

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Market-Dominant Price Change

Docket No. R2020-1

CHAIRMAN'S INFORMATION REQUEST NO. 6

(Issued October 21, 2019)

To clarify the basis of information provided by the Postal Service in its Market Dominant Price Change, filed October 9, 2019,¹ the Postal Service is requested to provide written responses to the following questions. Answers to the questions should be provided as soon as possible, but no later than October 25, 2019.

Inbound Letter Post

1. Please refer to Library Reference USPS-LR-R2020-1/NP1,² Excel file "Inbound CAPCALC-R2020-1.xlsx," tab "Terminal Dues," cell D82. Please confirm that designated operators of countries in the transition system (group IV countries) must participate in the quality of service link to terminal dues effective January 1, 2020.³ If confirmed, please explain why the Postal Service included the base terminal dues, not the provisional quality of service-linked terminal dues rate, in cell D82.⁴ Please file revised financial workpapers as necessary.

¹ United States Postal Service Notice of Market-Dominant Price Change, October 9, 2019 (Notice).

² USPS Notice of Filing USPS-LR-R2020-1/NP1, October 9, 2019.

³ See Universal Postal Convention, Article 30-111.1, Quality of service-linked terminal dues remuneration applicable to mail flows to, from and between designated operators of countries in the transition system. Universal Postal Union Convention Manual (2019) (revised June 2019), available at: http://www.upu.int/uploads/tx_sbdownloader/actInThreeVolumesManualOfConventionMaj1En.pdf.

⁴ Universal Postal Union International Bureau Circular 113, July 1, 2019 (revised October 9, 2019).

Special Services

Please refer to Library Reference USPS-LR-R2020-1-5, October 9, 2019, Excel files “CAPCALC-SpecServ-R2020-1.xlsx” (CAPCALC) and “4Q18 to 3Q19 Special Services.xlsx” (Billing Determinants). For any responses that require a change to either the CAPCALC file or Billing Determinants file, please resubmit updated versions of those respective files.

2. Please refer to tab “G-3 Certificates of Mailing” in the CAPCALC file and the Billing Determinants file. Cell C43 in the CAPCALC file reports a volume of 15,959,790 (which is taken from cell G43 of the Billing Determinants file) while cell H15 of the CAPCALC file reports a volume of 10,294,940.
 - a. Please confirm these numbers are correct.
 - b. If confirmed, please further confirm that the explanation provided in Docket No. R2018-1 continues to be accurate.⁵
 - c. If items a., b., or both are not confirmed, please explain and file revised workpapers.
3. Please refer to tab “H-8 Customized Postage” in the CAPCALC file.⁶
 - a. Please confirm that the unit price for the product “Annual Participation Fee (Up to two printing facilities)” (cell C15 divided by cell C7) is \$325,000.00. If not confirmed, please explain.

⁵ Docket No. R2018-1, Response of the United States Postal Service to Questions 1-12 of Chairman’s Information Request No. 2, question 3, October 20, 2017 (Docket No. R2018-1, Responses to CHIR No. 2).

⁶ See *also* Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, Excel file “PRC-CAPCALC-SS-R2018-1.xlsx,” tab “34. Customized Postage,” November 9, 2017; Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, Excel file “PRC-CAPCALC-SpecServ-R2019-1.xlsx,” tab “34. Customized Postage,” November 13, 2018.

- b. If item a. is confirmed, please reconcile why this unit price is lower than the prices established in Docket No. R2018-1 (\$330,000.00) and Docket No. R2019-1 (\$340,000.00).
4. Please refer to tab “K-12 ComputDelivSeq” in the CAPCALC file.
 - a. Cell B9 reports 315 transactions and cell F9 reports a volume of 228,095,575. Please confirm these numbers are correct.
 - b. If confirmed, please further confirm that the explanation provided in Docket No. R2018-1 continues to be accurate.⁷
 - c. If items a., b., or both are not confirmed, please explain and file revised workpapers.
5. Please refer to tab “K-10 ZIP + 4” in the CAPCALC file.⁸
 - a. Please confirm that the unit price for the product “Per State One Time Only” (cell D9 divided by cell C9) is \$45.00. If not confirmed, please explain.
 - b. If item a. is confirmed, please explain why this unit price is higher than the prices established in Docket No. R2018-1 (\$29.70) and Docket No. R2019-1 (\$33.00).
 - c. Please confirm that the unit price for the product “All States One Time Only” (cell D11 divided by cell C11) is \$769.50. If not confirmed, please explain.

⁷ Docket No. R2018-1, Responses to CHIR No. 2, question 5.

⁸ See *also* Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, Excel file “PRC-CAPCALC-SS-R2018-1,” tab “55. ZIP +4,” November 9, 2017; Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, Excel file “PRC-CAPCALC-SpecServ-R2019-1,” tab “55. ZIP +4,” November 13, 2018.

