

COMPLIANCE STATEMENT

This Attachment contains a statement of the manner in which the Postal Service has supplied the information requested in sections 54, 64, and 67 of the Commission's Rules of Practice and Procedure, 39 C.F.R. §§ 3001.54, 3001.64, and 3001.67. Where requested information is not included in direct testimony or exhibits of the Postal Service's witness, it is contained in the Request or in other Attachments to the Request, or has been incorporated by reference in the testimony, exhibits, Request, or attachments made available to the Commission in Docket No. R2001-1. Otherwise, it is subject to a motion for waiver.

RULE: 64(b)(1), (2), (3), (4)

INFORMATION REQUESTED:

These subsections request, for every classification change proposed:

- (1) copies of the currently-effective Domestic Mail Classification Schedule and the proposed changes thereto;
- (2) specification of the rules, regulations and practices that establish the conditions of mailability and standards of service;
- (3) a statement of the degree of economic substitutability between the various classes and subclasses; and
- (4) an identification of all nonpostal services.

1. *Present and Proposed Classification Schedule and Rate and Fee Schedule Provisions.*

Attachment A contains the proposed new provisions of the Domestic Mail Classification Schedule, section 610. Attachment B contains the proposed rate schedules, 610A, 610B, 610C and 610C.

2. *Rules, Regulations and Practices that Establish Conditions of Mailability and Standards of Service.*

The Postal Service's current rules and regulations that specifically govern the provision of domestic mail services are published in the Domestic Mail Manual, which is incorporated by reference in the Code of Federal Regulations, 39 C.F.R. § 111.1, and incorporated here by reference. The Postal Service has entered into a Negotiated Service Agreement with Capital One and may promulgate rules and regulations consistent with the proposed experimental

classification and rate schedule changes pursuant to its statutory authority. See 39 U.S.C. § 401(2).

3. *Degrees of Economic Substitutability.*

Implementation of the proposed Capital One NSA is not expected to have any significant effect on existing substitutability between the various classes and subclasses of mail. A motion to waive any remaining requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Data to develop elasticity estimates are not available.

4. *Identification of nonpostal services.*

No nonpostal services pertain to the proposed Capital One NSA. Nonpostal services include: alien registration, sale of philatelic products, sale of food stamps, sale of passports, sale of migratory-bird hunting and conservation stamps, sale of miscellaneous products, Mailgram,¹ photocopy service, vending stands and vending machines, postmasters in Alaska serving as notaries public, and post office assistance to the Office of Personnel Management and the Selective Service System. From time to time, the Postal Service may offer other nonpostal services. Some of these nonpostal services may be provided on a limited or trial basis.

^{1/} Although not a service, Mailgram is included here in recognition of its nonpostal nature.

RULE: 64(c)(1), (2), (3)

INFORMATION REQUESTED:

This Rule asks for information regarding the users of the Postal Service, the nature of the items mailed and the methods of mailing used. Specifically, this section requests the following:

- (1) an identification of the characteristics of the mailer and the recipient, and a description the contents of items mailed within each class and subclass;
- (2) identification of the physical attributes of the items mailed by class and subclass, including shape, weight and distance; and
- (3) to the extent it is not provided under paragraph (b)(2), a summary statement that describes special service arrangements provided to, or requested or required of, mailers by the Postal Service that affect the cost of service or its value to the mailer or recipient.

1. *Characteristics of the mailer, recipient, and the content of items mailed.*

The testimony of witnesses Bizzotto (USPS-T-1), Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection with respect to the Capital One NSA. Additional information pertinent to other subclasses is provided in the response to this rule in Docket No. R2001-1, in the testimony and supporting materials filed in that docket, and in the *Domestic Mail Manual*, all of which are incorporated here by reference.

2. *Physical attributes of the items mailed by class and subclass.*

The testimony of witnesses Bizzotto (USPS-T-1), Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information

responsive to this subsection for mail affected by the Capital One NSA.

