flats.
- b. In FY 2012, did operation of the FSS increase or decrease costs for Periodicals, Standard Mail Flats, and Standard Mail Carrier Route. Please provide all workpapers used to analyze the impact of the FSS on flats costs.

RESPONSE:

- a. The sources for the overall increase in Periodicals unit costs of 1.37 cents (or 4 percent) between FY 2010 and FY 2012 can be seen below by comparing costs by function over the three years.⁵

Attributable Costs for Periodicals, FY 2010, FY2011 and FY2012 (Cents per Piece)						
Fiscal Year	Total Unit Cost	Mail Processing	Delivery	VSD	Contract Transportation	Other
FY2010	34.25	17.42	12.24	0.86	3.25	0.48
FY2011	34.34	17.95	11.97	0.78	3.09	0.55
FY2012	35.62	18.74	12.06	0.84	3.53	0.46
FY12-FY10	1.37	1.31	(0.18)	(0.02)	0.28	(0.02)

The bulk of the change (as with Carrier Route) is in mail processing, which accounts for 1.31 cents of the increase. An examination of mail processing costs by cost pool shows that the FY 2012 Periodicals FSS operation processing costs is 1.95 cents,⁶ while the

⁵ Costs for each function include labor costs and indirect (or piggyback) costs for supervisor, equipment and facility-related, administrative and service-wide benefits costs. The calculation is shown in ChIR5.Q24.Periodicals.xls, in USPS-FY12-46.

⁶ See USPS-FY12-26.

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amount for FY 2010 is likely fairly small.⁷ The additional FSS processing cost has been offset by reductions in the costs of other processing,⁸ since the overall processing increase is only 1.31 cents. Delivery costs (city and rural) have declined by 0.18 cents per piece. Included in the overall change in delivery cost is a decline of 0.71 cents per piece in city carrier in-office. When this decline is adjusted to remove the 5.9 percent wage growth, the decline is 1.05 cents per piece.⁹ Increases in contract transportation – offset by declines in the costs of VSD and Other contributed a total of 0.24 cents to the increased unit costs.

The sources for the overall increase in Standard Flats unit costs of 1.65 cents (a 3.7 percent increase) between FY 2010 and FY 2012 can be seen below by comparing costs by function over the three years.¹⁰

Attributable Costs for Standard Flats, FY 2010, FY2011 and FY2012 (Cents per Piece)						
Fiscal Year	Total Unit Cost	Mail Processing	Delivery	VSD	Contract Transportation	Other
FY2010	44.84	24.96	15.95	0.60	2.66	0.66
FY2011	46.28	26.42	15.94	0.57	2.68	0.66
FY2012	46.50	26.46	15.83	0.65	2.82	0.73
FY12-FY10	1.65	1.50	(0.12)	0.05	0.16	0.07

The bulk of the change (as with Carrier Route) is in mail processing, which accounts for 1.50 cents of the increase. An examination of mail processing costs by cost pool shows that the FY 2012 Standard Flats FSS operation processing unit cost is

⁷ There weren't any FSS cost pools for FY 2010, as FSS costs were included in the AFSM 100 cost pool. FSS workhours in FY 2010 were less than 10 percent of the FY2012 FSS workhours. See USPS-FY10-7, part 1, USPS-FY10-8, and USPS-FY10-26.

⁸ FSS operations replace some AFSM 100, bundle sorting and manual processing.

⁹ See ChIR5.Q24.Periodicals.xls, in USPS-FY12-46, for these calculations and citations.

¹⁰ Costs for each function include labor costs and indirect (or piggyback) costs for supervisor, equipment and facility-related, administrative and service-wide benefits costs. The calculation is shown in ChIR5.Q24.StandardFlats.xls.

