Postal Rate Commission
Submitted 4/22/2005 2:09 pm
Filing ID: 43686
Accepted 4/22/2005

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

Postal Rate and Fee Changes Docket No. R2005-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 2

(Issued April 22, 2005)

The United States Postal Service is requested to provide the information described below to assist in developing a record for the consideration of the Postal Service's request for changes in rates and fees. In order to facilitate inclusion of the required 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 hearing. The answers are to be provided within 14 days.

1. This question concerns the calculation of unit delivery costs for Periodicals Outside County subclass. In Docket No. R2001-1 these costs were developed in USPS-LR-J-117, worksheets "Table 1" and "summary TY" and appeared in USPS-LR-J-107 worksheet "Discounts." The library reference corresponding to USPS-LR-J-117 and using the Commission's methodology is USPS-LR-K-101. Worksheet "summary TY" of USPS-LR-K-101, however, does not contain the calculations appearing in cells C124 to H137 of USPS-LR-J-117. These calculations provided the carrier costs appearing in cells D33, D59, D60, and D61 of worksheet "Discounts" in USPS-LR-J-107 for Outside County Periodicals.

   Please examine the following table and confirm that it contains the values that correspond to those in cells C124 to H137 of worksheet "summary TY" of USPS-LR-J-117. If you do not confirm, please provide the correct values and explain

fully their derivation. Please note that the table in USPS-LR-J-117 did not contain line and column titles. Please provide them.

2,338,199	112,666	112,666	**0.0482**	112,666	**0.0482**
2,165,011	209,869	209,869	**0.0969**	209,869	**0.0969**
664,626	29,485	29,485	**0.0444**	29,485	**0.0444**
4,229,835	184,392	184,392	**0.0436**	184,392	**0.0436**
				-	
9,397,672	536,413	536,413	**0.0571**	536,413	**0.0571**
				-	
14,167,185	874,601	874,601	**0.06173**	874,601	**0.0617**
1,907,304	89,336	89,336	**0.04684**	89,336	**0.0468**
11,003,920	452,015	452,015	**0.04108**	452,015	**0.0411**
				-	
27,078,409	1,415,952	1,415,952	**0.05229**	1,415,952	**0.0523**
	1,952,365	1,952,365			

2. Please provide total attributable costs by shape for Standard Mail and the electronic spreadsheets showing the development of these costs. The equivalent spreadsheets were filed as LR-J-199 containing file LR-J-199STDCBS_prc in Docket No. R2001-1. Please use the PRC costing methodology reflected in the Commission's decision in Docket R2001-1.

3. Pages 13-14 of the word document file LR-K-99 contain a discussion of two changes to the methodology for computing mail processing unit costs by shape.

   a. The first change concerns a modification to a calculation that uses the "final" reconciliation factor. A comparison of the cell formula contained in Excel file shp06prc, sheet "Letters (3)" in LR-K-99 with the corresponding cell formula in Docket No. R2001-1, LR-J-81, Excel file shp03prc, sheet "Letters (3)" shows no apparent difference in the calculation methodology.

Please describe the difference in more detail showing the difference in the calculation.

b. The second change concerns a methodological modification that is used to shift flat costs from a combined pool of flat and parcel costs to a flats only cost pool. The adjustment is required because of the DMM/RPW definition of a flat. Is there a mismatch between the definition of shape in the IOCS and the DMM/RPW definition of a flat?

c. This procedure is applied only to Standard Regular mail. Why does it only affect Standard Regular and not ECR or any other subclass with both flats and parcels? Please provide a more detailed rationale for this adjustment.

4. In the billing determinants for Standard Regular, there is a line item for Standard mail paid at First-Class/Priority rates. Please discuss what this represents. Why is this revenue assigned to Standard Regular rather than First-Class or Priority Mail?

5. In the billing determinants for Standard Mail there is a line item entitled “barcode adjustment.” Please discuss what this represents and provide workpapers showing how it is calculated.

6. Please provide the electronic version of the spreadsheets used to forecast international mail volume and revenue for FY 2005, FY 2006 (test year before rates) and FY 2006 (test year after rates). Exhibits USPS-27A, USPS-27B and USPS-27C. Please show international mail revenue from postage and fees separately. Please show the quarterly volume forecasts of international mail for 2005GQ1-2007GQ4 in the same manner witness Thress (USPS-T-7) has presented before- and after- rates quarterly volume forecasts of domestic mail in Attachment A of his testimony.