Additional information pertinent to other subclasses is provided in the response to this rule in Docket No. R2001-1, in the testimony and supporting materials filed in that docket, and in the *Domestic Mail Manual*, all of which are incorporated here by reference.

3. *Summary statement of special service arrangements.*

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA. Additional information pertinent to other subclasses is provided in the response to this rule in Docket No. R2001-1, in the testimony and supporting materials filed in that docket, and in the *Domestic Mail Manual*, all of which are incorporated here by reference.

RULE: 64(d)

INFORMATION REQUESTED:

This rule requests that the effects of the change on cost assignments, total costs, and total revenues be provided, both before and after the change.

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3) provide information responsive to this subsection with respect to the Capital One NSA. With respect to the effects of changes on cost assignments, total costs and total revenues, however, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the classification and fee being proposed and the relatively small effects, the Postal Service has not prepared a full analysis of the effects on the Postal Service's cost assignments, total costs and total revenues, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 64(e)

INFORMATION REQUESTED:

This subsection requires that, whenever the Postal Service proposes to reassign a portion of one existing class or subclass of mail or service to another existing class or subclass of mail or service, the request must include a comparison of the before and after costs and revenues of handling the relevant classes or subclasses, and before and after costs and revenues of the portion that is to be reassigned.

This rule does not apply to this request because the Postal Service is not proposing that a portion of one existing class or subclass of mail or service be reassigned to another existing class or subclass of mail or service.

RULE: 64(f)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide a complete statement of the reasons and bases for the proposed changes.

The testimony of witnesses Bizzotto (USPS-T-1), Plunkett (USPS-T-2), Crum (USPS-T-3), and Wilson (USPS-T-4), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA.

RULE: 64(g)

INFORMATION REQUESTED:

This rule sets forth the requested format and filing requisites for workpapers.

Calculations of costs and revenues with respect to the Capital One NSA are in the testimony of witness Crum (USPS-T-3) and supporting library reference material in the instant docket.

RULE: 64(h)

INFORMATION REQUESTED:

This rule calls for compliance with subsections (b) through (h), (j) through (l) and (o) through (p) of Rule 54, together with statements responsive to paragraphs (q) and (r) of Rule 54, when the Postal Service proposes a change in the mail classification schedule having a rate, fee or total cost change implication.

The Rule 54 compliance statements, which include the response to this requirement, are incorporated here by reference. Other pertinent information is provided in the response to this rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket. These materials are incorporated by reference. A motion setting forth grounds for waiver of portions of Rule 54 accompanies this Request. The criteria of sections 3622 and 3623 are addressed in the testimony of witnesses Plunkett (USPS-T-2).

RULE: 54(a)(1)

INFORMATION REQUESTED:

This rule requires a description of any changes proposed by the Postal Service in the attribution procedures applied by the Commission in the most recent general rate proceeding in which its recommended rates or fees were adopted. The rule also requires that a Request proposing to change the cost attribution principles applied by the Commission in the most recent general rate proceeding in which its recommended rates were adopted include an alternative cost presentation satisfying Rule 54(h) that shows what the effect on the Postal Service's request would be if it did not propose changes in attribution principles.

This rule does not apply to this Request because the proposed changes do not include any changes to the cost attribution principles or procedures applied by the Commission in Docket No. R2001-I.

RULE: 54(b)(1), (2), (3), (4)

INFORMATION REQUESTED:

These rules provide that each request must include schedules of the existing effective postage rates and fees for all postal services, and those rates and fees as proposed to be changed or adjusted. The schedules must:

- (1) show the full rates and, where applicable, the phased rates under section 3626 of title 39, U.S.C., and any proposed adjustment to such phased rates under section 3627 of title 39, U.S.C., indicated by the circumstances known at the time of the filing;
- (2) be presented in a summary fashion and a tariff-like form, specifying those rules, regulations and practices which establish the conditions of mailability and the standards of service. Specifically, they must address such functions as mail pickup and delivery, processing and other similar functions;
- (3) contain a statement of the degree of economic substitutability between the various classes and subclasses; and
- (4) be accompanied by an identification of all nonpostal services.

