

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

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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. 6

(Issued December 10, 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 the following cells from USPS-LR-J-107, file 'OC01.xls,' Worksheet 'Discounts'.

Cell	Value
D 33	6.070
D 40	4.201
D 41	4.418
D 59	6.070
D 60	4.862
D 61	4.031

The source cited for these values is USPS-LR-J-117, Table 1. However, these values do not appear on Table 1 of USPS-LR-J-117. Please provide the source of these figures.

2. Please refer to the response to POIR Number 5, question 13 (d). The question requested a description of the "Collection Method" for each of the BRM types. This term is used in USPS-LR-J-60, file 'fees.xls,' worksheet 'BASIC BRM,' cell A 19. Worksheet 'High VOLUME BRM,' 'BASIC QBRM,' and 'HIGH VOL QBRM' do not contain entries for 'Collection Method.' Please define and describe in detail how each category of BRM is collected.

3. In Table 4 at page 20 of USPS-T-10, Household Diary Study (HDS) data are cited as the source of the shares of household bills paid by various methods from 1995 through 2000. Please show the calculations used to develop the shares from the HDS data.

4. The following questions refer to USPS-LR-J-84 (rev. 11/15/01).
 - (a) In both fcmrev2.xls and stdrev.xls, the sheet labeled "PRODUCTIVITY" presents the MODS productivity of "Manual Incoming Secondary, MODS Site" as 468, and that of "Manual Incoming Secondary Non MODS Sites" as 1,143. Please describe any operational differences between these activities and explain why the non-MODS sites are more than twice as productive as the MODS sites.
 - (b) In fcmrev2.xls and stdrev.xls the variability factors listed in column (1) of the sheet labeled "PRODUCTIVITY" are identical with the exception of "Tray Opening Unit Bundle Sorting". If this discrepancy is an error, please provide the correction. If it is not an error, please explain why this pool has different variability factors depending on the class of mail.

5. Please refer to tables 1 and 2 below developed from library references J-106 and J-67 respectively.

Table 1			
Calculation of Average Miles by Zone for Intra-BMC Based on Cubic Feet			
Zone	Cubic Foot Miles	Cubic Feet	Calculated Average Miles
1&2	584,284,055	9,828,355	59
3	537,344,068	1,854,169	290
4	190,345,923	368,076	517
5	11,733,951	35,365	332
Total	1,323,707,997	12,085,964	110

Table 2			
Calculation of Average Miles by Zone for Intra-BMC Based on Pounds			
Zone	Pound Miles	Pounds	Calculated Average Miles
1&2	5,263,305,736	104,961,556	50
3	4,507,932,484	20,436,937	221
4	1,652,490,845	4,116,997	401
5	96,525,028	125,528	769
Total	11,520,254,093	129,641,018	89

Please explain why the average miles for zone 5 in Table 1 are less than the average miles for zone 4 in Table 1, and less than half of the average miles for zone 5 in Table 2.

6. Please refer to USPS-LR-J-10 and J-55.

(a) Do the activity codes in the fields F9805 and F9806 of the USPS-LR-J-10 SAS dataset PRC00 reflect international activity codes as the labels for these two fields imply they do?

(b) Please confirm that the activity codes stored in F9806 are the result of applying "Encirclement Rules" as described in Appendix E of USPS LR-J-10, R2001-1. If confirmed, please explain why these rules are again applied in a SAS program named ENCIRCLE in USPS-LR-J-55, encircle.txt.

(c) In USPS-LR-J-55, the field ACTV in SAS program ENCIRCLE is defined by selecting activity codes from both fields F9805 and FY9806. Please explain the rationale for creating the field ACTV by selecting pre-encircled activity codes associated with F9805.

