

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. 20

(Issued August 14, 2000)

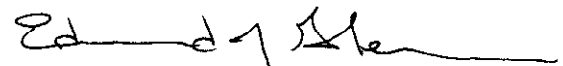
The Postal Service is requested to provide the information described below to assist in developing a record for the consideration of its request for changes in rates and fees. In order to facilitate inclusion of the required material in the evidentiary record, the Postal Service is to have a witness 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 on or before August 21, 2000.

1. USPS LR-I-437, 440, 441 and 458 contain SAS programs used to calculate mail processing costs for FY 1999. Some of these SAS programs contain modifications from the programs used to calculate mail processing costs for FY 1998. These modifications are designated with the comment in the SAS code "fy99". For example, the SAS program in USPS LR-I-437, "MOD1POOL", which is used to establish MODS cost pools, has new commands that incorporate additional MODS activity codes into the definition of the OCR, BCS and FSM MODS pools. Please provide the reasons for each modification in the SAS programs that have been made as part of the FY 1999 update in USPS LR-I-437, 440, 441 and 458.

2. At the hearings on August 3, 2000, the Postal Service was asked to “please provide a ... list of all instances where cost avoidance models are not structured to use FY '99 data and in each of these instances would you explain how the models would need to be altered to allow them to use FY '99 data.” The Service responded on August 10 by listing the models that needed to be modified. To allow participants and the Commission to understand the impact of actual FY 99 data, please adjust those models to allow for incorporation of FY 99 data, as follows; providing all underlying calculations.
  - a) Please revise the Parcel Post Mail Processing Model to include DSCF and DDU mail processing models and the appropriate weights for each model.
  - b) Provide the revised Parcel Post Transportation Model allocating costs to Inter-BMC, Intra-BMC, DBMC, DSCF and DDU.
  - c) Provide either a new proxy for the Parcel Return Service cost study or the appropriate wage-rate ratio.
  - d) Provide adjustments needed to use FY 1999 data to develop Standard (A) dropship transportation and explain the reasons for those adjustments.
  - e) Describe the change in the auto flat definition and make any necessary adjustment to the Standard (A) nonletter cost difference.
  - f) Alter the entry flow model, as appropriate, for the Bound Printed Matter Dropship Transportation and Non-Transportation Cost studies.
  
3. In its August 7, 2000 response to questions raised at the hearings on August 3 regarding the increase in unit cost between FY 1998 and FY 1999 for standard (B) special mail, the Postal Service indicates that “there

were methodological changes between fiscal year 1998 and fiscal year 1999." Please describe these 'methodological changes'.

4. Please provide CAT/FAT split factors updated for FY 1999 for use in LR-I-278 and LR-I-444, together with the supporting calculations.



Edward J. Gleiman  
Presiding Officer