

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

MARKET-DOMINANT PRICE CHANGE

Docket No. R2020-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 7**
(October 25, 2019)

The Postal Service hereby responds to Chairman's Information Request No. 7, issued on October 22, 2019. Each question is stated verbatim and is followed by the response.

Respectfully submitted,
UNITED STATES POSTAL SERVICE

By its attorneys:

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Package Services

1. Please refer to Library Reference USPS-LR-R2020-1-4, October 9, 2019, Excel file "CAPCALC-PACKSERV-R2020-1.xlsx," tab "Alaska Bypass Curr. Prices."
 - a. Please confirm that the portion of revenue generated by Zone 3 pieces was calculated by multiplying the number of Zone 3 pieces by the Zone 1&2 current rates. If confirmed, please explain and provide revised workpapers, if applicable. If not confirmed, please explain.
 - b. Please confirm that the sum of the revenue reported in column F would be \$32,776,947 if the revenue for Zone 3 pieces was calculated using Zone 3 current rates. If not confirmed, please explain.

RESPONSE:

- a. Confirmed. The actual current revenue (\$32,207,484) for the "Zone 3" pieces is calculated by using the Zone 1&2 prices, because, as explained in the Notice at page 33, and in USPS-LR-R2020-1/4 (at "CAPCALC-PACKSERV-R2020-1.xlsx," tabs "Alaska Bypass Curr. Prices" and "Alaska Bypass New Prices"), those pieces paid the Zone 1&2 prices during the hybrid year.
- b. Confirmed. But this is not the revenue for the "Zone 3" pieces.

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Inbound Letter Post

2. Please refer to Library Reference USPS-LR-R2020-1/NP1,¹ Excel file "Inbound CAPCALC-R2020-1.xlsx," tab "Air Conveyance Revenue," column Q. Please confirm that column Q contains the total weight of air and surface P/G format items from group IV countries. If confirmed, please provide revised workpapers that exclude surface P/G format weight from the values in column Q before calculating internal air conveyance revenue, consistent with past Commission practice.² If not confirmed, please explain how the Postal Service removed the weight of surface P/G format pieces from the values in column Q before calculating internal air conveyance revenue.

RESPONSE:

Confirmed; see the revised workpapers being filed in this docket.

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

² Docket No. R2019-1, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, November 13, 2018, at 26-27 (Order No. 4875).

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3. Please refer to Library Reference USPS-LR-R2020-1/NP 1, Excel file "Inbound CAPCALC-R2020-1.xlsx," tab "FY18 SIRVI," columns G and H (volume) and columns K and L (weight). Please confirm that the volume data found in columns G and H, and weight data found in columns K and L, incorporate volume and weight data for Inbound International Registered Mail host pieces. If confirmed, please provide revised workpapers that exclude Inbound International Registered Mail volume and weight data when calculating the Inbound Letter Post price change, consistent with past Commission practice.³ Please ensure that the revised workpapers remove the appropriate volume and weight data for Inbound International Registered Mail by format for each foreign postal operator. If not confirmed, please explain how the Postal Service removed volume, weight, and terminal dues revenue for Inbound International Registered Mail host pieces.

RESPONSE:

Confirmed; see the revised workpapers being filed in this docket.

³ See Order No. 4875 at 26; Docket No. R2011-2, Order Revising Postal Service Market Dominant Price Adjustments, February 16, 2011, at 20 (Order No. 675).

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4. Please refer to Library Reference USPS-LR-R2020-1/NP1, Excel file "Inbound CAPCALC-R2020-1.xlsx," tabs "IB BLENDED RC (Jan-Jun)<50" and "IB BLENDED RC (Jul-Dec)", column P in each tab. Please confirm that the Postal Service calculates the Calendar Year (CY) 2020 revenue from countries below applicable annual tonnage thresholds as { [(one half of annual E format weight + total annual P/G format weight) * terminal dues] * exchange rate} / 2, effectively calculating the revenue for the period January to June 2020 and July to December 2020 from one half of annual P/G format weight and one quarter of annual E format weight. If not confirmed, please explain the calculation of the values in column P of each tab. If confirmed, please explain why revenue is calculated based on one quarter of E format weight for the period January to June 2020 and one quarter of E format weight for the period July to December 2020. Please provide revised financial workpapers as necessary.

RESPONSE:

Confirmed (with respect to the original workpapers); the calculation for January to June 2020 should be based on half (not one quarter) of the annual E-format weight, and the calculation for July to December 2020 should be based on none (not one quarter) of the annual E-format weight. See the revised workpapers being filed in this docket.