

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

ANNUAL COMPLIANCE REVIEW, 2017

Docket No. ACR2017

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-15 OF CHAIRMAN'S INFORMATION REQUEST NO. 8

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 8, issued on January 23, 2018. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Nabeel R. Cheema.  
Chief Counsel, Pricing & Product Support

Eric P. Koetting

475 L'Enfant Plaza, S.W.  
Washington, D.C. 20260-1137  
(202) 277-6333  
eric.p.koetting@usps.gov  
January 29, 2018

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

1. On page 20 of its 2017 Report on Form 10-K, the Postal Service stated: "To accommodate the surge in volume and to avoid service disruptions during the holiday season, we have increased Sunday delivery service for some of our customers in limited U.S. markets and are again adding employees for the holiday season."<sup>1</sup>
  - a. Please identify the annual costs from Sunday delivery service that the Postal Service experienced in FY 2016 and FY 2017, or indicate where these costs are broken out in the ACR data.
  - b. In each of those years, please identify the share of Sunday delivery costs that are classified as negotiated service agreement costs versus those that accrue to general delivery operations.
  - c. What portion of any increase in these costs that occurred between FY 2016 and FY 2017 was attributable to competitive products?

**RESPONSE:**

- a. The total annual cost for Sunday delivery is currently not available. The costs for Sunday delivery attributable to negotiated service agreements are developed in USPS-FY16-NP27 and USPS-FY17-NP27.
- b. Because the total costs for Sunday delivery are currently not available, the share attributable to negotiated service agreements likewise is not available.
- c. Because the total costs for Sunday delivery are currently not available, the share of any increase attributable to competitive products likewise is not available.

---

<sup>1</sup> United States Postal Service, 2017 Report on Form 10-K, November 14, 2017, at 20 (2017 Form 10-K Report).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

2. On page 24 of the Postal Service's 2017 Form 10-K Report, the Postal Service reported that the number of total employees increased 22,000, or 3.5 percent, between 2015 and 2017. The Postal Service stated that this increase was, at least in part, "the result of an increase in career employees needed to support the continuing growth in our Shipping and Packages business, primarily Sunday deliveries, and the continuing growth in the number of delivery points." *Id.* at 24.
- a. What percentage of the increase in employees was attributable to competitive products?
  - b. What percentage of the increase in employees was treated as institutional?

**RESPONSE:**

The quoted statement from the 2017 Form 10-K Report regarding career employees actually was not offered to explain the growth in the number of total number of employees between 2015 and 2017, but instead the growth in total employees between 2015 and 2016. In contrast with the notable growth in career employees between 2015 and 2016 (which was the increase mentioned in the quotation), the total number of career employees actually declined between 2016 and 2017, as also shown on page 24.

a.-b. The Postal Service does not bifurcate employees between those who handle competitive products and those who handle other products or responsibilities, and therefore cannot identify any specific percentage of the increased number of employees as associated with competitive products. Increases or decreases in the employee compliment numbers nationwide do not directly factor into the attribution of costs to competitive or market dominant products. However, the hours incurred by

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

these new employees are attributed to competitive products according to established Postal Regulatory Commission methodologies.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

3. On page 34 of the Postal Service's 2017 Form 10-K Report, the Postal Service reported that highway and air transportation expenses increased approximately 12 percent and 15 percent, respectively, from 2015 to 2017 due, at least in part, "to volume growth in our Shipping and Packages business and our strategic efforts to continue to improve our delivery service results."
- a. How much of the increase in costs was institutional versus attributable?
  - b. Of the attributable costs, how much was attributed to competitive products?

**RESPONSE:**

a.-b All transportation costs, whether they are "new" or "old" are attributed to products according to established Commission methods. However because "old" and "new" costs are fungible and incurred simultaneously throughout a fiscal year, it is not possible to separately identify attributable and institutional proportions of "new" costs. For the same reasons, it is not possible to separately identify how much was attributed to competitive products.

Notwithstanding these limitations, in an attempt to be responsive, the tables below disaggregate the purchased air and highway transportation costs between volume variable and institutional and show the share of volume variable costs assigned to Market Dominant and Competitive products for FY 2017 and FY 2015. In order to control for methodology changes (which are only one type of the many types of factors that can confound this type of analysis), two tables are presented for FY 2015. Table 2 applies the Commission approved highway variabilities from Docket No. RM2016-12. Table 3 is based on the filed version of the purchased transportation costs in Docket No. ACR2015. Because the new highway variabilities were applied in the 2017 ACR filing, the figures in Tables 1 and 2 should be used for comparison purposes. As Tables

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

1 and 2 indicate, the proportion of variable costs assigned to competitive products has increased on both highway and air transportation since FY 2015.

