

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

Public Inquiry on the Universal Service
Obligation Valuation Methodology

Docket No. PI2021-1

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-2 OF CHAIRMAN'S INFORMATION REQUEST NO. 3**
(June 16, 2022)

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 3, issued June 9, 2022. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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June 16, 2022

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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1. Please refer to the Postal Service's response to Chairman's Information Request No. 1, question 2 related to cost ascertainment groups (CAGs) K and L Post Offices.¹
 - a. Please provide the estimated annual ratio of retail transactions per retail revenue dollar for Fiscal Year (FY) 2021.
 - b. Please describe and show how the estimated annual ratio of retail transactions per retail revenue dollar for FY 2021 was derived.
 - c. Please provide the FY 2021 total revenue from CAG K and L Post Offices.
 - d. Please provide the most current volume of occupied CAG K and L Post Office (PO) Boxes shown by fee group and PO Box type.

RESPONSE:

a and b. The estimated annual ratio of retail transactions per retail revenue dollar was 0.170 for FY 2021. Mechanically, each retail transaction is identified by a unique RSS-key and only retail transactions associated with employee badge scans required to access the retail terminal were excluded.

The ratio of retail transactions per retail revenue dollar was computed using the following formula:
$$\frac{\sum_{CAG\ K\&L\ w\ RSS} \# \text{ Retail Transactions}}{\sum_{CAG\ K\&L\ w\ RSS} \text{ Retail Revenue } \$}$$
,

$$FY\ 2021 = \frac{5,313,799}{\$31,291,205} = 0.170$$

c. The FY 2021 total revenue from CAG K and L Post Offices was \$422.9 million.

¹ Responses of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 1, September 24, 2021, question 2 (Response to CHIR No. 1).

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d. The tables below present updated public information regarding the volumes of occupied boxes by size and fee group for CAG K and L offices. Complete information is provided under seal in USPS-PI2021-1-NP3. Examination of that more complete information indicates that, in addition to the figures shown below, within the competitive fee groups, a relatively small volume of boxes is rented in CAG K offices.

Current Occupied PO Box Volume CAG K Locations						
Fee Group	Size 1	Size 2	Size 3	Size 4	Size 5	Total
1	-	-	-	-	-	-
2	223	57	15	2	-	297
3	6,517	2,370	523	11	1	9,422
4	72,550	26,029	6,940	243	10	105,772
5	244,825	96,377	26,673	1,146	85	369,106
6	95,182	38,013	11,393	596	57	145,241
7	15,372	5,933	2,036	108	8	23,457
Group E	306,741	95,846	16,884	915	70	420,456
MD/E Total	741,410	264,625	64,464	3,021	231	1,073,751
Note: Competitive PO Box figures excluded.						

Current Occupied PO Box Volume CAG L Locations						
Fee Group	Size 1	Size 2	Size 3	Size 4	Size 5	Total
1	6	-	-	-	-	6
2	16	5	3	-	-	24
3	-	-	-	-	-	-
4	5,667	1,737	374	10	1	7,789
5	43,901	16,361	4,178	100	11	64,551
6	19,833	8,319	2,255	69	7	30,483
7	2,545	1,191	352	14	-	4,102
Group E	81,849	33,939	5,686	162	14	121,650
Grand Total	153,817	61,552	12,848	355	33	228,605

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2. Please refer to the Postal Service’s Response to CHIR No. 1, question 3.b. The Commission adapted the In-Office Cost System (IOCS) SAS program provided in Docket No. ACR2021² to calculate the FY 2021 estimated clerks’ cost share proportions by function at CAG K and L Post Offices shown in Table 1 below. Please confirm that the following percentages in Table 1 are correct. If not confirmed, please provide the FY 2021 estimated CAG K and L Post Offices clerks’ cost share proportions by function and provide a PC SAS program and/or workbook (if applicable) that shows the development and calculation.

**Table 1
FY 2021 Estimated CAG K and L Post Offices Clerks’
Cost Share Proportions by Function**

Clerk Function	Proportion
Mail Processing	29.77%
Window Service	41.48%
Administration	28.75%

Source: Commission analysis of IOCS SAS dataset provided in Docket No. ACR2021, Library Reference USPS-FY21-37, December 29, 2021, folder “Data,” SAS dataset “PRCPubNC21.sas7bdat.”

RESPONSE:

Not confirmed. While the Commission’s analysis is consistent with the results provided previously by the Postal Service for FY 2019 and FY 2020, upon review it was discovered that, for those years, there were some tallies, for Claims and Inquiries and for the handling of mailing supplies, that were not processed correctly for their function group. The SAS program set forth below calculates the correct percentages, which are presented for FY2019 and FY2020 as well as for FY2021 in the following table.

² See Docket No. ACR2021, Library Reference USPS-FY21-NP18, December 29, 2021, folder “USPS-FY21-NP18 SAS Programs,” folder “nonMODS,” SAS program “NONMOD1.sas.”

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	CAG K/L Clerks Cost Share Proportions by Function		
Clerk Function	FY19	FY20	FY21
Mail Processing	31.33%	28.41%	29.68%
Window Service	40.01%	42.78%	41.48%
Administration	28.66%	28.81%	28.84%

SAS Program:

*For PI2021-1 (USO Model), ChiR3, Q2;

*Calculate proportions of CAG K/L clerk costs by function;

```
libname libIOCS 'C:\IOCSData' COMPRESS=YES;
```

```
data CAGKL21; set libIOCS.PRCPubNC21;
  where Rpt_CAG in ('K','L') and F261 ne '4';
```

```
  IF Q18B='I' OR Q18B01='H' /* Administrative operation */
    or Q18A07 in ('E','G','H') /* training, Stat programs, other off premises */
    or F260 = '17' /* Claims and inquiry */
    THEN FuncGrp = '3Admin ';
  ELSE IF Q18B='H' OR Q18B01='G' /* window operation */
    or Q18A07='F' /* off premises SSK */
    THEN FuncGrp = '2Window';
  ELSE      FuncGrp = '1MailPr'; /*includes clocking in/out */
```

```
  *overrides;
```

```
  if Q18A07 = 'A' then FuncGrp = 'ExpsOut'; *PoolGrp='ExprsOut';
```

```
  wgt = F9250/100000.;
```

```
run;
```

```
proc freq data=CAGKL21; title CAG K/L by function: FY21;
  table FuncGrp /missing;
  weight wgt;
  where FuncGrp ne 'ExpsOut'; /* exclude Express off premises */
run; title;
```