7. Please provide all workpapers, including electronic spreadsheets, used to develop the Base Year 2000 workyears in LR-J-50 Chapter IV, Section I.
8. International mail volume estimates are provided in USPS Library Reference J-159. A comparison of the base year 2000 through TYAR International mail volumes between LR-J-59 and USPS Exhibit 12A show differences for each year as shown below:

Fiscal Year	USPS Exhibit 12A	USPS LR-J-159	Difference
BY 2000	1,105,773	1,099,478	6,295
FY 2001	1,187,578	1,181,875	5,703
FY 2002	1,255,066	1,249,492	5,574
FY 2003 BR	1,294,889	1,289,500	5,389
FY 2003 AR	1,210,804	1,205,553	5,251

Additionally, the special service transactions for registry, insurance, money orders, and PO Boxes for the base year, test year BR and the test year AR shown in USPS LR-J-109, revised, are different from the number of transactions shown in USPS Exhibit 12A. Also, the transactions shown for FY 2001 and FY 2002 in the attachments to the response to Presiding Officers Information Request No. 2, Question 6 are different than shown in Exhibit 12A.

- (a) Please explain the differences noted in the above table for the international mail volumes and explain why the volumes developed in LR-J-159 should or should not be used in the rollforward.
- (b) Please explain the differences in the number of transactions for registry, money orders, insurance, and PO Boxes and explain why the transactions

shown in LR-J-109, revised, and the response to POIR No. 2, Question 6 should or should not be used in the rollforward.

9. The piggyback and related factors for the Base Year and Test Year in LR-J-46 and LR-J-52, respectively, are developed using SAS programs. While the final output generated by these SAS programs is provided in the aforementioned library references, it is not possible to track various CRA/Rollforward type cost components and the relevant distribution keys. The cost components, referred to as 'COMP' in the SAS program, are not the same as those used in CRA/Rollforward. Please provide a spreadsheet containing LR-J-46 and LR-J-52 components and distribution keys by cost function and mail subclass that are used to develop the piggyback and related factors for the Base Year and Test Year.

10. In LR-J-58, attributable costs from Files: LR58AREG_revised.xls and LR58AEER_revised.xls are used in File: LR58STDCBS_revised. "Other Weight" costs in the first two files are calculated as the difference between TYBR total attributable costs for the applicable subclass and the sum of the attributable costs for cost segments 3, 6, 7, 8, 10, and 14, where segments 3, 6, 7, 8, and 10 include applicable piggyback costs.
 - (a) For Regular subclass, File: LR58AREG_revised.xls, sheet: 3CREG all (detailed), Cell Y21 uses \$8,953,582 as the TYBR total attributable cost, but USPS Exhibit 12F, p.7 shows \$8,949,042 as the TYBR attributable amount. The corresponding amounts for ECR do match. Please reconcile the difference.
 - (b) The figure used for TYBR total ECR attributable cost in File: LR58STDCBS_revised.xls matches the figure (\$2,677,343) in USPS Exhibit 12F, page 7, but the corresponding figures for Regular subclass do not. Please reconcile the difference.
 - (c) Please provide a PRC version of LR58STDCBS_revised.xls. As noted above, the cost figures in this file come from Files: LR58AREG_revised.xls and LR58AEER_revised.xls. The latter files contain cost distributions by cost

component and ounce interval, however costs by ounce increment are not required for LR58STDCBS_revised.xls. Accordingly, if the Service can produce a version of the requested file using a shorter procedure, it would be acceptable to the Commission assuming the procedure, supporting sources, and documentation are also provided.