Attachment B contains the proposed rate schedule. Other information responsive to this rule is provided in response to Rule 64(b), incorporated here by reference.

RULE: 54(c)

INFORMATION REQUESTED:

This rule requires that each request identify the characteristics of the mailer and the recipient, and describe the contents of items mailed within each class and subclass.

Information pertinent to this rule is identified in response to Rule 64(c)(1), incorporated here by reference.

RULE: 54(d)

INFORMATION REQUESTED:

This rule requires that requests identify physical attributes of items mailed by class and subclass, including the shape, weight and distance.

Information pertinent to this rule is identified in the response to Rule 64(c)(2), incorporated here by reference.

RULE: 54(e)

INFORMATION REQUESTED:

To the extent that such information is not included within material supplied under Rule 54(b)(2), this rule requires that each request describe the special service arrangements provided to, or requested or required of, mailers by the Postal Service which bear upon the cost of service or the value of the mail service to both the sender and the recipient, e.g., services relating to mailer preparations in excess of requirements specified by the [*Domestic Mail Manual*], pick-up and delivery, expedited or deferred processing, and other similar activities performed.

Information pertinent to this Rule is identified in the response to Rule 64(c)(3), incorporated here by reference.

RULE: 54(f)(1)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide in each request the total actual accrued costs during the most recent fiscal year for which they are reasonably available.

Actual accrued costs for FY 2001 are presented in the Cost and Revenue Analysis (CRA) Report on file with the Commission.

RULE: 54(f)(2) (Basic Submissions)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide the following in each request:

- (1) the Postal Service's estimated total accrued costs for the fiscal year in which the filing is made, assuming existing rates and fees;
- (2) the Postal Service's estimated total accrued costs for the fiscal year in which the filing is made, assuming the proposed rates and fees;
- (3) the Postal Service's estimated total accrued costs for a fiscal year beginning not more than 24 months subsequent to the filing date of the formal request, assuming existing rates and fees; and
- (4) the Postal Service's estimated total accrued costs for a fiscal year beginning not more than 24 months subsequent to the filing date of the formal request, assuming the proposed rates and fees.

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3) provide some information responsive to this subsection with respect to the Capital One NSA. Other pertinent information is provided in the response to this Rule in Docket No. R2001-1, and in the testimony and supporting materials filed in that docket, incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(f)(2) (Methods and Procedures)

INFORMATION REQUESTED:

For the estimated total accrued costs specified in this provision, the rule requires an explanation of the methods and procedures used for the cost projections, including:

- an explanation of the projection of total volumes;
- an explanation of the effect of the projected volume levels on estimated total costs;
- specification of the cost savings which will be realized from gains and improvements in total productivity, indicating such factors as operational and technological advances and innovations;
- identification of abnormal costs which are expected to be incurred in the test year.

The testimony of witnesses Plunkett (USPS-T-2), Crum (USPS-T-3) and Wilson (USPS-T-4), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA. Additional information pertinent to other subclasses is provided in the response to this rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket.

However, with respect to the effects of changes on total costs and total volumes, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs and total volumes,

either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(f)(3)(i) and (ii) (Operating Costs)

INFORMATION REQUESTED:

For the basic cost submissions required in Rule 54(f)(1) and (2), this rule requires a statement and explanation of:

- operating costs in detail as to their accounting and functional classifications;
- the cost amounts for depreciation on capital facilities and equipment, debt service, contingencies, and extraordinary or nonrecurring expenses.