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2.17,¹¹ while the amount for FY2010 is likely fairly small.¹² Again, the additional FSS processing cost has been offset by reductions in costs from other processing,¹³ since the overall processing increase is only 1.50 cents. Delivery costs (city and rural) have declined by 0.12 cents per piece. Included in the overall change in delivery cost is a decline of 0.66 cents per piece in city carrier in-office. When this decline is adjusted to remove the 5.9 percent wage growth the decline is 1.20 cents per piece.¹⁴ Increases in costs of contract transportation, along with VSD and Other, contributed a total of 0.28 cents to the increased unit costs.

b. Based on available information from part (a) of this question for Periodicals and Standard Mail Flats and the information from the response to Question 5 of Chairman's Information Request No. 3 on Standard Mail Carrier Route, we can say the following. It appears that in FY 2012, FSS raised costs for these three products as compared with FY 2010 costs. This is determined in a simplistic fashion just considering two factors: the rise in mail processing unit costs and the decline in city carrier in-office unit costs. The latter is adjusted to remove the effects of the 5.9 percentage increase in city carrier wages from FY 2010 to F Y2012 (processing wages rose less than 1 percent during this time so no adjustment is made). It should be noted that other factors aside from FSS influence these unit cost changes. The table below shows this simplistic calculation.

¹¹ See USPS-FY12-26.

¹² There weren't any FSS cost pools for FY 2010, as FSS costs were included in the AFSM 100 cost pool. FSS workhours in FY 2010 were less than 10 percent of the FY 2012 FSS workhours. See USPS-FY10-7, part 1, USPS-FY10-8, and USPS-FY10-26.

¹³ FSS operations replace some AFSM 100, bundle sorting and manual processing.

¹⁴ See ChIR5.Q24.StandardFlats.xls for these calculations and citations.

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Changes in Processing and City Carrier In-Office Unit Costs For Flats from FY2010 to FY2012 (Cents per Piece)			
Product	Mail Processing	In-Office City Carrier	Processing and In-Office City Carrier Combined
Periodicals	1.31	(1.05)	0.26
Standard Mail Flats	1.50	(1.20)	0.30
Standard Mail Carrier Route	2.15	(0.75)	1.40

There are two important factors to take into account in considering these results. First, FSS is a long-term initiative and FY 2012 is only the first fiscal year of full FSS operation. As noted in the FY 2012 Annual Compliance Report, at page 27, long-term initiatives often mean additional costs (capital and additional operating costs) have been incurred while the associated savings take longer to realize. Second, the large decline in flats volume has impacted FSS operations, as the lower FSS volume per 5-digit zip code has caused lower FSS productivities than anticipated. Work is underway with Engineering to accommodate the lower volumes, to thereby boost FSS productivity.

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Question 25

In Response to CHIR 1 question 1 the Postal Service discusses the FSS Scorecard, which was used to “develop a list of specific sites to improve”.

- a. Please identify what critical aspects of FSS performance the FSS Scorecard measures.
- b. Please provide the list of specific sites where the Postal Service determined that FSS performance could improve along with their initial and current FSS performance based on the critical aspects listed in part a.

RESPONSE:

- a. The FSS Performance Scorecard comprises the following metrics:
 - Throughput per hour: Pass 1 TPF / Operation Time / Number of FSS Machines
 - Lost Opportunity: Total number of days that the site did not achieve an average of 195,500 TPF per FSS.
 - Ladder (FSS + AFSM + Manual) Ratio: The volume distribution for FSS, AFSM 100 and Manual Distribution (Carrier Cased Volume), expressed as a percentage of the total flats volume for FSS Zones.
 - Delayed Mail: Number of days with any DMCR reported flats delays.
 - Service: Scoring is based on DSCF Periodicals and DSCF Standard Flats service performance.
 - At-Risk: This is a shared performance metric for Maintenance, Operations and In-Plant Support. Scoring is based in part on the number of flat mail pieces which are considered “At-Risk” of not achieving expected delivery standards due to FSS machine issues such as double feeds and rejects.
 - Availability: A calculation based on the amount of time that an FSS is not fully operational due to machine downtime and/or running in a degraded condition.

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- Test Deck: This calculation is based on the number of days that a “Test Deck” is not run by maintenance personnel on an FSS to provide an indication of the effectiveness of the daily preventive maintenance procedures.

b. The table below lists the bottom ten performing sites as ranked on the initial FSS Performance Scorecard. This scorecard ranking was based on performance data for the period of January 14-27, 2012. Scorecard rankings are from #1 through #46, with #37 through #46 representing the bottom ten performing sites in the country.