- d. If item c. is confirmed, please explain why this unit price is higher than the prices established in Docket No. R2018-1 (\$627.00) and Docket No. R2019-1 (\$643.50).
6. Please refer to tab “K-14 DPV” in the CAPCALC file.⁹
 - a. Please confirm that the unit price for the product “DPV” (cell D8 divided by cell C8) is \$10,823.53. If not confirmed, please explain.
 - b. If item a. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$11,500.00) and Docket No. R2019-1 (\$11,500.00).
7. Please refer to tab “K-15 DSF2” in the CAPCALC file.¹⁰
 - a. Please confirm that the unit price for the product “Each additional platform per location per year” (cell D11 divided by cell C11) is \$35,625.00. If not confirmed, please explain.
 - b. If item a. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$57,000.00) and Docket No. R2019-1 (\$57,000.00).
8. Please refer to tab “K-17 CASS” in the CAPCALC file.¹¹

⁹ See also Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, Excel file “PRC-CAPCALC-SS-R2018-1.xlsx,” tab “45. DPV,” November 9, 2017; Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, Excel file “PRC-CAPCALC-SpecServ-R2019-1.xlsx,” tab “45. DPV,” November 13, 2018.

¹⁰ See also Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, Excel file “PRC-CAPCALC-SS-R2018-1.xlsx,” tab “46. DSF2,” November 9, 2017; Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, Excel file “PRC-CAPCALC-SpecServ-R2019-1.xlsx,” tab “46. DSF2,” November 13, 2018.

¹¹ See also Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, Excel file “PRC-CAPCALC-SS-R2018-1.xlsx,” tab “40. CASS,” November 9, 2017; Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, Excel file “PRC-CAPCALC-SpecServ-R2019-1.xlsx,” tab “40. CASS,” November 13, 2018.

- a. Please confirm that the unit price for the product “August – January (for next cycle)” (cell D9 divided by cell C9) is \$1,000.00. If not confirmed, please explain.
 - b. If item a. is confirmed, explain why this unit price is higher than the prices established in Docket No. R2018-1 (\$200.00) and Docket No. R2019-1 (\$200.00). Does the explanation provided in Docket No. R2018-1 continue to be accurate?¹²
9. Please refer to tab “K-18 MASS” in the CAPCALC file.¹³
- a. The Commission has previously accepted the Postal Service’s explanation as described in Docket No. R2017-1,¹⁴ but when calculating unit price (column D divided by column C), only the product’s “MASS Manufacturers (MLOCR) After July 31st (current cycle)” and “MASS End-Users (MLOCR) After July 31st (current cycle)” satisfy the previously discussed 50 percent standard. Please confirm and explain. If not confirmed, please explain.
 - b. For all other products, please explain why these unit revenues fall outside the pricing boundaries established in Docket No. R2018-1 and Docket No. R2019-1.
10. Please refer to tab “K-21 NCOALink” in the CAPCALC file.¹⁵

¹² Docket No. R2018-1, Responses to CHIR No. 2, question 8.

¹³ See *also* Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, Excel file “PRC-CAPCALC-SS-R2018-1.xlsx,” tab “50. MASS,” November 9, 2017; Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, Excel file “PRC-CAPCALC-SpecServ-R2019-1.xlsx,” tab “50. MASS,” November 13, 2018.

¹⁴ Docket No. R2017-1, Response of the United States Postal Service to Questions 4(a), (e), and (f) of Chairman’s Information Request No. 5, questions 4(a), November 8, 2016.

¹⁵ See *also* Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, Excel file “PRC-CAPCALC-SS-R2018-1.xlsx,” tab “51. NCOALink,” November 9, 2017; Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, Excel file “PRC-CAPCALC-SpecServ-R2019-1.xlsx,” tab “51. NCOALink,” November 13, 2018.

- a. Please confirm that the unit price for the product “Initial Interface Developer (first year fee)” (cell D9 divided by cell C9) is \$1,200.00. If not confirmed, please explain.
- b. If item a. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$6,075.00) and Docket No. R2019-1 (\$6,200.00).
- c. Please confirm that the unit price for the product “Interface Developer (per each one year extension)” (cell D10 divided by cell C10) is \$3,681.25. If not confirmed, please explain.
- d. If item c. is confirmed, please explain why this unit price is higher than the prices established in Docket No. R2018-1 (\$1,200.00) and Docket No. R2019-1 (\$1,225.00).
- e. Please confirm that the unit price for the product “Interface Distributor (per year)” (cell D11 divided by cell C11) is \$28.987.50. If not confirmed, please explain.
- f. If item e. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$30,000.00) and Docket No. R2019-1 (\$30,600.00).
- g. Please confirm that the unit price for the product “Full Service Provider Each Additional Site (per year)” (cell D13 divided by cell C13) is \$82,875.00. If not confirmed, please explain.
- h. If item g. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$102,000.00) and Docket No. R2019-1 (\$104,000.00).
- i. Please confirm that the unit price for the product “Limited Service Provider (per year)” (cell D14 divided by cell C14) is \$17,717.95. If not confirmed, please explain.

