

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

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Complaint on Sunday
and Holiday Collections

Docket No. C2001-1

SUPPLEMENTAL RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CARLSON INTERROGATORY DFC/USPS-10
(June 28, 2001)

On June 8, the Postal Service filed a partial objection to DFC/USPS-10(b), and on June 12, filed a response providing information it believed to comparable to what was requested in that item. Mr. Carlson on June 21 moved to compel a complete response with information exactly as requested. Today the Postal Service is filing a response in opposition to that motion to compel. Nevertheless, in addressing the issues in that motion, it has become apparent that other information could be provided which perhaps may help resolve the matter. Therefore, the Postal Service is today supplementing its June 12 answer to DFC/USPS-10. The first paragraph of the attached answer incorporates the entire original response without change, and all subsequent paragraphs and the attachments are new. Mechanically speaking, therefore, the new answer entirely replaces the original answer. The interrogatory is

stated verbatim, and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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June 28, 2001

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DFC/USPS-10. To the extent that information and data are available, for each holiday listed in DFC/USPS-6:

- a. Please identify, for each year between 1986 and the present, every P&DC and P&DF that cancelled and processed outgoing First-Class Mail;
- b. Please provide, for each year between 1986 and the present, the volume of First-Class letters that every P&DC and P&DF cancelled and processed.

RESPONSE:

No material responsive to this request for periods prior to 1992 was located. For periods from 1992 to the present, the available information is provided as Library Reference USPS-LR-C2001-1/2. This information comes from the Mail Condition Reporting System, which includes number of cancellations as a reporting field. To put the cancellation numbers in some perspective, and to avoid the disclosure of facility-specific volume information, the number reported for each facility for each holiday for each year is the ratio of the reported number of cancellations for that facility for that holiday for the year, to the average daily cancellations for that facility for FY 2000. This allows year-to-year comparisons for each facility for each holiday, and holiday-to-holiday comparisons for each facility.

Additionally, three sheets are attached to this revised response. The first sheet aggregates information from the source volume numbers for USPS-LR-C2001-1/2, and shows, for each holiday for each year from 1992 to the present, the nationwide total number of cancellations reported by MCRS. Also shown are yearly totals for all holidays in each year. To put those yearly total in some perspective, the bottom row

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shows each yearly holiday total as a percentage of the total MCRS cancellations in FY 2000. Along with other observations that could be drawn from these data, they show, for example, that cancellations for the 10 holidays have consistently constituted less than 1 percent of total yearly cancellations.

The second sheet likewise puts the numbers shown on the first sheet in some perspective. This is done by showing how each of the national cancellation volumes shown on the first sheet for each holiday for each year relate to the national average daily cancellation volume for FY 2000 of 109,161(000) pieces. There is, of course, wide variations across holidays. And while trends across years are also evident, the *general order of magnitude of average holiday cancellations is in the range of 15 to 20 percent of average daily cancellations.*

The purpose of the third sheet is simply to provide some context for the MCRS data used in USPS-LR-2, and likewise the aggregate volume data shown on the first sheet attached to this response. As noted in the introductory pages of USPS-LR-2, it appeared from the data within that library reference that the scope of MCRS reporting increased from 1992 to 1993. The third sheet attached to this response, in fact, shows that total reported MCRS cancellations grew 12.2 percent between FY 1992 and FY 1993. Compared with a growth in RPW Single-Piece First Class Mail volume over the same period of only 0.7 percent, it is obvious that much of that growth must be reflective of expanded reporting, rather than actual growth in nationwide cancellations. In fact, the expansion in the scope of MCRS data appears to have continued into at

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least 1994, as reported MCRS growth of 7.9 percent in FY 1994 contrasts with an RPW decline in that year of 0.2 percent. Once again, it seem logical to conclude that some of the growth in the reported MCRS figure came from expanded reporting. By 1995, however, reported yearly MCRS cancellations reached 32 billion, and have stayed approximately at that level ever since.

Two conclusions can be drawn from the numbers provided on the third sheet. First, the national numbers shown in the 1992 and 1993 columns of the first attached sheet would likely have been somewhat higher if MCRS had in those years covered the same number of offices reflected in the data for later years. Second, cancellation volumes have been remarkably flat over at least the last six years. To the extent that the observed increases before then in the national numbers may primarily be a function of the addition of facilities to the reporting base, it is possible that, at the facility level, the same flatness extended all the way back to 1992. (This is not to suggest that over the entire sample period, disaggregated facility-level average cancellations would manifest less variation than aggregated national level figures. Obviously, some individual facilities vary more than the average, and some less.) Overall, this suggests that one may examine the national numbers on the first attached sheet with some confidence that the observed changes over time are much more likely to be the result of mailing or operational changes specific to holidays, rather than any general trends in cancellation volumes.