7. Please reconcile the TYAR revenue figures for Periodicals within county, nonprofit and regular rate, and Standard Mail nonprofit and nonprofit ECR shown in Exhibit USPS-27B with the corresponding revenue figures presented in Exhibit USPS-28A, Table 12.

8. This question concerns the calculation of unit delivery costs for Periodicals Within County subclass. Please provide the unit delivery costs corresponding to those in cells D51, D52, and D53 of worksheet "Discounts" in USPS-LR-J-107 WC for Within County Periodicals and explain fully their derivation.

9. The Postal Service has supplied the Commission with files that are not PC executable. Library References LR-K-55 and LR-K-100 contain programs that are in text formats and have to be converted to PC SAS.

   a. Please provide the following SAS programs and SAS log missing in LR-K-100: MBC, DOLWGTBM, MODFIN04, MAPCLCRA, and MBC SASLOG.
   b. The input files to a SAS program called MODSPOOL in LR-K-55 are missing. These are quarterly files called MODSFIN.FY04Q1.DATA, MODSFIN.FY04Q2.DATA MODSFIN.FY04Q3.DATA, and MODSFIN.FY04Q4.DATA. Please provide these files in a format that can be executed using a PC SAS platform.

10. Library Reference LR-K-101 contains a spreadsheet which calculates delivery costs by rate element for First-Class and Standard Mail using the methods in the R2001-1 PRC Opinion. In R2001-1, the Postal Service submitted LR-J-117 which included a FORTRAN based program for IOCS data extraction. Please identify the data source used to create worksheet ECR SPLITS in workbook LR-K-101.xls and provide PC compatible programs and their corresponding datasets which generated this worksheet.

11. The Postal Service development of delivery costs by rate element for First-Class and Standard Mail is filed as LR-K-67. The spreadsheet LR-K-67.xls has gaps in documentation and cross-referencing. Please provide a revised worksheet which sources various columns to their appropriate testimony, worksheets, and other library references by citing the title of the document and the referenced source page(s) used to create LR-K-67.xls. Also, provide any other programs and data sources used to generate various supporting spreadsheets. For example, workbook CASING04.xls, worksheet ECR BREAKOUT has a link to another spreadsheet called "CASING04.Recd.2.17.05.xls" which has not been filed with LR-K-67. Please provide "CASING04.Recd.2.17.05.xls."

12. The table in USPS-T-10, Appendix G, shows the distribution keys used for cost reductions and other programs in the roll forward model. While the sources of these keys are identified by witness testimony reference, the exact source of these keys is not identified (i.e., library reference, exhibit, table number, page, etc.).

    a. Please provide a more detailed source of the distribution keys noted in USPS-T-10, Appendix G.
    b. Please provide a spreadsheet table detailing the base year inputs by class/subclass of mail for all the keys in Appendix G.

13. USPS-T-10, Appendix D is a listing of components and a comparison of the cost effects affecting each of the components in the roll forward for both the USPS version and the PRC version. However, the cost reduction and other programs distribution key components, noted in Appendix G of USPS-T-10, are not included in this list. In prior rate filings, these types of distribution keys have usually received a mail volume effect in the roll forward. (*See* USPS LR-J-5, RF

Model Documentation Reports or USPS LR-J-4, file name VBL2). Discuss any reasons for omitting this adjustment. Please provide a revised version of USPS-T-10, Appendix D which includes the cost reduction and other programs distribution keys components listed in Appendix G.

14. The USPS Roll Forward Model User's Manual at 35 discusses the operation of a "Distribution Key Loader" which is used to insert the distribution keys specific to the roll forward operation. However, the file, "RFLoader.xls", does not appear to be included in the Library References filed containing all of the other roll forward model worksheets and programs. Please provide the "Distribution Key Loader" as described in the USPS Roll Forward User's Manual.

15. Refer to USPS LR-K-115, USPST28Cspreadsheets.xls, sheet SS-22 Money Orders. The volume and revenue of APO-FPO Money Orders are shown to be zero. Please explain why no APO-FPO Money Orders were sold in the base year, and why none are forecast to be sold in the test year. If APO-FPO Money Orders were sold in the base year, please provide the volume sold and the revenue from these sales. Please also provide the forecast volumes and revenues for the test year.

16. Please provide the source of mailgrams revenue shown in Exhibits USPS-27A, USPS-27B and USPS-27C.

George Omas
Presiding Officer