- j. If item i. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$17,800.00) and Docket No. R2019-1 (\$18,200.00).
- k. Please confirm that the unit price for the product “One Site only” (cell D16 divided by cell C16) is \$17,008.33. If not confirmed, please explain.
- l. If item k. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$17,800.00) and Docket No. R2019-1 (\$18,200.00).
- m. Please confirm that the unit price for the product “Each additional site” (cell D17 divided by cell C17) is \$8,845.45. If not confirmed, please explain.
- n. If item m. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$8,900.00) and Docket No. R2019-1 (\$9,100.00).
- o. Please confirm that the unit price for the product “ANKLink Service Option (per year) First Site” (cell D19 divided by cell C19) is \$3,540.67. If not confirmed, please explain.
- p. If item o. is confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$4,150.00) and Docket No. R2019-1 (\$4,250.00).
- q. Please confirm that the unit price for the product “ANKLink Service Option (per year) Each Additional Site” (cell D20 divided by cell C20) is \$3,121.04. If not confirmed, please explain.
- r. If item q. is confirmed, please explain why this unit price is higher than the prices established in Docket No. R2018-1 (\$1,900.00) and Docket No. R2019-1 (\$1,950.00).

11. Please refer to tab “K-23 COA Reprint” of the CAPCALC file.¹⁶
 - a. Please confirm that the unit price for the product (cell C9 divided by cell B9) is \$48.15. If not confirmed, please explain.
 - b. If previously confirmed, please explain why this unit price is lower than the prices established in Docket No. R2018-1 (\$50.00) and Docket No. R2019-1 (\$50.00).
12. Please refer to tab “J-1 Other Income” in the Billing Determinants file. Please provide the quarterly volumes for all three products on this tab or a satisfactory reason as to why they cannot be produced.
13. Please refer to tab “F-7 Restricted Delivery” of the CAPCALC file. The Postal Service included a note explaining the status of Restricted Delivery, the independent product that was eliminated in Docket No. R2015-4,¹⁷ and why volume continues to exist that is difficult to specifically assign to another product. Please discuss, if possible, the Postal Service’s forecast for when these volumes may be appropriately assigned. If not possible, please explain.
14. Please refer to the Notice where the Postal Service states “[t]he fee group shifts encompass 777,332 Post Office Box customers.”¹⁸ Of these 777,332 customers, please fill in the table below indicating how many customers fall into each price increase category.

¹⁶ See *also* Docket No. R2018-1, Library Reference PRC-LR-R2018-1/5, Excel file “PRC-CAPCALC-SS-R2018-1.xlsx,” tab “58. COA Reprint,” November 9, 2017; Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, PRC-CAPCALC-SpecServ-R2019-1.xlsx,” tab “58. COA Reprint,” November 13, 2018.

¹⁷ Docket No. R2015-4, Order on Price Adjustments for Special Services Products and Related Mail Classification Changes, March 10, 2015, at 12 (Order No. 2388).

¹⁸ Notice at 34.

Price Increase (%)	Number of Customers Affected
0 - 4.99	
5.00 - 9.99	
10.00 - 14.99	
15.00 - 19.99	
20.00 - 24.99	
25.00 - 29.99	
30.00 - 34.99	
35.00 - 39.99	
40.00 +	
	Total: 777,332

15. Please refer to tab "F-15 SFS" of the CAPCALC file.
 - a. Please confirm that cell I11 for the product "International" has a "current price" of "\$5.50." If not confirmed, please explain.
 - b. Please refer to Docket No. R2019-1, Library Reference PRC-LR-R2019-1/5, Excel file "PRC-CAPCALC-SpecServ-R2019-1.xlsx," tab "21. SFS." Please confirm that cell J11 for the product "International" has a price of "\$5.25." This price was requested by the Postal Service and approved by the Commission. If not confirmed, please explain.
 - c. Please reconcile this discrepancy and explain.
16. Please provide a detailed analysis of how a rate increase of 10 percent to Change-of-Address Customer Notification Letter Reprint is designed to help achieve the objectives listed in 39 U.S.C. § 3622(b) and properly takes into account the factors listed in 39 U.S.C. § 3622(c). In the response, please

specifically explain the Postal Service's references to Objectives 1, 4, 5, and 8 and Factors 1, 7, 8, and 12. See Notice at 34.

17. Please provide a detailed analysis of how rates increases between 12 percent and 41 percent for customers of Post Office Box Service are designed to help achieve the objectives listed in 39 U.S.C. § 3622(b) and properly take into account the factors listed in 39 U.S.C. § 3622(c). In the response, please specifically explain the Postal Service's references to Objectives 4, 5, and 8 and Factors 1, 3, 4, 6, 7, and 8. See Notice at 34.

By the Chairman.

Robert G. Taub