**Table 1: Treatment of FY 2017 Purchased Highway and Air Transportation Costs**

	FY 2017 Accrued Costs (mil)	FY 2017 Institutional Costs (mil)	FY 2017 Volume Variable Costs (mil)	FY 2017 Volume Variability	FY 2017 Market Dominant	FY 2017 Competitive
Highway	\$ 4,070	\$ 1,387	\$ 2,682	66%	49%	51%
Air	\$ 2,481	\$ 122	\$ 2,360	95%	24%	76%

**Table 2: Treatment of FY 2015 Purchased Highway and Air Transportation Costs Using Commission Approved Highway Variabilities from Docket RM2016-12**

	FY 2015 (RM2016-12) Accrued Costs (mil)	FY 2015 (RM2016-12) Institutional Costs (mil)	FY 2015 (RM2016-12) Volume Variable Costs (mil)	FY 2015 (RM2016-12) Volume Variability	FY 2015 (RM2016-12) Market Dominant	FY 2015 (RM2016-12) Competitive
Highway	\$ 3,638	\$ 1,240	\$ 2,398	66%	51%	49%
Air	\$ 2,151	\$ 113	\$ 2,038	95%	26%	74%

**Table 3 Treatment of FY 2015 Purchased Highway and Air Transportation Costs Filed in 2015 ACR**

	FY 2015 (filed) Accrued Costs (mil)	FY 2015 (filed) Institutional Costs (mil)	FY 2015 (filed) Volume Variable	FY 2015 (filed) Volume Variability	FY 2015 (filed) Market Dominant	FY 2015 (filed) Competitive
Highway	\$ 3,638	\$ 723	\$ 2,915	80%	51%	49%
Air	\$ 2,151	\$ 109	\$ 2,042	95%	27%	73%

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

4. On page 37 of its 2017 Form 10-K Report, the Postal Service stated: "We purchased approximately 9,000 new vehicles to add to our fleet during the year ended September 30, 2017. Additionally, we are investing in upgrades of letter sorting equipment that is at or near the end of its useful life, and also investing in sorting and handling equipment to fully capitalize on business opportunities in the growing package delivery market."
- a. Please provide an inventory of the type, including cubic footage, and intended purpose, of the 9,000 vehicles purchased in FY 2017.
  - b. Please describe how the depreciation associated with these new vehicles (as opposed to the entire fleet, which is summarized in 20.2) is attributed to products. Specifically, what share is attributed to market dominant products, what share is attributed to competitive products, and what share is treated as institutional?

**RESPONSE:**

a. The following table has the requested information for the 9,044 vehicles purchased during FY 2017.

**Number of Vehicles by Type Purchased in FY 2017**

Vehicle Type	Purpose	Cargo Capacity (Cu. Ft.)	Number Vehicles Added FY 2017
2-Ton Morgan Olsen	Delivery and Collection	637	3,742
1 Ton Ram Promaster	Delivery and Collection	353	2,672
Maintenance Service Vehicles	Maintenance	Not Applicable	784
Administrative Vehicles	Administration	Not Applicable	1,846
<b>Vehicle Count Total</b>			<b>9,044</b>

b. The depreciation expenses associated with the vehicles purchased in FY 2017 are treated in accordance with the established methodology for depreciation expenses. Vehicle depreciation expenses are assigned to one of the following five categories: 1) city letter route, 2) city special purpose route, 3) rural routes, 4) vehicle service drivers, and 5) other. Depreciation expenses for maintenance vehicles are

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

assigned to the five categories in the same proportions as the depreciation expenses for the five vehicle types. Once the expenses are classified to their respective category, they are treated with the same elasticity and distribution as the carriers that use the vehicles (city letter route and city special purpose route depreciation expenses use street costs for attribution and distribution). The following table has the estimated depreciation expenses for the 9,044 vehicles added to the fleet in FY 2017 along with their treatment.

**Treatment of Depreciation Expenses for New Vehicles Purchased in FY 2017.**

Vehicle Type	Vehicle Count	FY 2017 Accrued Deprecation Costs (\$000) New Vehicles	FY 2017 Institutional Deprecation Costs (\$000) New Vehicles	FY 2017 Volume Variable Deprecation Costs (\$000) New Vehicles	FY 2017 Market Dominant Costs (\$000) New Vehicles	FY 2017 Competitive Costs (\$000) New Vehicles	FY 2017 Depreciation Expense Proportions by Vehicle Type
City Letter Routes	3,609	\$ 9,375	\$ 5,935	\$ 3,440	\$ 2,941	\$ 499	62.0%
City Special Purpose Routes	3,313	\$ 6,489	\$ 3,774	\$ 2,715	\$ 983	\$ 1,733	14.3%
Rural Routes	101	\$ 234	\$ 148	\$ 86	\$ 65	\$ 21	4.3%
Vehicle Service Drivers	0	\$ 1	\$ 1	\$ 0.77	\$ 0	\$ 0	0.1%
Other Vehicles	2,021	\$ 517	\$ 517	\$ -	\$ -	\$ -	19.4%
<b>Total</b>	<b>9,044</b>	<b>\$ 16,617</b>	<b>10,375</b>	<b>6,242</b>	<b>\$ 3,989</b>	<b>\$ 2,254</b>	<b>100%</b>



