

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268

Rate and Service Changes to Implement  
Functionally Equivalent Negotiated Service  
Agreement With Bank One Corporation

Docket No. MC2004-3

PRESIDING OFFICER'S INFORMATION REQUEST NO. 6

(Issued September 3, 2004)

Proponents are requested to provide a response to the question set out below to assist in developing a record in this case. To facilitate inclusion of this answer in the record, proponents are to identify a witness prepared to attest to the accuracy of the answer and be prepared to explain to the extent necessary the basis for the answer at our hearings. The answer is to be provided by September 10, 2004.

Refer to the response to POIR 5 and the attached version of Table 5.2.2 from Docket No. R2001-1 USPS-LR-J-69. The table has been modified by outlining numbers of particular interest, and by adding a column H labeled "Non-Mech Only".

The "Total Non-ACS" cost of \$0.1386 in column G is used as the CFS Processing component of the estimated cost of physical returns of First-Class letter-shaped mail in Docket No. MC2002-2 USPS-LR-1. Two of the components of the total non-ACS cost are the Non-ACS costs for Mechanized and the Non-ACS costs for Non-Mechanized Terminals (\$0.0660 and \$0.2691) which are weighted by their frequencies (0.83 and 0.17, respectively).

Column H produces a parallel Total Non-ACS cost of \$0.3072 using 100% of the non-ACS non-mechanized terminal cost, and none of the mechanized terminal costs. In contrast, USPS-T-1, Appendix A, page 13 (revised 9/01/2004) uses the ACS Non-Mechanized Terminal cost of \$0.5381 for the CFS processing component of the cost of physical returns for First-Class flat-shaped mail.

As physical returns do not receive ACS processing, please explain the rationale for using the ACS non-mechanized cost (\$0.5381) instead of the *non-ACS* non-mechanized cost (\$0.2691) and excluding all of the other elements that make up Total Non-ACS costs (i.e., Mail Preparation, Load and Sweep, and Support and Other).

If it is more appropriate to use the \$0.3072 figure in your analysis, please update USPS-T-1, Appendix A.

George Omas  
Presiding Officer

Attachment to POIR 6

Table 5.2.2  
Cost per Piece for Processing at CFS Units

	A	B	C	D	E	F	G	H
	Hours/Piece	Labor Rate (1)	Cost/Piece	Piggyback Factor (2)	Total Cost/Piece	Frequency	Weighted Total Cost/Piece	Non-Mech Only
I. Label Generation								
A. Mail Preparation	0.00020 (3)	\$30.84	\$0.0060	56.00%	\$0.0094	1.00	\$0.0094	\$0.0094
B. Keying and Labeling: Mechanized Terminal	0.00148 (4)	\$30.84	\$0.0457	56.00%	\$0.0713			
- Non-ACS					\$0.0660 (5)	0.83 (6)	\$0.0548	0
- ACS					\$0.1320 (7)			
C. Non-Mechanized Terminal								
Data Maintenance and Labeling (COA Cards)	0.01211 (8)		\$0.3735	56.00%	\$0.5827	N/A	N/A	
Keying and Labeling	0.00603 (4)	\$30.84	\$0.1860	56.00%	\$0.2901			
- Non-ACS					\$0.2691 (9)	0.17 (10)	\$0.0456	\$0.2691
- ACS					\$0.5381 (11)			
D. Load and Sweep	0.00017 (3)	\$30.84	\$0.0053	56.00%	\$0.0083	1.00	\$0.0083	\$0.0083
E. Support and Other	0.00042 (3)	\$30.84	\$0.0131	56.00%	\$0.0204	1.00	\$0.0204	\$0.0204
Total Non-ACS							\$0.1386	\$0.3072
II. Address Correction								
A. Form 3547	0.00198 (3)	\$30.84	\$0.0612	56.00%	\$0.0955	N/A	N/A	
B. Form 3579	0.00773 (3)	\$30.84	\$0.2384	56.00%	\$0.3719	N/A	N/A	
C. ACS 2nd Generation/Nixie	0.00425 (3)	\$30.84	\$0.1310	58.30%	\$0.2074	N/A	N/A	
D. ACS Keying								
- Mechanized Terminal	N/A	N/A	N/A	N/A	\$0.0660 (12)	0.83 (13)	\$0.0550	
- Non-Mechanized Terminal	N/A	N/A	N/A	N/A	\$0.2691 (14)	0.17 (15)	\$0.0447	
ACS Keying Subtotal							\$0.0997	

(1) Clerk labor rates.  
 (2) Piggyback factor for CFS operations.  
 (3) Based on a 2-week sample period, developed from the Daily Address Information Operation Analysis (3925 Report).  
 (4) Refer to Table 5.2.2.1, Column C.  
 (5) Refer to Table 5.2.2.2, Column C, Row I.  
 (6) This is the proportion of UAA mail processed on the Mechanized Terminal. Refer to Table 5.2.2.1, Column D, Adjusted Subtotals.  
 (7) Refer to Table 5.2.2.2, Column B, Row I.  
 (8) Based on a 2-week sample period developed from the CFS Daily Report.  
 (9) Refer to Table 5.2.2.2, Column C, Row II.  
 (10) This is the proportion of UAA mail processed on the Non-Mechanized Terminal (NMT). Refer to Table 5.2.2.1, Column D, Adjusted Subtotals. Every piece of mail that is keyed on the NMT must be labeled. Thus, these tasks occur with the same f  
 (11) Refer to Table 5.2.2.2, Column B, Row II.  
 (12) Refer to Column E, Row I.b, ACS.  
 (13) This is the proportion of UAA mail at CFS units that is machineable letters. It is assumed this is an appropriate proxy for estimating the proportion of ACS mail processed on the Mechanized Terminal. For factor development, refer to Section  
 (14) Refer to Column E, Row I.c, ACS.  
 (15) This is the proportion of UAA mail at CFS units that is Non-machineable letters. It is assumed this is an appropriate proxy for estimating the proportion of ACS mail processed on the Non-Mechanized Terminal. For factor development, refer to