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA. Additional information pertinent to other subclasses is provided in the response to this rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, which are incorporated by reference. With respect to the effects of changes on operating and depreciation costs, however, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small scope, the Postal Service has not prepared a full analysis of the effects on the Postal Service's operating and depreciation costs, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(f)(3)(iii) (Cost Assignment and Distribution)

INFORMATION REQUESTED:

For the basic cost submissions required in Rule 54(f)(1) and (2), this rule requires, assignment and distribution of costs to each of the functions comprising “the mail process.” This presentation shall include:

- an itemization of costs by the major accounts as reflected by the Service’s books of accounts for all cost segments;
- an itemization of costs by functions such as collection, acceptance, general overheads, etc.;
- an assignment and distribution of the costs by account, together with related mail volumes, for each function;
- an assignment and distribution of the costs by account, together with related mail volumes, to “such subfunctions within each category for which information is available or can be developed;
- an explanation of the method by which the costs by accounts are assigned and distributed to functions.

The testimony of witness Crum (USPS-T-3) provides some information responsive to this subsection with respect to the Capital One NSA. Other pertinent information is provided in the response to this Rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, incorporated here by reference. With respect to the effects of changes on functional costs, however, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its limited effect, the Postal Service has not prepared a full analysis of the Postal Service’s functional

costs, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(g)

INFORMATION REQUESTED:

This rule requires that the each request for changes in rates and fees provide, in a form consistent with the filing required by Rule 54(f), "the total actual accrued costs for each fiscal year since the last filing pursuant to this section."

Actual accrued costs for FY 2001 are presented in the Cost and Revenue Analysis (CRA) Report on file with the Commission.

RULE: 54(h)(1)

INFORMATION REQUESTED:

This rule requires the separation of actual and estimated total costs, for the fiscal years specified in Rule 54(f), as between postal services (including international mail) and nonpostal services. “The presentation shall show the methodology for separating postal costs as between postal services and nonpostal services, and shall be in sufficient detail to allow a determination that no nonpostal costs have been assigned or allocated to postal services.”

Information pertinent to this subsection is provided in the response to this Rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, incorporated here by reference. However, with respect to the separation of postal costs between postal and nonpostal services, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small scope and effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service’s total costs, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(h)(2) and (3) (Separation of costs by functions)

INFORMATION REQUESTED:

For the actual and estimated total costs presented for the years specified in Rule 54(f), these rules require the costs to be separated as follows:

- those direct costs which can be attributed to each class of mail or type of mail service;
- those indirect costs which can be attributed to each class of mail or type of mail service;
- any other costs of the Service which can be reasonably assigned to each class of mail or type of mail service;
- any other costs of the Postal Service which cannot be attributed or reasonably assigned.

The methodology used to derive these costs is required to be set forth in detail.

The testimony of witness Crum (USPS-T-3) provides some information responsive to this subsection with respect to the Capital One NSA. Other pertinent information is provided in the response to this Rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small scope and effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs, either in the present postal fiscal year (during

which the experiment would begin and end) or a rollforward analysis in a future test year.

RULE: 54(h)(4), (12)

INFORMATION REQUESTED:

This rule applies to the costs identified in Rule 54(h)(2). It requires that these costs be separately attributed to mail classes, subclasses, and special services. It also requires identification of the methodology used in attribution and an analysis of the effect of costs on the following:

- volume;
- peaking patterns;
- priority of handling;
- mailer preparations;
- quality of service;
- the physical nature of the item mailed;
- expected gains in total productivity, indicating such factors as operational and technological advances and innovations;
- any other factor affecting costs.

The data relevant to the analyses of the effect on costs of these factors must also be provided.

The testimony of witnesses Bizzotto (USPS-T-1), Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA.