**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

5. Please refer to Library Reference USPS-FY17-39, December 29, 2017 (FY 2017 Competitive Products Fund Reporting Materials).
- a. Please refer to Excel file "FY17-CP02.xlsx." Please define what constitutes a "financial obligation" or "investment" for competitive products, and please explain why there were no financial obligations or investments for the competitive products, when on pages 37-38 of the Postal Service's 2017 Form 10-K Report, the Postal Service stated it is "also investing in sorting and handling equipment to fully capitalize on business opportunities in the growing package delivery market."
  - b. Please refer to Excel file "FY17-CP03.xlsx." Please confirm that the assets listed on this spreadsheet (one shredder and three microcomputer systems, whose costs total less than \$55,000, with a net book value of less than \$1,200) are the only assets identified by the Postal Service as specifically belonging to the "theoretical competitive products enterprise." See 39 C.F.R. § 3060.14. If not confirmed, please explain.
  - c. Please confirm that the purpose of Excel file "FY17-CP04.xlsx" is to report on the allocation of Postal Service assets and liabilities that cannot be assigned to a single product or group of products to competitive products, pursuant to 39 C.F.R. sections 3060.14 and 3060.20-23. If not confirmed, please describe the purpose of Excel file "FY17-CP04.xlsx."
  - d. Excel file "FY17-CP04.xlsx" references a file named "Balance Sheets Analysis Final-September 2017.xlsx" from which many of the figures (e.g., "Equipment" and "Construction in Progress") are taken. Is this file produced anywhere in Docket No. ACR2017?
  - e. Are the individual assets underlying the line items in the "FY17-CP04.xlsx" spreadsheet (e.g., "Buildings," "Equipment," and "Construction in Progress") itemized at a more granular level anywhere in Docket No. ACR2017 or other public or non-public Postal Service materials? If not, please explain.

**RESPONSE:**

a. To constitute a financial obligation or investment for competitive products, the activity in question would need to relate solely to the provision of a single competitive product, or solely to the provision of multiple competitive products. The Postal Service

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

does not have any financial obligation or investment that meet this definition. Thus, for example, equipment purchased to improve package handling generally is used in the provision of both market dominant and competitive package services, rather than solely for competitive products.

b. Confirmed.

c. Confirmed.

d. No. It is an internal accounting record and is not produced in Docket No. ACR2017.

e. The individual assets are not itemized anywhere in Docket No. ACR2017, but are itemized at a granular level in our internal enterprise resource planning system.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

6. The Rule 39 C.F.R. Section 3050.60(f) Report for Fiscal Year 2016 describes product-specific delivery activities (cost segment 7.2.2, in the file "CS07-16.docx") as "product specific costs for Domestic Competitive products and International products." Please describe, from an operational standpoint, what is meant by "product-specific delivery activities." Are these costs accrued on delivery runs where only a single is product is delivered? If not, please elaborate, and include a description of how these costs are identified.

**RESPONSE:**

Product specific delivery activities within city carrier operations arise from the servicing of Priority Mail Express collection boxes on letter routes and special purpose routes. In FY 2016, as discussed in the preface to USPS-FY16-32, a small amount of International product specific cost was identified in the reallocated Trial Balance and assigned to the Delivery Activities Product Specific component. There were no city carrier product specific costs for International identified in the reallocated Trial Balance in FY 2017.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

7. Please refer to Library Reference USPS-FY17-31, December 29, 2017 (CRA Model). In column D of "USPS-FY17-31\CRA Report Files\FY17Public.DRpt.xlsx," there is a series of "Final Adjustments" to attributed costs totaling \$1.5 billion. For example, the volume-variable and product-specific costs for Post Office Box Service are adjusted downwards by more than \$376 million, while total domestic competitive costs are increased by more than \$700 million. Please describe in detail the nature and reason for these changes, and provide any public or non-public documents that summarize these adjustments.

**RESPONSE:**

Final adjustments, as shown on FY17.Public.DRpt.xlsx in USPS-FY17-31, are made for various reasons.

- In Marketing Mail, the costing systems (CCS, IOCS, TRACS) count USPS Marketing Mail High Density and Saturation letter-shaped mail that pays flat rates as High Density and Saturation Letters, while RPW reports this mail as High Density and Saturation Flats. The final adjustment moves cost from High Density and Saturation Letters to High Density and Saturation Flats, based on the proportion of letter pieces that pay flats rates, developed from file FCM STD WGTI EOYV.xlsx in USPS-FY17-14. This adjustment was first summarized in the Preface to the Public CRA Report in USPS-FY08-1.
- Costs for market dominant and competitive negotiated service agreements (NSA) are calculated in USPS-FY17-30 and USPS-FY17-NP27, respectively. Final adjustments move cost out of the base mail class and out of institutional cost into the NSA class.
- Costs for market dominant and competitive special services are developed in cost models filed in USPS-FY17-28 and USPS-FY17-NP26, respectively. In

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

most cases, the cost assigned to the special service is pulled out of institutional cost. For Address Management Services, costs are moved from market dominant to competitive. For Post Office Boxes, the final adjustment moves costs from market dominant to both competitive and to institutional, based on the proportion of competitive Post Office Boxes and the proportion of Post Office Boxes that are provided as a free service in offices that do not have carrier delivery. The Post Office Box final adjustment was introduced in Docket No. ACR2010 (see USPS-FY10-31), but the methodology used to compute Competitive Post Office Box costs has been improved since then (see , for example, Order No. 2076 at page 6-10, May 8, 2014).

