

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes

Docket No. R2001-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

(Issued November 15, 2001)

United States Postal Service is requested to provide the information described below to assist in developing a record for the consideration of its request. In order to facilitate inclusion of the requested 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 refer to USPS-LR-J-107, file OC01.xls, worksheet 'Pound Data_Ed. In the cells for regular rate, C14 and C15, the values were calculated as follows: Editorial Pound Rate All other zones (0.203) less Destinating SCF (0.180) equals 0.023 and Editorial Pound Rate All other zones (0.203) less Destinating delivery unit (0.158) equals 0.045. In the Science of Agriculture section, however, the corresponding cell C19 contains the value 0.017. According to worksheet 'Rates,' the difference between proposed rates for Science of Agriculture Editorial Zones 1 & 2 (0.152) and Editorial Destinating Delivery Unit (0.120) is 0.032. Similarly, cell C20 contains the value 0.008. According to worksheet 'Rates,' the difference between proposed rates for Science of Agriculture Editorial Zones 1 & 2 (0.152) and Editorial Destinating SCF (0.136) is 0.016. Should the calculations in the Science of Agriculture section be consistent with those for regular rate? Please explain.

2. Please refer to the first page of Rate Schedule 421 in the Request. The last line refers to "All other zones," and thus appears to provide a low rate to Science of Agriculture editorial matter in zones 1 & 2 as well as zones 3 through 8. Please explain whether this is the intended rate proposal or whether the last line should refer only to zones 1 & 2. If the latter, should there be another line for zones 3 through 8?
3. Please refer to the response to question 3 of POIR No. 3 and to cell C40 in worksheet 'Pound Data_Adv' in file OC01.xls in USPS-LR-J-107. Please explain why distributing 50 percent of the transportation cost to the advertising pounds is more appropriate than distributing 44 percent of the transportation cost to advertising pounds, when advertising is approximately 44 percent (calculable from cells B64 and D64 in worksheet 'Test Year BR') of the weight transported. Also, since changing the proportion in cell C40 to 0.44 appears to reduce the rate for zone 8, please explain further the reference in parts b-c of the response to "a sharper increase in the farther zones" in light of the objective (USPS-T-34 at 7) to mitigate the increase.
4. The response to POIR No. 2, Question 6, Attachment, page 4 of 8 shows 1,205,533 thousand pieces as the TYAR volume forecast for International Mail. In USPS-LR-J-159 the TYAR volume forecast for International Mail is 1,205,553 thousand pieces. Which amount is correct?
5. Witness Meehan's LR-J-57, Workpaper B-7, worksheet "Input LR.xls", provides the Curblin Access Test (CAT) and Foot Access Test (FAT) factors used to split running time for the Postal Service cost treatment of city carrier street time costs. The worksheet "Input PRC" provides the CAT/FAT factors used to split running time for the Postal Service development of the PRC cost treatment of city carrier street time as calculated in LR-J-74.
 - (a) The cited source for the CAT/FAT factors in the Postal Service treatment is "R97-1, USPS LR-H-141". This does not appear to be current as the

factors calculated in LR-H-141 are based on FY96 City Carrier Cost Survey data. Please provide the calculations of the current Postal Service CAT/FAT factors updated with FY 2000 City Carrier Cost Survey data.

- (b) The CAT/FAT factors in the PRC treatment are based on FY97 data in "CRA97adj.xls, 'AF Input 4' ". Please update the factors with FY 2000 City Carrier Cost Survey data.

6. Witness Meehan, T-11, page 7, lines 4-8, states: "In response to the PRC's request to separate the cost of special services from their ancillary services, elemental load calculations in cost segment 7 were updated to remove return receipt costs out of the special service volume variable cost. The changes to elemental load are discussed in the testimony of witness Bradley, USPS-T-16."

- (a) Please describe the cost segment 7 updates that remove return receipt costs from the special service volume variable costs and identify the B-7 Workpaper spreadsheets and cells involved.
- (b) Please provide a specific cites to witness Bradley's discussion and to a modification in the calculation of BY00 volume variable elemental load costs.

