

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES

Docket No. R2006-1

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 6,
QUESTIONS 2-6
(July 7, 2006)

The United States Postal Service hereby provides the responses to Presiding Officer's Information Request (POIR) No. 6, Questions 2-6, issued June 22, 2006. A response to question 1 is still being prepared. The following witnesses are sponsoring the identified responses to this POIR:

Witness Tang	Questions 2, 6
Witness Smith	Questions 3, 5
Witness Kaneer	Question 4

Each question is stated verbatim and is followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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RESPONSE OF POSTAL SERVICE WITNESS TANG
TO POIR NO. 6, QUESTION 2

2. Please refer to USPS-T-35 at 15, Table 6, captioned, “Within County Current vs. Proposed Rates” and the Request, Attachment A at page 36, Periodicals Rate Schedule 423 Within County, where the following rates for a Basic Automation flat and a 3-digit Nonautomation piece appear:

Pieces	Current	Proposed
Basic Automation flat	0.075	0.108
3-digit Nonautomation piece	0.095	0.108

Witness Tang does not specifically address these rates in her testimony, but states: “Within County discounts are generally based on cost avoidance derived for the Outside County subclass with appropriate passthroughs.” USPS-T-35 at 14. Please confirm that the Postal Service proposes charging identical piece rates for a Basic Automation flat and a 3-digit Nonautomation piece and provide the rationale for doing so. If this cannot be confirmed, please explain.

RESPONSE:

Confirmed. The formulas and passthroughs used to calculate these rate cells are consistent with those in past rate cases. It just so happens, in this instance, that the prices are the same. Incidentally, the FY2005 volume in Basic Automation flats was less than one million pieces, about 0.13 percent of total Within-County volume.

RESPONSE OF POSTAL SERVICE WITNESS SMITH
TO POIR NO. 6, QUESTION 3

3. Please refer to shp08usps.xls in USPS-LR-L-53.
- a. Please confirm that the formula for the cells in row 37 on tab 'Flats(2)' is '= (Flats!Δ37 + Letters! Δ37) * Pool! Δ\$8*Pool! Δ\$14*Class!\$E37,' where Δ equals the appropriate column designation (as opposed to '=Flats!Δ37 * Pool! Δ\$8 * Pool! Δ\$14 * Class!\$E37').
 - b. Please refer to shp08usps.xls in USPS-LR-L-53. Please confirm that the formula for the cells in row 39 on tab 'Flats(2)' is '= (Flats!Δ39 + Letters! Δ39) * Pool! Δ\$8*Pool! Δ\$14*Class!\$E39,' where Δ equals the appropriate column designation (as opposed to '= (Flats!Δ39) * Pool! Δ\$8 * Pool! Δ\$14 * Class!\$E39').
 - c. If confirmed, please provide a rationale for combining MODS pool letter costs with MODs pool flat costs to calculate mail processing costs for flats.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Letter and flat mail processing costs were combined to calculate the flats mail processing costs for both Bound Printed Matter and Media Mail for the following reasons. First, there were no letter volumes reported for either Bound Printed Matter or Media Mail in the RPW by Shape Report (USPS LR-L-87). Second, the letter mail processing labor costs for Bound Printed Matter and Media Mail were small enough relative to the costs for flats to minimize any distortion in the costs for flats. Shp08usps.xls, sheet "Letters" shows letters mail processing labor costs of \$236,000 and \$451,000 for Bound Printed Matter and Media Mail compared with \$40,520,000 and \$19,472,000 for flats mail processing labor costs from sheet "Flats."¹ Third, the letters costs reported by IOCS are most likely to relate to the RPW by Shape flats volumes.

¹ The costs shown on the "Letters" and "Flats" sheets in spreadsheet shp08usps.xls are in 1000s of dollars.

RESPONSE OF POSTAL SERVICE WITNESS KANEER
TO POIR NO. 6, QUESTION 4

4. Please refer to worksheet “PO Boxes” in USPS-LR-L-123.
 - a. Please provide TYBR box service revenue disaggregated by fee group. Confirm that these values sum to 773,381,719 as stated in cell W13.
 - b. Please provide TYAR box service revenue disaggregated by fee group. Confirm that these values sum to 849,874,435 as stated in cell Y13.