Based on the most recent scorecard performance for the data period December 1, 2012 through January 11, 2013, six of the original bottom ten sites are no longer ranked in the bottom ten. In addition, eight of the original bottom ten sites improved in their overall ranking, with an average improvement of 10.6 positions.

Initial Scorecard Rank Jan 14-27 2012	Bottom 10 Sites	Current Rank Dec 01 2012 – Jan 11 2013	Ranking Change	Current Bottom 10?
37	██████████	33	+4	No
38	██████████	21	+17	No
39	██████████	36	-3	No
40	██████████	25	+15	No
41	██████████	46	-5	Yes
42	██████████	34	+8	No
43	██████████	39	+4	Yes
44	██████████	11	+33	No
45	██████████	41	+4	Yes
46	██████████	42	+4	Yes

Notes:

1. The scorecard was originally ranked and published based on two weeks of performance data. The format was changed to a six-weeks rolling performance data period in April, 2012 (for performance period Feb 24 – Apr 6, 2012).
2. Service was not one of the original eight performance metrics included in the FSS Performance Scorecard. Periodicals and Standard Service

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performance was added as a ninth metric on the scorecard that included the March 10-23 2012 data period.

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Question 26

The revenues for Media Mail/Library Mail did not cover attributable costs in FY 2012. The FY 2012 ACR at 29 states that the Postal Service will attempt to improve Media Mail/Library Mail's cost coverage by proposing above-average price increases subject to the CPI cap system.

- a. Please explain why the Media Mail/Library Mail product continues to fail to cover attributable costs.
- b. Besides above-average price adjustments, please discuss other steps that the Postal Service plans to take to bring Media Mail/Library Mail to full cost coverage.

RESPONSE:

- a. Media Mail / Library Mail continues to not cover its costs primarily because of the constraints of the price cap, particularly given that the product is in a class that does not cover its costs. In addition, the mail mix changes identified in ChIR5.Q26.xls (see USPS-FY12-46) may have contributed, over the last five years, to above-inflation increases in unit costs, while the unzoned price structure prevented corresponding increases in unit revenues. Nonetheless, the improvement in cost coverage from FY 2011 to FY 2012 was significant, increasing from 77.2 percent to 85.1 percent.
- b. The Postal Service believes that cost saving initiatives such as Network Rationalization will help reduce the product's unit costs, leading to improved cost coverage.

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Question 28

Please provide FY 2011 and FY 2012 quarterly IMb data aggregated at the district level showing mail volumes and measured pieces for the following categories:

- a. First-Class Mail
 - i. Presort Letter/Postcards; and
 - ii. Presort First-Class Mail Flats

- b. Standard Mail (Destination and End-to-End)
 - i. High Density and Saturation Letters;
 - ii. High Density and Saturation Flats/Parcels;
 - iii. Carrier Route;
 - iv. Letters;
 - v. Flats;
 - vi. Not Flat-Machinables and Parcels;
 - vii. Mixed Product Letters; and
 - viii. Mixed Product Flats

- c. Periodicals
 - i. In-County; and
 - ii. Outside County

- d. Package Services (Destination and End-to-End)
 - i. Bound Printed Matter Flats

RESPONSE:

a.-d. See file ChIR5.Q28.xls in USPS-FY12-46 for the destination district measured volumes available for FY 2011 and FY 2012. The total population volume information is not available at the district level and thus has not been provided in the files. For item a.ii, Presort First-Class Mail Flats, there was no measured volume because EXFC data were used as the proxy for all of FY 2011 and FY 2012. For item c, Periodicals, the data provided are for all measured Periodicals. In most cases, the data available were not sufficiently detailed to determine which pieces were In-County and Outside County.

