

DOCKET SECTION

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

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POSTAL RATE AND FEE CHANGES, 1997

Docket No. R97-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12
ITEMS 1-9
(February 23, 1998)

The United States Postal Service hereby provides its responses to the above items of Presiding Officer's Information Request No. 12, issued February 9, 1998. The questions are stated verbatim and are followed by the answer, with declarations from the witnesses. The declaration of witness Tayman in response to item 1 will be forwarded to the Commission on February 24, 1998.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking


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February 23, 1998

**RESPONSE OF WITNESS TAYMAN TO PRESIDING OFFICER
INFORMATION REQUEST NO. 12**

1. Please provide the FY 1997 audited revenues and costs by account in the same format as in USPS LR H-9. Also please show all audit adjustments and reallocations for FY 1997.

For the reallocations, please show all computations and formulae used and cite to any external data sources (e.g., National Payroll Hours Summary reports, etc.). If the external data sources have not been provided, either as a part of this docket or as part of the Commission's data reporting rules, please provide those data sources..

RESPONSE:

Please see Library Reference H-341 for the information requested.

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2. In Docket No. MC96-3 and in this filing, Docket No. R97-1, the Postal Service has changed the nonvolume workload cost effect for rural carriers. In prior dockets where the CRA/Roll-Forward model has been employed, all three components of Rural Carriers (Evaluated Routes, Other Routes, and Equipment Maintenance Allowance) have received a nonvolume workload cost effect. In MC96-3 and R97-1, the *nonvolume workload cost effect has not been applied to the Other Routes component of Rural Carriers (Component No. 70).*

Please explain why the Other Routes component of Rural Carriers no longer receives a nonvolume workload effect.

2. Response:

The Other Routes component of Rural Carriers should receive a nonvolume workload effect.

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7. USPS Library Reference H-10 at 8-9 describes the expected workhour savings from the Integrated Mail Handling System (IMHS). This description notes that mailhandlers workhours were expected to decrease by 3.186 million hours in FY 1997. Additionally, maintenance workhours were expected to increase by .225 million hours.

USPS Library Reference H-12 at 93 shows the same workhour changes for the IMHS program and includes these changes in the calculation of the total segment 3 cost reductions and segment 11 other programs dollar amounts for FY 1997 shown as 77-78 and 82-84.

Witness Patelunas in his testimony, USPS-T-15, at Appendix A describes the process where the cost reductions and other programs information from LR H-12 are used in distributing the cost reductions programs for segment 3 clerks & mailhandlers. He uses a modification of a table from USPS LR H-12, Chapter V, Sections a, which shows the workhour changes for each of the individual programs and adds columns showing the new mail processing variabilities and the distribution keys used to distribute the cost reductions to the classes, subclasses, and special services in the roll forward (columns 2 and 3). Also added are columns 13-14, and 20 which show the distribution of the total cost savings or cost increase (line 11 in columns 13-14, & 20) by type of operational program. This distribution to operational programs is based on a ratio of the estimate of workhour savings (or increases) by program (columns 7, 8, 16, & 17) to the total workhour savings (or increases), adjusted for the mail processing variabilities in column 3. These cost reduction amounts by operational program are then distributed to the classes, subclasses, and special services by the distribution keys in the cost roll forward model.

It is apparent from the table at page 6 in USPS-T-15, Appendix A, that while the IMHS program has workhour savings associated with it, there is no associated cost reduction in segment 3. Additionally, no distribution key component or mail processing volume variability is associated with the IMHS program.

What is the reason for the exclusion of the IMHS cost reduction from the segment 3 cost reductions program as shown in USPS-T-15, Appendix A? If the exclusion is an oversight, please provide the distribution key and the mail processing variability factor associated with the IMHS cost reduction. Also, please provide corrected tables for pages 6-7 and 10 of USPS-T-15, Appendix A.

