

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

PERIODIC REPORTING
(PROPOSAL SEVEN)

Docket No. RM2021-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-4 OF CHAIRMAN'S INFORMATION REQUEST NO. 6
(May 7, 2021)**

The United States Postal Service hereby provides its responses to the above listed questions of Chairman's Information Request No. 6, issued May 3, 2021. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 277-6333
eric.p.koetting@usps.gov
May 7, 2021

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 6**

1. Please refer to Library Reference USPS-RM2021-1/1, folder "1.Analysis Data Set," SAS dataset file "tcss_fy19.sas7bdat" (Analysis Dataset). Please also refer to the Response to CHIR No. 5 that states:

"The Postal Service has instances of regular purchased Inter-SCF highway transportation between two facilities that are one mile apart. The following map shows the route for one such contract cost segment that regularly runs between a P&DC and a terminal handling services site one mile apart....A Christmas purchased highway transportation contract could specify a cost segment that provided for extra trips between these facilities during the peak season. If that extra trip ran only one time, it would have annual miles equal to or less than one mile."

Response to CHIR No. 5, question 3.b. Please answer the following questions:

- a. For the specific Inter-SCF route discussed above, please identify the relevant contract cost segments (using values for "route" and "costsegmentcode" variables from the Analysis Dataset) for both regular and Christmas transportation accounts.
- b. For all Inter-SCF Christmas contract cost segments with the annual miles equal to one (included in the variability analysis and not discussed in question 1.a.), please identify relevant regular contract cost segments that provide transportation on the same route. Please use values for "route" and "costsegmentcode" variables from the Analysis Dataset to identify each contract cost segment.

RESPONSE:

- a. Question 3.b of ChIR No. 5 asked if "it is operationally plausible for Christmas Inter-SCF observations to have annual miles equal to or less than one mile." The Postal Service responded in the affirmative, explaining that the Postal Service does have Inter-SCF transportation between facilities that are just one mile apart. To assist the Commission's understanding how such short contract cost segments could arise, the Postal Service also provided a map of the routing for that contract cost segment. This map simply demonstrated the plausibility of a contract cost segment that had a scheduled one-mile trip. The illustrated

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 6**

contract cost segment is Route 581AG, CostSegmentCode A. This contract is for regular Inter-SCF transportation. The Postal Service is not aware of whether or not a Christmas contract also covers the same trip, although it is plausible.

- b. Christmas contracts are not restricted to servicing the same routes as regular contract cost segments. Thus, the Postal Service is not able to identify regular contract cost segments that provide transportation on the same trips as those on Inter-SCF Christmas contract cost segments with the annual miles equal to one.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 6**

2. Please refer to the Analysis Dataset. Please also refer to the Response to CHIR No. 5 that states:

“The Postal Service has instances of regular purchased Intra-SCF highway transportation between two facilities that are less than one mile apart. The following map shows the route for one such contract cost segment that regularly runs between two facilities less than one mile apart....A Christmas purchased highway transportation contract could specify a cost segment that provided for extra trips between these facilities during the peak season. If that extra trip ran only one time, it would have annual miles equal to or less than one mile.”

Response to CHIR No. 5, question 3.c. Please answer the following questions:

- a. For the specific Intra-SCF route discussed above, please identify the relevant contract cost segments (using values for “route” and “costsegmentcode” variables from the Analysis Dataset) for both regular and Christmas transportation accounts.
- b. For all Intra-SCF Christmas contract cost segments with the annual miles equal to one (included into the variability analysis and not discussed in question 2.a.), please identify relevant regular contract cost segments that provide transportation on the same route. Please use values for “route” and “costsegmentcode” variables from the Analysis Dataset to identify each contract cost segment.

RESPONSE:

- a. Question 3.c of ChIR No. 5 asked if “it is operationally plausible for Christmas Intra- SCF Tractor Trailer observations to have annual miles equal to or less than one mile.” The Postal Service responded in the affirmative, explaining that the Postal Service does have Intra-SCF Tractor Trailer transportation between facilities that are just one mile apart. To assist the Commission’s understanding how such short contract cost segments could arise, the Postal Service also provided a map of the routing for that contract cost segment. This map simply demonstrated the plausibility of a contract cost segment that had a scheduled one-mile trip. The

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 6**

illustrated contract cost segment is Route 018A1, CostSegmentCode A. This contract is for regular Intra-SCF Tractor Trailer transportation. The Postal Service is not aware of whether or not a Christmas contract also covers the same trip, although it is plausible.

b. Christmas contracts are not restricted to servicing the same routes as regular contract cost segments. The Postal Service is not able to identify regular contract cost segments that provide transportation on the same trips as those identified as Intra-SCF Tractor Trailer Christmas contract cost segments with the annual miles equal to one.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 6**

3. Please refer to the Analysis Dataset.
- a. Please confirm that contract 500AZ of the Inter-SCF XMAS Inter Area (HQ) highway transportation is correctly identified as an emergency contract in the Analysis Dataset and discuss the underlying reasons. Please include with the response a discussion of any conceptual issues that result in the referenced above Christmas contract also being an emergency contract. If not confirmed, please explain why for contact 500AZ, the value of "emergency" variable is "Y."
 - b. If questions 3.a. is confirmed, please discuss whether the Postal Service anticipates that cost-to-capacity variability estimates for emergency and non-emergency Christmas transportation contracts within account 53626 will be the same and explain why.

RESPONSE:

- a. Confirmed. Route 500AZ and Route 331AC contain the four Christmas contract cost segments that are designated as emergency contracts out of the 1,560 Christmas contract cost segments in the TCSS database. This represents less than one-quarter of one percent of the Christmas contract cost segments. Emergency contracts arise when previously scheduled transportation cannot be provided. In the case of Contract 500AZ, an emergency contract was needed because of a supplier default on another contract, and the need to replace the service immediately.
- b. Yes. There are no Christmas emergency transportation accounts, so there are no separate Christmas emergency costs to which to apply a separate variability.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 6**

4. Please refer to the Analysis Dataset.

- a. Please explain why, within contract 460AZ, the "area" is not the same for different cost segments (specifically, the "area" for cost segments A and B is "Central," but the area for cost segment C is "Norther[n])."
- b. Please discuss why, for many contract cost segments with the annual miles equal to one, the "state" is not specified, although for other cost segments within the same contracts the "state" is specified (see contracts 117AH, 460AZ, 500AZ, 480AZ, 773GH, 632AH and 850AZ).

RESPONSE:

- a. The difference arises because of a minor coding error. Because the "state" variable is not included in the observation for cost segment C, its area should be identified as "unknown." This coding error does not affect the estimated Christmas Inter-SCF variability.
- b. Contract cost segments without a state specified are typically peak season Standby-Go Anywhere cost segments. Contract cost segments of this type do not include fuel adjustment clauses, which are associated with the state of the origin facility. Thus, the state is not specified for them.