

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Postal Rate and Fee Changes

Docket No. R2005-1

PRESIDING OFFICER'S INFORMATION REQUEST NO. 5

(Issued May 19, 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 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. The answers are to be provided within 14 days.

1. Library Reference LR-K-79 contains a SAS program (CPFINAL.sas), and input files that consist of an Excel data file (MDCD.WEIGHTS.MASKZIPS.DATA.data.xls), a text file (MDCD.scan6.txt) and a data file (Mdc.d.archive.subset.v4mask.data). The SAS program has been written for mainframe SAS, and cannot be executed using a PC-SAS platform. Initial attempts by Commission staff to convert the mainframe version of SAS, while executable, did not replicate witness Stevens' results. Please provide the above-listed input files and SAS program in a PC-SAS executable format, along with the accompanying SAS log.

2. In response to Time Warner's request, the Postal Service has provided the IOCS flat files and mail processing tables for FY 2001 through FY 2003 indicating that certain cost changes took place in FY 2001. In 2004, the Postal Service submitted a complete set of the B Workpapers for FY 2003. Please provide the B Workpapers for FY 2001 and FY 2002 for both the PRC and the USPS versions.

3. The following questions are regarding Priority Mail. Please refer to R2005-1, USPS-T-28A spreadsheets and R2001-1, LR-J-103. In R2001-1, there was no separate line item in the rate calculation worksheets for the balloon volume (packages weighing less than 10 pounds but measuring more than 84 inches in length and girth combined). In R2005-1, in the USPS-T-28A spreadsheets, the balloon mail is a separate line item.
 - a. In R2001-1, was all the balloon volume allocated to the 15 lbs. category or was it spread out among weight increments? Please explain.
 - b. Please explain why the balloon mail was separated from the rest of Priority in R2005-1 and not in R2001-1.
 - c. In R2005-1, what are the attributable costs associated with the balloon mail and how should they be distributed? Please break the attributable costs for the balloon mail into per-piece costs and per-pound costs using the method applied to the rest of Priority Mail in R2001-1, LR-J-103.
 - d. Have there ever been studies done to determine the extra costs associated with balloon mail? If yes, please provide the latest data.
 - e. The FY 2004 volume for the 14 lbs. category is 1,018,938, for the 15 lbs. category is 490,904, and for the 16 lbs. category is 710,184. Please explain the considerably lower volume in the 15 lbs. category compared with both the 14 lbs. and 16 lbs. categories.

4. Please answer the following questions regarding Priority Mail. In R2001-1, USPS-LR-J-96, page 13 contained weight and the average haul by zone for Commercial Air and Other Air in the base year. Please refer to R2001-1, LR-J-103 Per-Pound Elements worksheet. Weight and the average haul by zone for Commercial Air and Other Air was used to distribute distance-related and nondistance-related air transportation costs to the zones. More specifically, total air pounds is used to distribute nondistance-related air costs to the zones and passenger pound miles is used to distribute distance-related air transportation costs to the zones. R2005-1, USPS-LR-K-37, contains weight and the average haul by zone for FedEx and Other Air.
 - a. Please confirm that “Other Air” contains the same components in R2005-1 as in R2001-1. If not, please explain the difference, including which components have distance-related and nondistance-related costs.
 - b. FedEx costs are incurred based on cubic feet rather than weight. Can one reasonably allocate FedEx transportation costs to the weight categories and zones? If so, how should that be done?
 - c. Considering that FedEx contract costs are not distance (or zone) related and that the majority of air transportation costs for Priority Mail are FedEx related, please discuss the appropriateness of zoned rates beyond zone 4, for Priority Mail.

5. Please refer to the footnote on page 2 of the Per-Pound Elements worksheet LR-J-103 in R2001-1, which states “Local share (12.35%) established in R90-1.”
 - a. Was there a study conducted to arrive at that local share percentage? If yes, please give a detailed summary of that report. If not, please explain how local share was determined.
 - b. Have there been any recent studies that confirm the percentage of local share is still valid? If yes, please give details. If not, please explain why 12.35% is reasonable.

6. Please provide the average weight per piece (in pounds) in the base year for the flat-rate envelope in Priority Mail.

George Omas
Presiding Officer