- Costs for USPS Mail are moved to institutional, following the established methodology.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

8. Please refer to Docket No. ACR2016, Library Reference USPS-FY16-37, December 29, 2016. Several datasets are compiled and manipulated in SAS and JCL to produce the public IOCS dataset "USPS-FY16-37\Data\PRCPub16.sas7bdat."
- a. Are all of the inputs needed to run the SAS code in "USPSFY16-37\SASPrograms" provided?
- i. In particular, are the "IOCS Tally Data" mentioned in the USPS-FY16-37 Preface<sup>2</sup> input provided in USPS-FY16-37?<sup>3</sup> If it is provided, please specify the filename(s) containing these data. If not, please explain why these data are not provided.
- ii. Please specify the filename(s) or location of any other inputs that are mentioned in the USPS-FY16-37 Preface<sup>4</sup> as an input to the SAS programs, but that do not appear to exist in the USPS-FY16-37 directory, such as "Periodicals data" and "Zip Code to County mapping."

**RESPONSE:**

- a. i. No, the inputs needed to run the SAS code in USPSFY16-37\SASPrograms are not provided. Data fields that are used by the SAS programs that reveal commercially sensitive or third-party data cannot be provided in the public datasets, therefore the programs would not be able to run on public datasets.
- ii.

ALB.HQ019D02.FY17.MO101  
ALB.HQ019D02.FY17.MO102  
ALB.HQ019D02.FY17.MO103  
ALB.HQ019D02.FY17.MO104  
ALB.HQ019D02.FY17.MO105

---

<sup>2</sup> See the "Program Documentation" section of the IOCS documentation provided in USPS-FY16-37, file "USPS-FY16-37.pdf," at 9.

<sup>3</sup> This input appears to be referred to as "IOCSIN" in the JCL and SAS files.

<sup>4</sup> See the "Program Documentation" section of the IOCS documentation provided in USPS-FY16-37, file "USPS-FY16-37.pdf," at 9-12.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

ALB.HQ019D02.FY17.MO111  
ALB.HQ019D02.FY17.MO112  
ALB.HQ019D02.FY17.MO113  
ALB.HQ019D02.FY17.MO114  
ALB.HQ019D02.FY17.MO115  
ALB.HQ019D02.FY17.MO121  
ALB.HQ019D02.FY17.MO122  
ALB.HQ019D02.FY17.MO123  
ALB.HQ019D02.FY17.MO124  
ALB.HQ019D02.FY17.MO125  
ALB.HQ019D02.FY17.MO011  
ALB.HQ019D02.FY17.MO012  
ALB.HQ019D02.FY17.MO013  
ALB.HQ019D02.FY17.MO014  
ALB.HQ019D02.FY17.MO015  
ALB.HQ019D02.FY17.MO021  
ALB.HQ019D02.FY17.MO022  
ALB.HQ019D02.FY17.MO023  
ALB.HQ019D02.FY17.MO024  
ALB.HQ019D02.FY17.MO025  
ALB.HQ019D02.FY17.MO031  
ALB.HQ019D02.FY17.MO032  
ALB.HQ019D02.FY17.MO033  
ALB.HQ019D02.FY17.MO034  
ALB.HQ019D02.FY17.MO035  
ALB.HQ019D02.FY17.MO041  
ALB.HQ019D02.FY17.MO042  
ALB.HQ019D02.FY17.MO043  
ALB.HQ019D02.FY17.MO044  
ALB.HQ019D02.FY17.MO045  
ALB.HQ019D02.FY17.MO051  
ALB.HQ019D02.FY17.MO052  
ALB.HQ019D02.FY17.MO053  
ALB.HQ019D02.FY17.MO054