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Question 29

39 C.F.R. 3055.2 (g) requires “a description of how sampled data represents the national geographic mail characteristics or behavior of the product.” Please explain or show how the Postal Service followed this requirement.¹⁵

a. First-Class Mail

- i. Is the Product Tracking System designed to generate a specific margin of error for estimates of First-Class Parcel service performance? If so, please provide the margin of error.
- ii. The Commissioned determined in Order No. 745 that the proxies used for First-Class Mail Flats and Parcels will be temporary until sufficient data are available. The Postal Service mentions the use of proxies for First-Class Mail Presort Flats in the Service Performance for Market Dominant Products found in USPS-FY12-29. What steps, if any, has the Postal Service taken to eliminate the use of these proxies? Please explain these steps in detail.
- iii. On page 10 of the Annual Report on Service Performance for Market Dominant Products found in USPS-FY12-29, the Postal Service mentions “the total mail volume available for measurement in FY 2012 was approximately 18 percent of all Standard Mail, with 98 percent of measured mail being Destination Entry.”
 - (a) Please confirm that this description intends to satisfy the requirements of § 3055.2 (g). If not confirmed, please show where the Postal Service satisfies this requirement.
 - (b) 39 C.F.R. 3055.2 (f) requires a description of statistical validity and reliability of the results for each measured product. Does the reliability of the results depend on the volume of measured mail? If so, please explain the effects in detail.
- iv. On page 11 of the Annual Report on Service Performance for Market Dominant Products found in USPS-FY12-29, the Postal Service states “in FY2012, 57 percent of measurable Standard letters and 70 percent of Full Service Intelligent Mail flats fell into [a] mixed product category.”
 - (a) How does this method of categorization affect the reliability and accuracy of service performance results for Standard Mail products?

¹⁵ The subparts of Question 29 have been renumbered because subpart a.i was absent from the original.

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- (b) What are the Postal Service's plans to address uncategorized Standard Mail in the future?
- (c) How will the Postal Service ensure mailers continue adopting documentation methods that provide the detail needed for accurate measurement at the product level?

RESPONSE:

a. First-Class Mail

i. No, the Product Tracking System is not designed to generate a specific margin of error for estimates of First-Class Parcel service performance. The system tracks mail for which Delivery Confirmation service was purchased and is not a statistically drawn random sample of pieces.

ii. The limited number of First-Class flats participating in Full Service has made the use of proxy data from EXFC necessary. There were a small number of mailing locations from which pieces were mailed, making the data for some district-service standard combinations either missing or too small to be reliable. The Postal Service has continued to encourage the adoption of Full Service Intelligent Mail service for letters and flats for all mailers and has developed tools to make it easier for smaller volume mailers to participate. The volume of data available for each district and service standard is assessed each quarter to determine whether the proxy data are still necessary. The Postal Service and external service performance contractors will continue to perform the assessment and will make the change from proxy to using the actual data as soon as it is feasible.

For parcels, retail parcels are used for measurement because the transit time information is available from start-the-clock at a retail unit through delivery, providing complete data for end-to-end measurement. Rather than use of a "proxy," perhaps a

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more appropriate statement would be that the results provided are from a subset of the First-Class Mail parcels product. The start-the-clock information for commercial parcels shipped in large quantities is not yet reliably available. The Postal Service continues to work with parcel shippers to identify ways to provide full visibility of parcels throughout the process, particularly at acceptance, while not placing too onerous of requirements on shippers or on the Postal Service.

iii. (a) Confirmed.

(b) The reliability of the results is impacted by the measured volume to some extent. For products measured with external measurement approaches (e.g., EXFC), the sample size impacts the statistical precision calculations. Higher sample sizes result in improved precision, all else being equal. When the results are not based entirely upon a statistical sample drawn from the population, the usual measures of sampling variance are not valid.

In cases such as commercial mail measured using Full-Service participating mailers, understanding how much of the total volume is included in measurement provides some additional insight into representation and reliability, as does understanding how many origin and destination locations are represented in the measurements. Since participation in Full-Service is neither a random event nor currently required for all presort mail, the larger the proportion of mail measured means the lower the risk that the mail not captured in the Full-Service measurement would have a meaningful impact on the overall results, were it included in measurement.

iv. (a) For data in the mixed product Standard Mail letters or flats categories, the

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service performance information combines performance across multiple unknown products. The results accurately reflect the performance of that group of mail for which the exact product could not be determined for each piece during that time period. However, because product category is not known, the mix of mail included in the measurement is unknown and may change from period to period. To the extent that service performance differs across products, a change in the product mix could result in score changes from period to period, without any resulting real performance change.