Additional information pertinent to other subclasses is provided in the response to this rule in Docket No. R2001-1, in the testimony and supporting materials filed in that docket, and in the *Domestic Mail Manual*, all of which are incorporated here by reference. However, with respect to the effects of changes on total costs,

a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small scope and effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total costs, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(h)(5) – (h)(10) (“Roll-Forward” model)

INFORMATION REQUESTED:

These provisions generally specify particular items which must be included in the presentation of the process by which base year costs are rolled-forward to test-year costs, such as listings of the forecasting factors, piggyback factors, interim period workpapers, and an overall summary cost table. Rules 54(h)(6) and (7) require an explanation of the attributable cost final adjustments and the “other services” adjustments.

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA. Additional information pertinent to other subclasses is provided in the response to this rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small scope and effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service’s total costs, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(h)(11) (Nonattributed costs)

INFORMATION REQUESTED:

This rule applies to costs that are identified as “nonattributed or unassigned” pursuant to Rule 54(h)(2). It requires an explanation as to why such costs cannot be attributed or assigned. It further requires the identification, to the extent possible, of all such costs which benefit more than one class of mail or type of service (but not all classes or types), together with the mail classes or types of services so benefitted.

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA. Additional information pertinent to other subclasses is provided in the response to this rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, which are incorporated here by reference. However, with respect to the effects of changes on total costs, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service’s total costs, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(i)

INFORMATION REQUESTED:

This rule requires a statement of the criteria employed by the Postal Service in construction of the proposed rate schedule. The statement must include:

- the identification of the relationship between the revenues derived from the rates and fees for a particular class and subclass of mail or service, and the costs attributed and assigned to that class or subclass of service;
- the identification of the procedures and methods used to apportion (to postal services) that part of the total revenue requirement which is in excess of costs attributed;
- such other studies, information and data relevant to the criteria established by section 3622 of title 39, U.S.C., with appropriate explanations as will assist the Commission in determining whether or not the proposed rates or fees are in accordance with such criteria.

The testimony of witnesses Bizzotto (USPS-T-1), Plunkett (USPS-T-2) and Crum (USPS-T-3) and material filed by Capital One provide information responsive to this subsection for mail affected by the Capital One NSA. Other pertinent information is provided in response to this Rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, incorporated here by reference. However, with respect to the effects of changes on total revenues and total costs, a motion to waive the requirements of this Rule, insofar as they apply to this proposal, has been filed with the Request. Because of the experimental nature of the service being proposed and its limited effect, the

Postal Service has not prepared a full analysis of its impact on total costs in the present Fiscal year or in a rollforward analysis for a future test year.

RULE: 54(j)(1), (2), (3), and (4)

INFORMATION REQUESTED:

These rules require specification of revenues for certain fiscal years, including the test year. Revenues must be submitted for:

- FY 2000, assuming prefiling (existing) rates and fees;
- FY 2001, assuming prefiling (existing) rates and fees;
- the portion of FY 2002 that is contemporaneous with the experimental period, assuming prefiling (existing) rates and fees;
- the portions of FY 2002 that is contemporaneous with the experimental period, assuming proposed rates and fees.

The actual and estimated revenues for these years must be shown in total and separately for each class and subclass of mail and postal service and for all other sources from which the Postal Service collects revenues.

Each revenue presentation must be supported by identification of the methods and procedures employed.

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA. Other pertinent information is provided in the response to this Rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, incorporated here by reference. However, with respect to the effect of the changes on total revenues, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small scope and effect, the Postal

Service has not prepared a full analysis of the effects on the Postal Service's total revenues, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(j)(5) (volume estimates)

INFORMATION REQUESTED:

This rule requires that the Postal Service present for each class and subclass of mail and special service:

- for each postal quarter beginning with the first quarter of the most recent complete fiscal year and ending one year beyond the last quarter of the test year, actual or estimated mail volumes at the prefilled (existing) rates and fees;
- for each postal quarter beginning with the quarter in which the rates are assumed to become effective and ending one year beyond the last quarter of the test year, the estimated volume of mail assuming the effectiveness of the proposed rates.