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

ALB.HQ019D02.FY17.MO055  
ALB.HQ019D02.FY17.MO061  
ALB.HQ019D02.FY17.MO062  
ALB.HQ019D02.FY17.MO063  
ALB.HQ019D02.FY17.MO064  
ALB.HQ019D02.FY17.MO065  
ALB.HQ019D02.FY17.MO071  
ALB.HQ019D02.FY17.MO072  
ALB.HQ019D02.FY17.MO073  
ALB.HQ019D02.FY17.MO074  
ALB.HQ019D02.FY17.MO075  
ALB.HQ019D02.FY17.MO081  
ALB.HQ019D02.FY17.MO082  
ALB.HQ019D02.FY17.MO083  
ALB.HQ019D02.FY17.MO084  
ALB.HQ019D02.FY17.MO085  
ALB.HQ019D02.FY17.MO091  
ALB.HQ019D02.FY17.MO092  
ALB.HQ019D02.FY17.MO093  
ALB.HQ019D02.FY17.MO094  
ALB.HQ019D02.FY17.MO095  
ALB.HQ037D01.ISSN.FY17.QTR1  
ALB.HQ037D01.ISSN.FY17.QTR2  
ALB.HQ037D01.ISSN.FY17.QTR3  
ALB.HQ037D01.ISSN.FY17.QTR4  
ALB.HQ037D02.PUBNO.FY17.QTR1  
ALB.HQ037D02.PUBNO.FY17.QTR2  
ALB.HQ037D02.PUBNO.FY17.QTR3  
ALB.HQ037D02.PUBNO.FY17.QTR4  
ALB.HQ037D03.ZIPDEST.FY17.QTR1  
ALB.HQ037D03.ZIPDEST.FY17.QTR2  
ALB.HQ037D03.ZIPDEST.FY17.QTR3  
ALB.HQ037D03.ZIPDEST.FY17.QTR4  
ALB.HQ037D04.ZIPORIG.FY17.QTR1



**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

ALB.HQ037D04.ZIPORIG.FY17.QTR2  
ALB.HQ037D04.ZIPORIG.FY17.QTR3  
ALB.HQ037D04.ZIPORIG.FY17.QTR4  
ALB.MASTER.RATES.AUG16  
ALB.MASTER.RATES.JAN17  
ALB.MASTER.MAPPING.FY17.STCMAP  
ALB.MASTER.CODES.FY17  
ALB.IOCS.SAMP17.POTABLE  
ALB.HQ040D01.FY17.MO10  
ALB.HQ040D01.FY17.MO11  
ALB.HQ040D01.FY17.MO12  
ALB.HQ040D01.FY17.MO01  
ALB.HQ040D01.FY17.MO02  
ALB.HQ040D01.FY17.MO03  
ALB.HQ040D01.FY17.MO04  
ALB.HQ040D01.FY17.MO05  
ALB.HQ040D01.FY17.MO06  
ALB.HQ040D01.FY17.MO07  
ALB.HQ040D01.FY17.MO08  
ALB.HQ040D01.FY17.MO09  
ALB.HQ060D02.FY17.MO10  
ALB.HQ060D02.FY17.MO11  
ALB.HQ060D02.FY17.MO12  
ALB.HQ060D02.FY17.MO01  
ALB.HQ060D02.FY17.MO02  
ALB.HQ060D02.FY17.MO03  
ALB.HQ060D02.FY17.MO04  
ALB.HQ060D02.FY17.MO05  
ALB.HQ060D02.FY17.MO06  
ALB.HQ060D02.FY17.MO07  
ALB.HQ060D02.FY17.MO08  
ALB.HQ060D02.FY17.MO09  
ALB.HQ076D01.TITLES.FY17.MO10.EDIT  
ALB.HQ076D01.TITLES.FY17.MO11.EDIT

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

ALB.HQ076D01.TITLES.FY17.MO12.EDIT  
ALB.HQ076D01.TITLES.FY17.MO01.EDIT  
ALB.HQ076D01.TITLES.FY17.MO02.EDIT  
ALB.HQ076D01.TITLES.FY17.MO03.EDIT  
ALB.HQ076D01.TITLES.FY17.MO04.EDIT  
ALB.HQ076D01.TITLES.FY17.MO05.EDIT  
ALB.HQ076D01.TITLES.FY17.MO06.EDIT  
ALB.HQ076D01.TITLES.FY17.MO07.EDIT  
ALB.HQ076D01.TITLES.FY17.MO08.EDIT  
ALB.HQ076D01.TITLES.FY17.MO09.EDIT  
ALB.HQ060D01.FY17.MO10  
ALB.HQ060D01.FY17.MO11  
ALB.HQ060D01.FY17.MO12  
ALB.HQ060D01.FY17.MO01  
ALB.HQ060D01.FY17.MO02  
ALB.HQ060D01.FY17.MO03  
ALB.HQ060D01.FY17.MO04  
ALB.HQ060D01.FY17.MO05  
ALB.HQ060D01.FY17.MO06  
ALB.HQ060D01.FY17.MO07  
ALB.HQ060D01.FY17.MO08  
ALB.HQ060D01.FY17.MO09  
ALB.HQ078D02.FY17.MO10  
ALB.HQ078D02.FY17.MO11  
ALB.HQ078D02.FY17.MO12  
ALB.HQ078D02.FY17.MO01  
ALB.HQ078D02.FY17.MO02  
ALB.HQ078D02.FY17.MO03  
ALB.HQ078D02.FY17.MO04  
ALB.HQ078D02.FY17.MO05  
ALB.HQ078D02.FY17.MO06  
ALB.HQ078D02.FY17.MO07  
ALB.HQ078D02.FY17.MO08  
ALB.HQ078D02.FY17.MO09

