

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

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POSTAL RATE BOARD
OFFICE OF THE SECRETARY

Postal Rate and Fee Changes

Docket No. R2001-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 7

(Issued December 19, 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 14 days.

1. Using Plant Verification Drop Ship can a mailer have a mailing of 50 parcel post pieces verified at an origin office, transport the pieces to several different DDUs and pay the DDU rate even though there are less than 50 pieces for each DDU?

2. This is a follow-up to the November 28, 2001 response of witness Patelunas to Presiding Officer's Information Request No. 4, Question 5 pertaining to the Sales Force Augmentation Project.
 - (a) According to contract proviso B.8 in LR-I-202, commissions are calculated on the basis of the quantity of each individual product sales. Please identify for FY 1999 through 2001, the separate amounts of commissions paid for each of the four products sold.
 - (b) Please identify all payments made to the contractor other than the commissions, such as: for training fees per contract proviso G.5, offset of

lease payments per contract proviso G.6, and other start up or minimum amount payments made to the contractor or on behalf of the contractor.

- (c) Please identify costs incurred by the Postal Service that are associated with the program, such as: computer hardware, software or development costs incurred as part of the project, or the management of it; training of contractor personnel per contract proviso B.8; arranging, conducting or analyzing customer satisfaction surveys; and other project development and contract administration costs.
 - (d) Please identify any other costs that can be associated with the project.
 - (e) Since commission costs are calculated on the basis of the volume of sales for each product, please explain why commission costs are not attributed to the respective products.
 - (f) Since commission payments are calculated on the basis of the volume of sales for each product, please explain why project related supervisory, equipment, and other such costs can not be attributed to the products sold on the basis of the distribution of commissions to products.
 - (g) Please describe in detail how one computes the commission for an individual account on an ongoing basis. For example, provide the commission earned if a new customer in weeks one through five uses Priority Mail five times each week, then uses Priority Mail 10 times a week for weeks 6-10, then uses no Priority Mail for weeks 11-15, and then uses Priority Mail five times a week for weeks 16-20. Please explain your response.
3. According to documentation in Library Reference J-12, the "sampling frame, or City Master Frame, is extracted from the Address Management System (AMS) II database, which contains a list of all city carrier routes." Please describe how the eight (8) route types used in the city carrier analysis are determined from information in the Address Management System data base.
4. Please provide sample frame and selection information for the City Carrier Cost System sample for FY 2000 that is similar to what is provided in Docket

R97-1, Supplemental Testimony of witness Harahush, USPS-ST-49, "TABLE 1: City Carrier System -- Universe Size and Sample Size by Stratum".

5. A replication of the USPS cost rollforward indicates that the Test Year Alaskan air adjustment factor used in cost segment 14 was 0.0707, the same factor as for the base year. USPS LR-J-40 shows a test year adjustment factor of 0.0772. Please confirm that the CRA/Rollforward for the test year used an Alaskan air adjustment factor of 0.0707 and not the test year factor of 0.0772 as calculated in USPS LR-J-40. If confirmed show the effect on the test year costs, before rates and after rates, of using the correct Alaskan air adjustment factor.

6. Library Reference USPS-J-52 contains a matrix table that details the calculations used to develop the piggyback factors for the test year (LR-J-52) and the base year (LR-J-46). In regard to the base year piggyback calculations, specifically those that compute the rents and building & leasehold depreciation costs, an attempt to replicate these costs for city delivery carriers and rural carriers show significant differences. For example, the calculation for the base year city delivery carrier rents in LR-J-46, produces costs that are nearly twice as much as produced using the formula in the matrix table in LR-J-52.
 - (a) Please provide a walkthrough, showing all computations, for the city carrier & rural carrier base year and test year piggyback calculations for rents and the building & leasehold depreciation as shown at page 58 and 59 of USPS LR-J-46.
 - (b) Please provide a walkthrough of the calculations used to determine the results of the costs associated with the column labeled "Joint Superv" in the test year mail processing piggyback factor computations at page 5 of LR-J-52.

7. In response to Interrogatory OCA/USPS–304, the Postal Service provides a table that identifies the number of ZIP code pairs subject to one, two, and three day service standards for First-Class Mail and Priority Mail. Please provide estimates of the volume, or percentage of volume, that can be associated with each of the cells in the table for FY 2001, or some other recent period for which the data may be more readily available.

8. Please refer to USPS-LR-J-123, After-Rates Fixed-Weight Price Indices. Show how the “current” and “proposed” Standard mail parcel surcharges of \$0.1575 and \$0.2075, respectively, were calculated in USPS-LR-J-123 at file “prices_ar”, page “StdA”, cells AY20, AZ20, AY38, AZ38, AY179, AZ179, AY197 and AZ197. In addition, explain why these surcharges were used instead of the actual current and proposed surcharges of \$0.18 and \$0.23, respectively.

9. The recently awarded contract arbitration between the APWU and the Postal Service contained provisions for the upgrades of various position classifications. Please provide the number of positions and the corresponding number of workyears in the following APWU represented position classifications:
 - a. Mail Processors (Level 4)
 - b. Senior Mail Processors (Level 5)
 - c. Motor Vehicle Operator (Level 5)
 - d. Tractor Trailer Operator (Level 6)
 - e. Building Equipment Mechanic (Level 7)
 - f. Maintenance Mechanic MPE (Level 7)
 - g. Electronic Technician (Level 9)
 - h. Electronic Technician (Level 10)

10. In response to OCA interrogatories OCA/USPS-T-6-1 and OCA/USPS-T-6-2 filed on October 17, 2001 witness Tayman said that the FY 2002 operating plan by accounting period was not yet finalized. Has the FY 2002 operating plan by accounting period been finalized yet? If it has, please provide the FY 2002 operating plan information by accounting period as requested in OCA interrogatories OCA/USPS-T-6-1 and OCA/USPS-T-6-2. If this information has not been finalized please indicate when this information will be available and filed as requested.



George A. Omas
Presiding Officer