

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Modification of Analytical Principles in
Periodic Reporting
(Proposals Twenty-Six through Twenty-Eight)

Docket No. RM2010-5

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued December 4, 2009)

To clarify the basis for Proposals Twenty-Seven and Twenty-Eight, the Postal Service is requested to provide a written response to the following questions. Answers should be provided as soon as practicable, but no later than December 10, 2009.

Proposal Twenty-Seven

1. Proposal Twenty-Seven seeks to replace Carrier Sequence Bar Code Sorting (CSBCS, or 3-pass DPS) productivities formerly generated by MODS with adjusted machine throughputs. The background provided in the petition states that the MODS productivity is "no longer available due to discontinuation of the relevant MODS operations." Please explain when and why the relevant MODS operation numbers were terminated. Please also identify and explain all other MODS operation numbers (and the corresponding operations) that were terminated.
2. The description of Proposal Twenty-Seven indicates that the new CSBCS productivity would be developed using machine utilization reports with the

machine runtime adjusted to account for other activities including setup, handling empty equipment, paid breaks, and clocking in or out.

- a. The factor 0.6871 is used to adjust the throughput rate for FY 2009. Please provide the calculation of the factor, and identify the source of and reason for including each input used in it.
- b. Please confirm that the hours used to calculate the throughput rate and adjustment factor are labor hours. If not confirmed, please explain the use of machine hours instead of labor hours.
- c. Please explain the rationale for including "overhead-type activities" in the productivity of the CSBCS operation. For example, provide whether the break time included in the adjustment factor is accrued by employees who work exclusively in the CSBCS operation.
- d. Please confirm that the other MODS productivities used in the letter cost models (e.g., Outgoing BCS Primary) do not include time spent in setup, handling empty equipment, paid breaks, or clocking in or out activities. If not confirmed, please explain.

Proposal Twenty-Eight

The regression analysis establishing the relationship between cube and weight, most recently filed in USPS-FY08-17, serves as an input to Proposal Fourteen: Parcel Select and Parcel Return Service (PRS) Parcel Post Mail Processing and Transportation Cost Models. Proposal Fourteen was approved by the Commission on November 13, 2009. See Docket No. RM2009-10, USPS-RM2009-10/NP2, PARCEL POST PS-PRS TRANS.xlsx, tab: Regression Inputs. Please confirm this regression analysis remains necessary as an input for the model provided in Proposal Fourteen. If confirmed, please revise Proposal Twenty-Eight to ensure this analysis will be filed in

the future. If not confirmed, please explain why the regression analysis is no longer needed, and the impact its removal has on the model presented in Proposal Fourteen.

By the Chairman.

Ruth Y. Goldway
Presiding Officer