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

ALB.HQ080D01.FY17.MO10  
ALB.HQ080D01.FY17.MO11  
ALB.HQ080D01.FY17.MO12  
ALB.HQ080D01.FY17.MO01  
ALB.HQ080D01.FY17.MO02  
ALB.HQ080D01.FY17.MO03  
ALB.HQ080D01.FY17.MO04  
ALB.HQ080D01.FY17.MO05  
ALB.HQ080D01.FY17.MO06  
ALB.HQ080D01.FY17.MO07  
ALB.HQ080D01.FY17.MO08  
ALB.HQ080D01.FY17.MO09  
ALB.HQ079D01.FY17.QTR1.AUTOSUPV  
ALB.HQ079D01.FY17.QTR2.AUTOSUPV  
ALB.HQ079D01.FY17.QTR3.AUTOSUPV  
ALB.HQ079D01.FY17.QTR4.AUTOSUPV  
ALB.HQ000D01.SAMPFY17.RANDOM  
ALB.IOCS17.ANOMALY  
ALB.HQ000D01.SUBSFY17.RANDOM  
ALB.HQ095D01.FY17.FINTABLE.DATA  
ALB.HQ000D01.FY17.REWEIGHT  
ALB.FY17.ALLOC.HQ624D01.FY171  
ALB.FY17.ALLOC.HQ624D01.FY172  
ALB.FY17.ALLOC.HQ624D01.FY173  
ALB.FY17.ALLOC.HQ624D01.FY174  
ALB.NC101D00.FY17.NEW2ND  
ALB.HQTAL17.PQ1.FOREIGN.CHECKED.EDITED  
ALB.HQTAL17.PQ2.FOREIGN.CHECKED.EDITED  
ALB.HQTAL17.PQ3.FOREIGN.CHECKED.EDITED  
ALB.HQTAL17.PQ4.FOREIGN.CHECKED.EDITED  
ALB.HQTAL17.PQ1.SCAN.CHECKED.EDITED  
ALB.HQTAL17.PQ2.SCAN.CHECKED.EDITED  
ALB.HQTAL17.PQ3.SCAN.CHECKED.EDITED  
ALB.HQTAL17.PQ4.SCAN.CHECKED.EDITED

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

ALB.HQ101D01.FY17.QTR1  
ALB.HQ101D01.FY17.QTR2  
ALB.HQ101D01.FY17.QTR3  
ALB.HQ101D01.FY17.QTR4  
ALB.PS018D01.REMARK24.FY17.MO101  
ALB.PS018D01.REMARK24.FY17.MO102  
ALB.PS018D01.REMARK24.FY17.MO103  
ALB.PS018D01.REMARK24.FY17.MO104  
ALB.PS018D01.REMARK24.FY17.MO105  
ALB.PS018D01.REMARK24.FY17.MO111  
ALB.PS018D01.REMARK24.FY17.MO112  
ALB.PS018D01.REMARK24.FY17.MO113  
ALB.PS018D01.REMARK24.FY17.MO114  
ALB.PS018D01.REMARK24.FY17.MO115  
ALB.PS018D01.REMARK24.FY17.MO121  
ALB.PS018D01.REMARK24.FY17.MO122  
ALB.PS018D01.REMARK24.FY17.MO123  
ALB.PS018D01.REMARK24.FY17.MO124  
ALB.PS018D01.REMARK24.FY17.MO125  
ALB.PS018D01.REMARK24.FY17.MO011  
ALB.PS018D01.REMARK24.FY17.MO012  
ALB.PS018D01.REMARK24.FY17.MO013  
ALB.PS018D01.REMARK24.FY17.MO014  
ALB.PS018D01.REMARK24.FY17.MO015  
ALB.PS018D01.REMARK24.FY17.MO021  
ALB.PS018D01.REMARK24.FY17.MO022  
ALB.PS018D01.REMARK24.FY17.MO023  
ALB.PS018D01.REMARK24.FY17.MO024  
ALB.PS018D01.REMARK24.FY17.MO025  
ALB.PS018D01.REMARK24.FY17.MO031  
ALB.PS018D01.REMARK24.FY17.MO032  
ALB.PS018D01.REMARK24.FY17.MO033  
ALB.PS018D01.REMARK24.FY17.MO034  
ALB.PS018D01.REMARK24.FY17.MO035

