

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

Modification of Analytical Principles
Approved For Periodic Reporting
(Proposal Two)

Docket No. RM2010-10

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued August 13, 2010)

To clarify the basis of Proposal Two, the Postal Service is requested to provide a written response to the following questions. Answers should be provided as soon as they are developed, but no later than August 26, 2010.

1. The material accompanying the Petition, filed June 25, 2010, that supports Proposal Two-A, at page 4, discusses the impact of a 20 percent reduction in the number of ODIS-RPW sample tests on the accuracy of the 3-digit ZIP Code ODIS/RPW volumes used in the Postal Service's model of the value of the postal monopoly and the cost of universal service as follows:

The estimates are compared, by shape, with alternative estimates derived with the Postal Service's delivery data systems (DOIS, RMCS) to ensure consistency. For an overwhelming majority of ZIP Codes both systems provide comparable data. In [a] few instances the two estimates cannot be reconciled; if this occurs the ZIP Codes are omitted from the model.

Petition, Proposal Two-A, at 4.

- a. Please describe by what measure volume estimates from these alternative systems were determined to be "comparable" or "not comparable."

- c. What specific data from delivery confirmation, POS terminals, and the Intelligent Mail barcode are currently used to capture single-piece volumes (in particular Single-Piece First-Class Mail) below the national level, and what additional data from those sources will be used to capture single-piece volumes in the future?
 - d. If ODIS-RPW data that are accurate at the District or 3-digit ZIP Code level are not available in FY 2011, would End of Run, Surface Visibility, TIMES, delivery confirmation, POS terminals, and Intelligent Mail barcode, taken together, enable the Postal Service to develop volume estimates at those levels that fully reflect volumes of single-piece mail?
 - e. If the answer to “d.” is no, what role will single-piece mail volumes play in the Postal Service’s network planning, optimization, or simulation models in FY 2011?
4. At page 5 of the material supporting Proposal Two-A, the Postal Service states that the Operation’s Logistics group will consider alternatives to replace ODIS as the sole source for base volume estimates in its Transportation Optimization Planning and Scheduling (TOPS) models. The alternatives mentioned are Surface Visibility and TIMES. What specific information collected from either of these data systems could be used to capture single-piece mail volumes at the 3-digit ZIP Code pair level?
5. Regarding service performance measurement, the Postal Service acknowledges at page 5 of the material supporting Proposal Two-A that it is necessary to aggregate three years of ODIS-RPW data to obtain usable volume data at a sub-national level. It also mentions that wider use of the Full Service Intelligent Mail Barcode should eventually improve the accuracy of these volumes. Please explain how mail entered as single piece will acquire an Intelligent Mail barcode

and whether the information in that barcode will be archived and available for supplementing the ODIS-RPW estimates at sub-national levels.

6. The material supporting Proposal Two-B describes the Postal Service's plan to make individual carrier routes sample frame units for ODIS-RPW data collection. The Postal Service's response, filed August 3, 2010, to CHIR No. 1 question 1.f., asserts that the proliferation of sample frame units under the proposed alternative sample frame should not result in larger CVs for those estimates. It states that its analysis of City Carrier Cost System (CCCS) and Rural Carrier Cost System (RCCS) data indicates that the CVs under the alternative sample frame would be smaller than under the current sample frame because "[c]arriers tend to deliver about the same amount of mail by carrier route type."
 - a. Is the small variation in delivered volume at the route level a reference to variation across routes of a given type, across delivery days, or both?
 - b. Please provide the statistical analysis that led to this conclusion.
 - c. Is the conclusion that variation in volumes delivered on individual routes are small consistent with the evidence provided in Docket No. N2010-1 that volumes routinely vary by 25 percent depending on the day of the week?
 - d. In Docket No. N2010-1, the Postal Service concludes that if Saturday street delivery were discontinued, Tuesday street volumes may routinely be 40 percent greater than the average daily volume of the remaining days of the week. Is this consistent with an assumption that variation in route-level volumes would be small under such an operating plan?

7. In its response to CHIR No. 1, the Postal Service describes the alternative ODIS-RPW sample frame that it proposes to test as essentially skip sampling of mail at the carrier case, where characteristics of the sampled mailpiece, such as shape, rate category, method of postage payment, etc., are recorded. This seems to closely parallel the data collection process that is currently used in the CCCS and the RCCS.
 - a. Could the Postal Service combine the ODIS-RPW, CCCS and RCCS data collection systems and reduce the aggregate number of ODIS-RPW, CCCS, and RCCS sample tests well below the number that is currently required to administer these data collection systems?
 - b. By combining these data collection systems, could the Postal Service maintain or improve the current level of statistical precision of both systems and still save as much money as it seeks to save by cutting the size of the ODIS-RPW sample?

By the Chairman.

Ruth Y. Goldway