Specifically with respect to the ratios displayed in USPS-LR-2, the data on the

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third sheet tend to validate the choice of a constant base in the denominator of average daily FY 2000 MCRS cancellation volumes for the relevant facility. A reasonable conclusion from the yearly MCRS cancellation figures is that, for most facilities, average daily cancellations for most of the last decade are not likely to be materially different from those for FY 2000. It bears noting that any effects on the ultimate ratio of changes in the denominator are likely to be muted. For example, if the ratio reported in USPS-LR-2 for a specific facility on a specific holiday is 0.20, let us hypothesize that it is the result of holiday volume of 64, and average FY 2000 daily cancellation volume for that facility of 320. If average daily volume for the actual year of that holiday were instead 310, 300, or 290 (consistent with the range of variation shown in the national data on the third sheet of the attachment), the ratio would only change to $64/310$, $64/300$, or $64/290$, restated as .206, .213, and .221. In the greater scheme of things, the difference between a holiday cancellation ratio of 22 percent versus 20 percent is not material.

NATIONAL TOTAL MCRS HOLIDAY CANCELLATIONS (000)

	"1992"	"1993"	"1994"	"1995"	"1996"	"1997"	"1998"	"1999"	"2000"	"2001"
New Year's	14,007 W	7,798 F	3,669 Sa	12,822 Su	4,935 M	3,949 W	1,400 Th	2,110 F	634 Sa	952 M
MLK	43,401	47,591	39,996	47,612	48,684	48,033	46,900	41,473	39,902	34,181
Presidents	40,811	45,762	43,105	42,212	44,650	46,854	44,331	42,632	38,755	33,522
Memorial	13,521	17,341	11,327	11,527	13,314	13,031	10,600	6,938	4,285	2,161
July 4th	1,196 Sa	12,919 Su	8,584 M	7,071 Tu	7,760 Th	6,136 F	3,189 Sa	2,999 Su	2,284 Tu	
Labor	16,929	13,232	10,724	10,500	14,027	13,905	13,666	6,362	7,230	
Columbus	43,083	48,065	49,216	46,892	46,705	47,756	47,011	40,245	39,417	
Veterans	35,440 W	34,100 Th	39,378 F	21,288 Sa	47,075 M	39,299 Tu	36,363 W	31,598 Th	10,411 Sa	
Thanksgiving	19,503	4,222	1,959	1,524	4,439	3,755	2,514	4,079	2,301	
Christmas	5,605 F	1,965 Sa	4,565 Su	122 M	2,446 W	2,629 Th	1,609 F	1,063 Sa	94 M	
Yearly Holiday Total	233,496	232,995	212,523	201,570	234,035	225,347	207,583	179,499	145,313	
Portion of FY 2000 Yearly Total	0.73%	0.72%	0.66%	0.63%	0.73%	0.70%	0.65%	0.56%	0.45%	

Note: FY 2000 Yearly Total MCRS Cancellations were
32,179,016

70,816
vs. SPLY
83,576

NATIONAL HOLIDAY VS. FY 2000 NATIONAL AVERAGE DAY (109,161,000 pcs)

	"1992"	"1993"	"1994"	"1995"	"1996"	"1997"	"1998"	"1999"	"2000"	"2001"
New Year's	13% W	7% F	3% Sa	12% Su	5% M	4% W	1% Th	2% F	1% Sa	1% M
MLK	40%	44%	37%	44%	45%	44%	43%	38%	37%	31%
Presidents	37%	42%	39%	39%	41%	43%	41%	39%	36%	31%
Memorial	12%	16%	10%	11%	12%	12%	10%	6%	4%	2%
July 4th	1% Sa	12% Su	8% M	6% Tu	7% Th	6% F	3% Sa	3% Su	2% Tu	
Labor	16%	12%	10%	10%	13%	13%	13%	6%	7%	
Columbus	39%	44%	45%	43%	43%	44%	43%	37%	36%	
Veterans	32% W	31% Th	36% F	20% Sa	43% M	36% Tu	33% W	29% Th	10% Sa	
Thanksgiving	18%	4%	2%	1%	4%	3%	2%	4%	2%	
Christmas	5% F	2% Sa	4% Su	0% M	2% W	2% Th	1% F	1% Sa	0% M	
Yearly average	21%	21%	19%	18%	21%	21%	19%	16%	13%	16%
										vs. SPLY 19%

MCRS ANNUAL CANCELLATIONS VS. RPW SINGLE PIECE FCM VOLUMES (000)

	MCRS	RPW	MCRS Change	RPW Change
FY 92	25,861,540	54,537,816		
FY 93	29,014,128	54,934,824	12.2%	0.7%
FY 94	31,303,955	54,841,670	7.9%	-0.2%
FY 95	32,018,132	54,065,085	2.3%	-1.4%
FY 96	32,406,148	53,889,477	1.2%	-0.3%
FY 97	32,655,130	54,059,992	0.8%	0.3%
FY 98	32,573,358	53,936,203	-0.3%	-0.2%
FY 99	32,144,412	53,412,621	-1.3%	-1.0%
FY 00	32,179,016	52,362,330	0.1%	-2.0%

CERTIFICATE OF SERVICE

I hereby certify that, in accordance with section 12 of the Rules of Practice, I have this day served the foregoing document upon:

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