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

ALB.PS018D01.REMARK24.FY17.MO041  
ALB.PS018D01.REMARK24.FY17.MO042  
ALB.PS018D01.REMARK24.FY17.MO043  
ALB.PS018D01.REMARK24.FY17.MO044  
ALB.PS018D01.REMARK24.FY17.MO045  
ALB.PS018D01.REMARK24.FY17.MO051  
ALB.PS018D01.REMARK24.FY17.MO052  
ALB.PS018D01.REMARK24.FY17.MO053  
ALB.PS018D01.REMARK24.FY17.MO054  
ALB.PS018D01.REMARK24.FY17.MO055  
ALB.PS018D01.REMARK24.FY17.MO061  
ALB.PS018D01.REMARK24.FY17.MO062  
ALB.PS018D01.REMARK24.FY17.MO063  
ALB.PS018D01.REMARK24.FY17.MO064  
ALB.PS018D01.REMARK24.FY17.MO065  
ALB.PS018D01.REMARK24.FY17.MO071  
ALB.PS018D01.REMARK24.FY17.MO072  
ALB.PS018D01.REMARK24.FY17.MO073  
ALB.PS018D01.REMARK24.FY17.MO074  
ALB.PS018D01.REMARK24.FY17.MO075  
ALB.PS018D01.REMARK24.FY17.MO081  
ALB.PS018D01.REMARK24.FY17.MO082  
ALB.PS018D01.REMARK24.FY17.MO083  
ALB.PS018D01.REMARK24.FY17.MO084  
ALB.PS018D01.REMARK24.FY17.MO085  
ALB.PS018D01.REMARK24.FY17.MO091  
ALB.PS018D01.REMARK24.FY17.MO092  
ALB.PS018D01.REMARK24.FY17.MO093  
ALB.PS018D01.REMARK24.FY17.MO094  
ALB.PS018D01.REMARK24.FY17.MO095  
ALB.HQ101D02.FY171.DISTKEY  
ALB.HQ101D02.FY172.DISTKEY  
ALB.HQ101D02.FY173.DISTKEY  
ALB.HQ101D02.FY174.DISTKEY

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

ALB.HQ106D01.FY17.QTR1

ALB.HQ106D01.FY17.QTR2

ALB.HQ106D01.FY17.QTR3

ALB.HQ106D01.FY17.QTR4

ALB.HQ000D01.FY17.MXMAIL.DATA

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

9. Please describe how data are extracted from the CODES system and processed before being used in the:
- a. In-Office Costing System (USPS-FY16-37),
  - b. City Carrier Costing System (USPS-FY16-34), and
  - c. Rural Carrier Costing System (USPS-FY16-35).

**RESPONSE:**

Data are collected using the CODES Data Collection Instruments and once sampling is completed for the test, the data are transmitted to a database through a Web interface.

Soon after arrival, the Manager of Financial Programs Compliance or the Manager's designee reviews the data and approves transmission to the mainframe estimation

systems. Periodically, the approved data are automatically transmitted to the

mainframe, where the data are checked in by SAS programs for the estimation systems.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

- 10.** In the CCCS documentation, the Postal Service states that monthly datasets<sup>5</sup> are concatenated to form quarterly volume files using SAS file "ALD299 (SPR299 for CCCS-SPR)." Are these validated monthly datasets provided as part of the ACR2017 filing? If so, please specify the filename(s) or location of these or any other inputs used in the calculation of the quarterly Z file.<sup>6</sup>

**RESPONSE:**

No, the validated monthly datasets are not provided in the ACR2017 filing.

---

<sup>5</sup> These validated monthly files are in the format ALDRAN.SHAPE.CCS16mm. See section III.E of the CCCS Documentation provided in Docket No. ACR2016, USPS-FY16-34, December 29, 2016, file "USPS-FY17-34\_CCCS\_Preface.pdf," at 9.

<sup>6</sup> See Section III.E of the CCCS Documentation provided in USPS-FY16-34, file "USPS-FY17-34\_CCCS\_Preface.pdf," at 12-13.



**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

11. Please refer to Library Reference USPS-FY17-32, December 29, 2017, and specifically to the "Input DK" tab of Excel file "CS06&7-Public-FY17.xlsx."
- a. What is the relationship, if any, between columns (2)-(8) and column (1), which represents RPW volume?
  - b. Are the volumes reported in columns (2)-(8) directly comparable to one another?
  - c. Is it possible to calculate or estimate the share of the volume of an individual product (e.g., Single-Piece Letters) delivered on city carrier letter routes that is comprised of individual mail streams (e.g., DPS letters)?

**RESPONSE:**

- a. Column 1 is the RPW estimate of total volume, by product. Column 2 is supplementary RPW data. Columns 3 through 8 are the volume estimates from CCCS used to form distribution keys for each of the six respective costpools. These represent the estimated volumes of costpool items delivered by city carriers on letter routes that are included in the CCCS sampling frame. Because CCS data collectors cannot distinguish certain sets of products from each other, for example, In-County from Out-of-County Periodicals, RPW volume data are used to disaggregate CCS data.
- b. No. The characteristics sampled in the different costpools are not identical. For example, the items in the Small Parcels costpool (column 6) can include direct bundles, trays, tubs, and other receptacles and handling units, as well as actual parcels, and these items are not comparable to items in the DPS costpool (column 4).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

- c. When the CCCS volume entry is equivalent to the piece volume estimated by RPW, for example when the CCCS item represents an individual piece, then it is possible to estimate the share of volume delivered by city carriers on letter routes included in the CCCS sampling frame. For the example provided, it is possible to calculate the share of Single-Piece letters delivered in the DPS stream. However, when the CCCS entry does not represent a piece volume equivalent to the RPW volume, such as the example discussed in part b, then the share cannot be estimated.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

12. Please refer to Library Reference USPS-FY17-32, and specifically to the "Inputs DK" tab of Excel file "CS10-Public-FY17.xlsx."
- a. What is the relationship, if any, between columns (2)-(8) and column (1), which represents RPW volume?
  - b. Are the volumes reported in columns (2)-(8) directly comparable to one another?
  - c. Is it possible to calculate or estimate the share of the volume of an individual product (e.g., Single-Piece Letters) delivered on rural carrier routes that is comprised of individual mail streams (e.g., DPS/SS)?