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA. Other pertinent information is provided in the response to this Rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, incorporated here by reference. However, with respect to the effect of the changes on total volumes, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small scope and effect, the Postal Service has not prepared a full analysis of the effects on the Postal Service's total volumes, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(j)(5), (6), (7) (Demand study – methodology and documentation)

INFORMATION REQUESTED:

These rules require that the volume estimates provided pursuant to Rule 54(j)(5) must be derived from an econometric demand study relating postal volumes to their economic and noneconomic determinants, including postal rates, discounts and fees, personal income, business conditions, competitive and complementary postal services, competitive and complementary nonpostal activities, population, trend, seasonal patterns and other factors. The study must be furnished with the request, and any departure from the assumptions and specifications in the demand study made in estimating volumes of any class or subclass of mail must be explained.

For volume and revenue estimates, and subject to Rule 54(a)(2), the Postal Service must provide:

- a detailed explanation of the methodology employed to forecast volumes for each class and subclass of mail and postal service. Representative derivations of these forecasts from the econometric demand study must be presented in detail for two major mail classes, showing each intermediate value or factor employed. For remaining classes and subclasses of mail, such derivations may be summarizing, except where their derivations depart from the representative methods presented;
- a detailed explanation of the methodology employed to forecast changes in revenues for each class and subclass of mail and postal service resulting from changes in rates and fees;
- a computer implementation of the methodology employed to forecast volumes and revenues for each class and subclass of mail and postal service. The computer implementation must comply with Rule 31(k)(3), and must be able to compute forecasts of volumes and revenues compatible with those specified in Rules 54(j)(2), (3), and (5) for
 - any set of rates and fees within a reasonable range of the prefiled (existing) and the proposed rates,
 - any date of implementation within the range spanned by the assumed date of implementation and the start of the test year,

- alternative forecasts of the economic determinants of postal volumes, other than postal rates and fees, and
- alternative values of any parameters with assigned values that are based upon unverifiable judgments.

Subject to Rule 54(a)(2), the Postal Service must make available at the offices of the Commission, in a form that can be read directly by a standard digital computer, the following:

- all of the input files and programs needed to replicate the required econometric demand study;
- any input files and programs employed to derive a price index for any class or subclass of mail or postal service from postal rates, discounts, and fees;
- any input files and programs used to prepare data for the required econometric demand study.

The testimony of witnesses Plunkett (USPS-T-2) and Crum (USPS-T-3), and material filed by Capital One, provide information responsive to this subsection for mail affected by the Capital One NSA. Other pertinent information is provided in the response to this Rule in Docket No. R2001-1 and in the testimony and supporting materials filed in that docket, incorporated here by reference. With respect to a demand study, however, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request. Because of the experimental nature of the service being proposed and its relatively small scope and effect, the Postal Service has not prepared a

full analysis of the effects on the Postal Service's total volumes, either in the present postal fiscal year or a rollforward analysis in a future test year.

RULE: 54(k)

INFORMATION REQUESTED:

This rule requests that the Postal Service provide, for the two fiscal years immediately preceding the year in which the request is filed, the Balance Sheet, the Statement of Income and Expense, basic statistical information, and the Statement of Income and Expense by budget category. This includes data with respect to the following:

- (1) the Balance Sheet and a supporting schedule for each item that appears thereon;
- (2) the Statement of Income and Expense and a supporting schedule for each item appearing thereon;
- (3) as appropriate, statistical data with respect to revenue, pieces (by physical attributes, showing separately amounts of mail identified as stamped, metered, and imprinted, or other), weight, distance, postal employees (number, total payroll, productivity, etc.), postal space, post offices (number, class, etc.), and any other pertinent factors which have been utilized in the development of the proposed rate schedule; and
- (4) the Statement of Income and Expense by cost segment.

In addition, this rule requires that the Postal Service provide a reconciliation of the budgetary information with the actual accrued costs for the most recent fiscal year. If the fiscal information for the immediately preceding fiscal year is not fully available on the date of filing, the Postal Service is required to make a preliminary or pro forma submittal, and file an updated report once the fiscal information is completed.