11. The worksheets attached to USPS-LR-J-179 already provide data for 321 mail processing sites disaggregated by postal accounting period (AP) from AP01 1993 through AP13 2001 for selected TPH (Total Pieces Handled), TPF (Total Pieces Fed), FHP (First-Handled Pieces) and HRS (mail processing labor hours) variables. The Postal Service is requested to provide the following additional information for the 321 mail processing sites for which data were supplied in the worksheets accompanying USPS-LR-J-56, USPS-LR-J-161 and USPS-LR-J-179. The additional data should be correctly matched to the data already provided. Therefore, the MODS operations, time periods, and sites reflected in the additional data provided should be defined in a manner that is consistent with the data in worksheet reg9300.xls from USPS-LR-J-56.
 - (a) Please supply data disaggregated by AP for the remaining variables shown by quarter in the worksheet reg9300.xls attached to USPS-LR-J-56.
 - (b) Please provide any additional accounting period data that may have been used by Postal Service witnesses to fit econometric models of mail processing activities.
 - (c) Please provide complete descriptions of any procedures used to screen for errors and/or to correct errors in the data supplied with USPS-LR-J-179 and in response to requests (a) and (b) above.
 - (d) Please provide complete descriptions of any procedures used to interpolate or transform the data supplied with USPS-LR-J-179, and in response to requests (a) and (b) above.
 - (e) Please describe any econometric models developed by Postal Service witnesses using the data supplied with USPS-LR-J-179, and in response to

requests (a) and (b) above, and summarize the results of any fits made of such models.

- (f) For each site that started regular mail processing operations after the beginning of AP01 1993, please provide the site ID and the date when regular mail processing operations began.
- (g) For each site that ceased regular mail processing operations before the end of AP13 2001, please provide the site ID and the date when regular mail processing operations ceased.
- (h) For each site that suspended regular mail processing operations between the beginning of AP01 1993 and the end of AP13 2001, please provide the site ID and the starting and ending dates for each such suspension.
- (i) Please provide documentation, other than the internal evidence of zero TPH, TPF, FHP, and HRS found in the data, that confirms the dates supplied in response to requests (f), (g) and (h) above.
- (j) Please describe the time period (e.g. day, week, accounting period) for the observations of TPH, TPF FHP and HRS originally reported by the 321 sites.
- (k) Please describe any steps taken to verify or to correct errors in the data as originally reported by the 321 sites.
- (l) Please describe any steps taken to identify and/or to restore any missing observations in the data as originally reported from by the sites.
- (m) Please describe the time period (e.g. day, week, accounting period) for the TPH, TPF, FHP, and HRS observations originally provided by the Postal Service to witness Bozzo.
- (n) Please describe any steps taken to verify or to correct errors in the data originally provided to witness Bozzo, other than the screens and scrubs described in USPS-T-14 and in response to request © above.
- (o) Please describe any steps taken to identify and/or to restore any missing observations of TPH, TPF, FHP, or HRS in the data as originally provided to witness Bozzo.
- (p) Please provide a tabulation by Site ID, by AP, and by MODS operation, as reflected in reg9300.xls, of the number of observations that were reported and the number of observations that were missing when the observations reported

by the sites were aggregated to obtain the values provided for TPH, TPF, FHP, and HRS in the worksheets attached to USPS-LR-J-179.

- (q) Did the Postal Service treat missing observations as zero values when aggregating the data originally reported by the sites into the dataset provided to witness Bozzo? If not, fully describe how the data were aggregated, and how missing observations were treated.
- (r) Did witness Bozzo treat missing observations as zero values when he aggregated the data provided to him by the Postal Service to obtain TPH, TPF, FHP, and HRS by AP, as shown in the worksheets attached to USPS-LR-J-179. If not, fully describe how he aggregated the data and how he treated missing observations.
- (s) In order to allow specific local conditions affecting the 321 MODS facilities, such as local real wage differentials, to be explicitly reflected in econometric models of mail processing variability, please provide the 5-digit zip code of the address of the principle facility associated with each site ID. If the Postal Service deems it necessary, these may be provided under the protective conditions set out in Presiding Officer Ruling No. R2001-1/17.

12. Refer to the response to POIR 4, Question 10 (b). In the case of First-Class letters weighing more than one ounce, please provide the rationale for allowing nonmachinable letters to make a smaller contribution to institutional costs than machinable letters that are otherwise identical.

13. Is Alaska bypass mail eligible for the Parcel Post DSCF and DDU rates?



George A. Omas
Presiding Officer