**RESPONSE:**

- a. Column 1 is the RPW estimate of total volume, by product. Columns 2 through 8 are the volume estimates from RCCS used to form distribution keys for each of the seven respective costpools. These represent the estimated volumes delivered by rural carriers that are included in the RCCS sampling frame. Because CCS data collectors cannot distinguish certain sets of products from each other, for example, In-County from Out-of-County Periodicals, RPW volume data are used to disaggregate CCS data.
- b. No. The characteristics sampled in the different costpools are not identical. For example, the Parcels Delivered costpool (column 6) represents trays and direct bundles as well as actual parcels, and is not comparable to an entry in the DPS/SS costpool (column 2).
- c. When the RCCS volume entry is equivalent to the piece volume estimated by RPW, for example when the RCCS item represents an individual piece, then it is possible to estimate the share of volume delivered by rural carriers on letter

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

routes included in the RCCS sampling frame. For the example provided, it is possible to calculate the share of Single-Piece letters delivered in the DPS/SS stream. However, when the RCCS entry does not represent a piece volume equivalent to the RPW volume, such as the example discussed in part b, then the share cannot be estimated.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

- 13.** Is it possible using Postal Service data to estimate the share of volume of a given product that is delivered via city carrier delivery, as opposed to rural carrier delivery? If so, please provide those proportions for each product for each quarter in FY 2017 and provide documentation of the calculation of those proportions.

**RESPONSE:**

No. Please refer to the examples in the responses to questions 11 and 12 that discuss how entries in different costpools are not equivalent to each other and cannot be compared directly.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

14. For each product that is delivered by city carriers, is it possible using Postal Service data to calculate or estimate the share of the volume of that product that is delivered via special purpose routes? If so, please provide the share of city carrier-delivered volume for each product that is delivered on:
- a. regular letter routes and
  - b. special purpose routes, and explain how this is calculated.

**RESPONSE:**

No. There are a number of reasons why estimating the share of volumes by regular letter versus special purpose routes is difficult. First, because there are a large number of finance numbers that have very few workhours clocked to LDC 23, there are a significant number of offices that are excluded from CCCS-SPR sampling of special purpose routes. Second, the distribution keys developed for special purpose routes only include parcels and accountables, and exclude non-accountable letters and flats. Third, for both letter and special purpose routes, handling units such as direct bundles, tubs, trays and receptacles are the unit of volume that is measured in certain costpools, not the individual mailpiece.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

15. In several recent filings, the Postal Service stated that carrier time needed to perform second runs, where a city carrier's route must be traversed a second time in order to deliver overflow volume, is typically clocked to letter routes (as opposed to special purpose routes), as long as the second run is confined to the carrier's regular route.<sup>7</sup>
- a. Does the Postal Service maintain any data regarding the share of time or costs clocked to letter routes that is spent on such supplemental runs? If so, please describe and produce those data.
  - b. Please describe any seasonal variation in the relative prevalence of these supplemental runs over the course of the year.
  - c. Does Form 3999 record whether on the route-day on which a route evaluation was conducted a supplemental run was required? If a supplemental run is required, is the time required to conduct that run included in the times reported for the evaluation?
  - d. Please confirm that on the ZIP Code days used in the City Carrier special study in Docket No. RM2015-7 no second runs were necessary. If not confirmed, please indicate how many ZIP Code days necessitated additional runs, and describe how the time associated with those second runs was handled in the study. If unknown, please so state.
  - e. Does the Postal Service maintain any data that provide some indication of how the mix of mailstreams (shapes) or products delivered on route days requiring such second runs varies from the mix of mailstreams (shapes) or products delivered on route days not requiring a second run?

**RESPONSE:**

- a. No, the Postal Service does not maintain such data.
- b. The seasonal variation for auxiliary assistance on letter routes is broadly the same seasonal variation seen in mail volume.

---

<sup>7</sup> See, e.g., Docket No. RM2017-9, Responses of the United States Postal Service to Questions 1-15, 19-20, and 23 of Chairman's Information Request No. 1, August 9, 2017, questions 15(a) and 15(b).

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 8**

- c. No, the Form 3999 data do not record whether a route required auxiliary assistance.
- d. Not confirmed. Whether or not an additional run was required was not separately tracked during the Package study. (This does not mean they did not occur.) Accordingly, the number of ZIP Code days during the study requiring additional runs to deliver packages is unknown. If an additional run to deliver packages was performed during the study, carriers were instructed to scan **Move Vehicle Delivery**
- e. No, the Postal Service does not maintain such data.