Financial information for FY 2000 was provided in connection with the request in Docket No. R2001-1. Financial information for FY 2001, the most recent available, is included with Attachment D to this Request. In addition, Cost and Revenue Analysis reports for FY 2000 and FY 2001 are on file with the Commission.

RULE: 54(I)

INFORMATION REQUESTED:

This rule requires that the Postal Service provide:

- (1) a statement that shows for each class and subclass of mail and postal service the relevant billing determinants (the volume of mail related to each rate element in determining revenues) separately for the current rates and the proposed rates. The proposed changes in rate design and the related adjustments of billing determinants should be explained in detail.
- (2) for third-class bulk mail, this rule requires that every formal request must set forth separately for regular and preferred, by presort level, the base year volume by ounce increment for each shape (letter-size, flat, irregular parcels, parcels).

To the extent that information on the billing determinants relating to the Capital One NSA are available, they are provided in the testimony of witness Crum (USPS-T-3). Billing determinants for FY 2000, the most recent available, are on file with the Commission. In all other respects, a motion to waive the requirements of this rule, insofar as they apply to this proposal, is being filed with the Request.

RULE: 54(m)

INFORMATION REQUESTED:

This rule requests a statement, which can be in workpaper form, presenting detailed calculations of continuing appropriations according to 39 U.S.C. § 2401(c) and phasing appropriations under 39 U.S.C. § 3626, any proposed adjustment to such phased rates under 39 U.S.C. § 3627 indicated by circumstances known at the time of filing. Calculation of all the phased rates for the entire applicable phasing period should be explained in detail.

Pertinent information is provided in the response to this rule in Docket No. R2001-1, and in the testimony and supporting materials filed in that docket, incorporated here by reference.

RULE: 54(n)

INFORMATION REQUESTED:

This rule requests identification of any performance goals which have been established for the classes and subclasses of mail. The Request must identify the achieved levels of service for those classes and subclasses of mail and mail services for which performance goals have been set.

Pertinent information is provided in the response to this rule in Docket No. R2001-1. See also, USPS Docket No. R2001-1 Library Reference J-167, and in the testimony and supporting materials filed in that docket, incorporated here by reference.

RULE: 54(o)

INFORMATION REQUESTED:

This rule sets forth the requirements for filing workpapers with the Commission, including their format, and the number to be filed.

Calculations of costs and revenues with respect to the Capital One NSA are in the testimony of witness Crum (USPS-T-3) and supporting materials in the instant docket.

RULE: 54(p)

INFORMATION REQUESTED:

This rule requests one or more certifications stating that the cost statements and supporting data submitted as part of the formal request, as well as the accompanying workpapers, which purport to reflect the books of the Postal Service, accurately set forth the results shown by such books. The requested certification is to be signed by one or more representatives of the Postal Service authorized to make such certification.

The requested certification is submitted as Attachment C to the instant Request.

RULE: 54(q)

INFORMATION REQUESTED:

This rule requests an opinion from an independent public accountant to the extent and as required by 39 U.S.C. § 2008(e).

An opinion from the independent accounting firm of Ernst & Young covering fiscal years 2000 and 2001 Audited Financial Statements is included with Attachment D to this Request.

In addition to the information required by Rules 54 and 64, Rule 67 establishes specific requirements for experiments. Each requirement is listed below, followed by the response.

RULE: 67(b)(4)

INFORMATION REQUESTED:

The desired duration of the experiment as indicated by the Postal Service in its request and, specifically, in its proposed Domestic Mail Classification Schedule language.

Proposed classification provisions, including the desired duration of the experiment, are provided in Attachment A to the instant Request.

RULE: 67c

INFORMATION REQUESTED:

A plan for data collection including designation of unavailable data called for by § 3001.64.

A proposed data collection plan for the experiment is addressed in the testimony of witness Plunkett (USPS-T-3).