7. Please provide a cross walk between: (1) the site identification numbers used in the Excel spreadsheet reg9300-labels.xls in LR-J-56 to identify facilities for witness Bozzo's econometric analysis (variable "idnum") and (2) the site identification numbers used in the In-Office Cost System (IOCS) data set "Prc00.sd2" in LR-J-10 to identify the facility in which a tally was taken (variable F2 "FINANCE NUMBER" in the SAS file prc00). As an alternative, the IOCS data base tally records could be augmented by adding a field that contains the applicable IDNUM.

8. Please describe the typical travel path a Priority Mail piece would follow between the following origins and destinations, including whether or not it

would pass through FedEx's Memphis hub. Please also indicate whether the piece would use FedEx or commercial air transportation and describe any other transportation it would incur, such as highway or rail.

- (a) Miami, Florida and Chicago, Illinois
- (b) Houston, Texas and Des Moines, Iowa
- (c) Los Angeles, California and Eureka, California
- (d) Washington, DC and Bangor, Maine
- (e) Nashville, Tennessee and Wichita, Kansas

9. Question 11 of POIR No. 2 asked the Postal Service to provide the Excel spreadsheet associated with USPS-T-12, Appendix A, Mail Processing Cost Reduction Explanation and Display. Witness Patelunas answered that the spreadsheet was in USPS Library Reference J-48. An examination of the electronic files filed as LR-J-48 shows that the only spreadsheet files included in the library reference were those for Exhibit 12A and Appendix B. The spreadsheet files for Appendix A were not included in LR-J-48. Please provide the Excel spreadsheet file(s) associated with Appendix A of USPS-T-12.

10. The file VBL2.dat of USPS Library Reference J-6, at lines 000286 through 000347, lists the direct and indirect cost components used to develop the mail volume cost effect for components 9 (Supervision of Time & Attendance), 30 (Higher Level Supervisors), and 228 (Time and Attendance Clerks). Cost component 30, Higher Level Supervisors, is listed as receiving a mail volume effect (Line 000345) and is also part of the list of direct and indirect cost components used to develop the mail volume cost effect for Higher Level Supervisors (Line 000302). An examination of the other VBL data files, VBL3 (non-volume workload) and VBL4 (additional workday) shows that component 29 (Supervision of E&LR) receives the indirect cost effect, not component 30. Please explain the apparent discrepancy in the indirect cost treatment of component 30, Higher Level Supervisors, between

the mail volume effect, the Non-volume Workload effect, and the Additional Workday effect.

11. USPS Exhibit 12A at 17 shows a mail volume cost effect for Stamped Cards of -0.078998912 for FY 2003BR. An examination of the RAT2FACT file in Library Reference J-6 shows a mail volume effect for Stamped Cards of $+0.017505092$. Please explain the discrepancy between the USPS Exhibit 12A and the RAT2FACT file for FY 2003BR.

12. The following questions refer to costs shown in Tables 1 and 2 in USPS-LR-J-58.

(a) Using either the "bootstrap" method or the generalized variance function (GVF) applied by witnesses Bozzo (Docket No. R2000-1, Tr. 44/19472-4) and Ramage (id. at 4/1116), please calculate the coefficients of variation (CVs) and 95% confidence intervals of the total cost estimates for each of the following groups of First-Class Mail:

- single-piece mail weighing up to one ounce
- single-piece mail weighing more than one ounce
- presort mail weighing less than one ounce
- presort mail weighing more than one ounce.

(b) In light of the CVs provided in response to part (a), please comment on the reliability of the estimated average costs per additional ounce for First-Class single-piece (13.90 cents) and presort (13.75 cents).

13. Please refer to USPS-LR-J-60, file 'Fees.xls,' worksheet 'BASIC BRM.'

(a) The explanation in cell B 53 refers to "10 pcs/wk * 52 wks/yr." Please explain how this was used in the calculation of the per piece fee for account oversight and maintenance.

(b) Please provide the source of the 1,000 pieces per year figure mentioned in cell B 38.

(c) Is "Account Oversight and Maintenance" different for the postage due accounts of Basic BRM than for BRM advance deposit accounts? Please explain.

(d) Please define and describe the "Collection Method" for High Volume BRM, Basic QBRM, and High Volume QBRM.

14. Please refer to USPS-LR-J-109, file 'BRPFWorkpapers.xls,' worksheet 'Business Reply Mail,' cell J 48. How many mailers does the Postal Service estimate are responsible for this volume?



George A. Omas
Presiding Officer