

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. 9

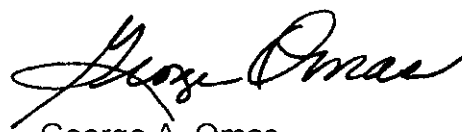
(Issued January 18, 2002)

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-106.
 - (a) In WP-BPM-16, the single-piece rates are developed using the "adjusted rate elements" for flats, rather than parcels. Please explain the rationale for using the flat rate element rather than the parcel rate element.
 - (b) In WP-BPM-27 the barcode discounts for parcels, both single-piece and presort, are developed using the total volume instead of the parcel volume. Please explain the rationale for using total volume.

2. Rate Schedule 421 (Periodicals) in the Postal Service's Request contains several notes. (Attachment B, page 26)
 - (a) Note six directs the user to multiply the "proportion of nonadvertising content by this factor and subtract from the applicable piece rate." Should the direction refer to percent instead of proportion, since the editorial discount is given as 0.00074? Please explain.

- (b) There is no indication on the rate schedule to which rates these notes apply. Please indicate the rates to which each note applies.
3. Please show the derivation of the percentage of non-machinable letter mail used in Witness Moeller's rate design workpapers for Regular subclass and Nonprofit subclass. The figures for Regular subclass are contained in LR-J-132, File USPSLR132-WP1, page E, Lines 7 and 8 (Basic= 26.39% and 3/5-Digit= 25.02%). The figures for Nonprofit subclass are contained in LR-J-132, File USPSLR132-WP2, page E, Lines 7 and 8 (Basic= 37.82% and 3/5-Digit= 40.51%). Please include the source for each figure used in the derivation.
4. Please refer to the spreadsheet fcmrev2.xls in USPS-LR-J-84 (rev. 11/15/01). The sheet 'NONAUTO LTR DEAVG' uses volumes from the 'ENTRY PROFILE' sheet to calculate a weighted model cost. The 'ENTRY PROFILE' sheet identifies 55.56% of "Nonautomation Non-OCR Not Upgradable" letters as nonmachinable, whereas 100% of these (Not Upgradable) letters are treated as nonmachinable in the 'NONAUTO LTR DEAVG' weighted model cost calculation.
- (a) Please explain this apparent inconsistency. Include a discussion of the treatment of "Nonautomation Non-OCR Not Upgradable" letters in the parallel Standard Mail workpapers (stdrev.xls).
- (b) Provide a definition of "Nonautomation Non-OCR Not Upgradable" letters, and describe the characteristics that would make a letter machinable but "Not Upgradable".
- (c) Please provide revisions, if necessary, and discuss any impact of the revisions including changes in costs, revenues, worksharing-related savings, DPS percentages, and unit delivery costs.



George A. Omas
Presiding Officer