

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes

Docket No. R2000-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 9

(April 21, 2000)

The Postal Service is requested to provide the information described below to assist in developing a record for the consideration of its request for changes in rates and fees. In order to facilitate inclusion of the required material in the evidentiary record, the Postal Service is to have a witness attest to the accuracy of the answers and be prepared to explain to the extent necessary the basis for the answers at our hearings. The answers are to be provided within 10 days.

1. Please verify that the changes in Total Factor Productivity (TFP) for the last six postal quarters are as follows:

	<u>Postal Quarter</u>	<u>TFP</u>
1999	PQ I	-2.0%
	PQ II	-1.2%
	PQ III	-0.8%
	PQ IV	2.1%
2000	PQ I	1.7%
	PQ II	2.7%

2. Please list the factors that have contributed to the above changes in TFP ranked in order of their importance. Please discuss, in a qualitative way, for each quarter the changes in the factors that contributed to changes in TFP.

3. The FY 1999 Billing Determinants reflect two different sets of rates: (1) the pre-Docket No. R97-1 and (2) the Docket No. R97-1 rates. Please provide the FY 1999 Billing Determinants separated between those two periods.

4. Please refer to witness Miller's (USPS-T-24) Response to ABA&NAPM/USPS-T24-27b, the Compelled Response to ABA&NAPM/USPS-T24-1b, and transcript at page 3201 lines 20-25.

As shown in Attachment 1, the difference in unit cost between Bulk Metered Mail and First-Class nonautomation presort letters presented in the current docket is significantly smaller than that presented in Docket No. R97-1.

a) Please discuss all non-methodological changes, excluding cost level changes, that have occurred since Docket No. R97-1 (such as changes in operations, equipment or mail piece characteristics) which have contributed to the changes in BMM and nonautomation presort unit costs shown in the attached table.

b) Discuss the relative impact of each of the changes in methodology implemented in the current proposal, including but not limited to those described in the response to ABA&NAPM/USPS-T24-27b. Specifically, please quantify and discuss the effect on the unit cost of nonautomation presort of isolating nonautomation presort letter costs using CRA data, rather than using the model cost methodology approved by the Commission in Docket No. R97-1.

c) Please also quantify and discuss the impact on the unit costs of the automation non-carrier route presort categories of isolating nonautomation presort letter costs using CRA data, rather than using the model cost methodology approved by the Commission in Docket No. R97-1.

6. The 1999 Annual Report of Investigations of the United States Postal Inspection Service cites 'improper conversion rate applications (the factors used to ascertain mail volume)' as one of five areas requiring continued postal management attention. The citation is based on the results of a summary of 16 reports issued by the Service on March 30, 1999. Please provide copies of this summary report and all individual reports that involve the conversion rate issue.


7. In R97-1, the Service provided to Inspection Service reports regarding the Management Operating Data System (MODS). The reports are:

National Coordination Audit: Mail Volume Measurement and Reporting Systems, United States Postal Inspection Service, December 1996, LR-H-220.

National Coordination Audit: Allied Work hours, United States Postal Inspection Service December 1996, LR-H-236

Please provide copies of any follow-up reports to these two reports, or other subsequent audit reports involving regarding the Management Operating Data System (MODS).

8. Witness O'Tormey states that in "December 1999, a national Standard Operating Procedure (SOP) for Periodicals processing was delivered to the field for implementation." USPS-ST-42 at 19. Please provide a copy of the SOP.


Edward J. Gleiman
Presiding Officer

Attachment

Attachment 1

Worksharing Related Costs

First-Class BMM and Nonauto Presort Letters

(cents per piece)

	USPS Methodology			PRC Methodology		
	R97-1 ^{1/}	R2000-1 ^{2/}	Change	R97-1 ^{3/}	R2000-1 ^{4/}	Change
Bulk Metered Mail	14.73	13.81	-0.92	17.49	16.79	-0.69
Nonautomation Presort Letters	11.35	13.72	2.37	12.94	17.05	4.11
Cost Avoidance (BMM - Prst.)	3.38	0.09		4.55	-0.25	

1/ Source: Docket No. R97-1, USPS-T-29, Exhibit C, pg 1.

2/ Source: USPS-T-24, Appx I, pg 1 (revised 3/31/00)

3/ Source: Docket No. R97-1, PRC-LR-10 and PRC-LR-20

4/ Source: Attch. 2 of 5 to ABA&NAPM/USPS-T24-1b. The costs reflect the variabilities and cost pool categories approved in R97-1.