RESPONSE:

These values can be derived by summing by fee group “paths” shown in USPS-LR-L-125, pages 187 and 232 (see tables below).

row/col.	(a)	(b)	(c)	(d)	(e)	(f)	
	Current Fee Group	Size 1 Revenue	Size 2 Revenue	Size 3 Revenue	Size 4 Revenue	Size 5 Revenue	Total [2]
(1)	1	\$28,944,065	\$18,878,929	\$8,722,273	\$2,521,795	\$722,390	\$59,789,451
(2)	2	\$29,663,307	\$14,030,163	\$9,044,866	\$3,135,677	\$904,632	\$56,778,646
(3)	3	\$81,699,678	\$48,908,997	\$29,947,398	\$10,040,040	\$3,333,044	\$173,929,157
(4)	4	\$98,172,704	\$75,249,375	\$47,618,581	\$17,157,129	\$5,815,647	\$244,013,437
(5)	5	\$29,089,661	\$19,870,226	\$9,223,447	\$2,592,771	\$857,188	\$61,633,292
(6)	6	\$85,601,805	\$50,139,497	\$23,692,211	\$3,724,894	\$736,329	\$163,894,736
(7)	7	\$6,237,672	\$4,630,748	\$2,024,254	\$372,267	\$78,057	\$13,342,999
(8)	E	\$0	\$0	\$0	\$0	\$0	\$0
(9)	TOTAL	\$359,408,891	\$231,707,936	\$130,273,031	\$39,544,573	\$12,447,288	\$773,381,719

Note: Data excerpted from USPS-LR-L-125, Part E, Page 187, Table 5.

row/col.	(a)	(b)	(c)	(d)	(e)	(f)	
	Planned Fee Group	Size 1 Revenue	Size 2 Revenue	Size 3 Revenue	Size 4 Revenue	Size 5 Revenue	Total [1]
(1)	1	\$31,611,997	\$22,565,582	\$9,844,493	\$2,756,559	\$747,814	\$67,526,446
(2)	2	\$38,289,679	\$17,642,343	\$10,886,711	\$3,377,130	\$938,669	\$71,134,532
(3)	3	\$83,257,907	\$52,685,974	\$32,792,309	\$11,245,396	\$3,620,682	\$183,602,268
(4)	4	\$105,229,157	\$74,936,782	\$37,794,618	\$13,543,136	\$5,276,534	\$236,780,226
(5)	5	\$110,671,014	\$64,347,534	\$33,579,652	\$7,823,624	\$2,254,807	\$218,676,631
(6)	6	\$28,536,571	\$18,614,271	\$8,598,850	\$1,758,204	\$401,242	\$57,909,138
(7)	7	\$6,648,211	\$4,904,556	\$2,209,968	\$404,349	\$78,109	\$14,245,193
(8)	E	\$0	\$0	\$0	\$0	\$0	\$849,874,435

Note: Table sums TYAR revenue by planned fee group, see USPS-LR-L-125, Part E, Page 232, Table 5.

RESPONSE OF POSTAL SERVICE WITNESS SMITH TO
POIR NO. 6, QUESTION 5

5. Please provide an updated version of USPS-LR-L-98 to reflect the changes made in USPS-LR-L-52 as filed in the revised version on June 15, 2006.

RESPONSE:

A revised version of USPS-LR-L-98 reflecting the changes made to USPS-LR-L-52 was filed on June 27, 2006.

RESPONSE OF POSTAL SERVICE WITNESS TANG TO
POIR NO. 6, QUESTION 6

6. Witness Tang's June 1 responses to POIR No. 2, Questions No. 7, 9, and 10 stated that a revised version of USPS-LR-L-126 would be provided shortly. Please provide the anticipated filing date of the revised library reference or a status report if no firm date can be provided.

RESPONSE:

The anticipated filing date of the revised USPS-LR-L-126 is July 11, 2006, although a one or two day delay is possible.