Understanding that in FY2012 a large percentage of Standard Mail could not be categorized by product meant that some of the product categories had very limited volume available for measurement, particularly at service standard group levels. For such cases, the scores may not be reflective of the true population of that product, but were the result of the electronic documentation issue. To assess reliability, the Postal Service and external measurement contractors consider both the geographic coverage as well as the volume coverage. When the data were deemed extremely unreliable due to geographic and volume coverage gaps, the service performance scores were withheld altogether. When the measured volume was large but geographic coverage was spotty, the results were provided with cautionary notes in the "Limitations" section of reports.

(b) The Postal Service has been working with the mailing industry to revise the documentation requirements. Beginning in July 2013, the electronic mailing documentation will require mail piece-level detail which will enable categorization

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of each piece for all mailings. The electronic documentation method that currently does not require piece-level information is being made obsolete.

(c) As described in part b, the deadline for adopting piece-level documentation methods has been established. The Postal Service is monitoring the adoption rate and identifying customers not yet adopting the other methods. The Postal Service is working with its customers to ensure awareness and understanding of the requirement and assisting with issues, when necessary.

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Question 30

In the Excel file *DeliveryPoints.xls*, on worksheets *Beginning FY* and *End FY*, please define the Column Headers Titled “*ACTIVE RES OTH1*” and “*ACTIVE BUS OTH1*”

RESPONSE:

These two headers indicate residential and business addresses, respectively, that do not fit into any of the other categories in the table.

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Question 32

In the Excel file *PostOffices.xls*, on the worksheet *Post Offices*, the sum of Post Offices, Stations / Branches, and Carrier Annexes equals 32,252. The corresponding figure in the USPS Annual Report to Congress at 3 is 31,857. Please provide an explanation of this difference and, a reconciliation of the two figures.

RESPONSE:

The figure cited in the Excel file includes suspended retail facilities, and the figure cited in the Annual Report excludes suspended retail facilities.

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Question 33

In response to CHIR No. 2, question 3, the Postal Service provided USPS-LR-FY12-45, ChIR2.3.xls. Parts b and c of question 3 asked the Postal Service to identify the CPUs and CPOs (1) newly established in FY 2012 and (2) closed in FY2012. Please identify where that information is located in USPS-LR-FY12-45. If the information is not contained in that Postal Service library reference, please provide the requested data.

RESPONSE:

See ChIR5.Q33.xls, in USPS-FY12-46.

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Question 34

Referring to CHIR No. 2, question 2, please identify the official rationale for suspending each individual office as established under regulations specified in Manual P.O. 101, Section 611 w 39, Jan12, 2012.

RESPONSE:

See ChIR5.Q34.35.xls, in USPS-FY12-46. Note that some cells require additional information and will be updated in the future.

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Question 35

Referring to CHIR No. 2, question 2, for each office specified as currently under suspension, please provide which of the following stages in the discontinuance process applies to each office:

- a. Pending discontinuance study in the field;
- b. Pending final determination at headquarters; or
- c. Approved and pending final posting of announcement in the Postal Bulletin.

RESPONSE:

See ChIR5.Q34.35.xls, in USPS-FY12-46.

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Question 36

Please provide brief descriptions/definitions of the following items found in the data field labeled "BOX_TYPE_CODE_":

- a. FIRM;
- b. HUB/DEPOT;
- c. POST; and
- d. RACK.

RESPONSE:

- a. This term refers to a collection that is made at a customer's physical location (generally, a business mailroom) pursuant to an agreement with the local Postmaster.
- b. This term refers to a location where the collector makes a scan to indicate his or her arrival time and location. Generally, this location is not an actual point of mail collection.
- c. This term refers to a specific type of mailbox used for the collection of mail in residential neighborhoods. These boxes are obsolete and have been, and continue to be, phased out.
- d. This term refers to a piece of non-postal equipment that can be used for the deposit of mail. Such equipment is typically used when receiving boxes supplied by private building managers for the deposit of mail are too full to accept additional mail from users.