7. Response:

The exclusion of the IMHS cost reduction from the segment 3 cost reductions program as shown in USPS-T-15, Appendix A is an oversight. Revised tables for

Response of United States Postal Service Witness Patelunas
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7. Response continued:

pages 6-7 and 10 of USPS-T-15, Appendix A are being filed today. As noted on the revised page 6, the distribution key is component 35 and the mail processing variability factor associated with the IMHS cost reduction is 0.76.

Col=>
Line #

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	
Non-Operational Programs																					
36	Operational Sick Leave Usage	253 CS 3	1.00		330	330	-	536	536		206	206	-	13,940	13,940		28	28	275	821	
37	Equipment Slippage				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
38	Correct Address Notification				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
39	District DPS Coordinators				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
40	Route Inspections				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
41	REC Phase 3				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
42	Cost Study Support				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
43	International Stat Programs				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
44	Rate Studies				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
45	CSEP				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
46	ODIS Modification	253 CS 3	1.00		18	10	-	10	10		-	-	-	260	260		-	-	-	-	
47	EMOD Development				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
48	Data Collection Diagnostic				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
49	FAC/DAR Start Up Cost				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
50	Test Validation				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
51	Driver Trainers	253 CS 3	1.00		77	77	-	77	77		-	-	-	2,003	2,003		-	-	-	-	
52	Field Contingency				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
53	Headquarters Contingency				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
54	REC Start Up				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
55	F4 Methodology Improvements				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
56	DPS Multi Unit Buildings				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
57	MATS				-	-	-	-	-		-	-	-	-	-		-	-	-	-	
58					-	-	-	-	-		-	-	-	-	-		-	-	-	-	
59	Total Non Operational Program Chgs.				-	417	-	623	623	-	206	206	-	16,202	16,202	-	28	28	275	821	
60	Workyear Conversion Factor				1,792	1,792	-	1,775	1,775	-	1,793	1,793	-	43,472	46,162	-	1,782	1,782	1,782	1,782	
61	Workyears				-	233	-	351	351	-	115	115	-	351	351	-	16	16	154	461	
62																					
63	Total Program Costs / (Savings)				(11,237)	7,280	(3,977)	(23,505)	13,216	(5,797)	(3,366)	206	(1,783)	(503,301)	339,750	(139,456)	-	965	542	1,214	24,967
64	Component				253			256			253			87.43%	98.85%					88.24%	

- 1/ USPS LR-H-12, Chapter I, Rollforward Factors
- 2/ USPS LR-H-12, Chapter I, Chapter I, Section a, pp19-20
- 3/ Col (7) = Col (4)+Col (10) and Col (8) = Col (5)+Col (11)
- 4/ Line 1 Col (13) distributed on Col (7) and Line 1 Col (14) distributed on Col (8)
- 5/ Line 1 Col (20) distributed on Col (17)
- 6/ Distribution Keys from Base Year 1996 Workpaper WP-A, Manual Input Report
- 7/ See Page 5 of this Appendix

Fiscal Year 1997	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) 3/	(16) 4/	(17) 5/
1/ Amount distrib=>	-59,508	0	0	0	0	-11,062	-368,354	-5,788	-863	-3,712	-14,866	-4,953	-39,983	0	Comp 35 Red. -509,089		
2/ Distrib Key=>	35	967	907	904	915	917	916	1418	921	923	931	971	963	1419			
First-Class Mail:																	
Letters & Parcels	-27,500	0	0	0	0	-5,786	-263,891	0	-641	-691	-5,018	-2,255	-26,151	0	-331,932	-304,432	-27,500
Presort Ltr & Pcl	-6,280	0	0	0	0	-282	-37,608	0	-30	-48	-301	-1,664	-6,724	0	-52,937	-46,657	-6,280
Single Piece Cards	-814	0	0	0	0	0	-13,861	0	-4	0	-1	0	-681	0	-15,362	-14,547	-815
Presort Prvt P Cs	-262	0	0	0	0	0	-2,398	0	0	-6	0	-37	-171	0	-2,873	-2,612	-261
Total First	-34,856	0	0	0	0	-6,068	-317,758	0	-676	-744	-5,321	-3,956	-33,726	0	-403,105	-368,248	-34,857
Priority Mail	-3,097	0	0	0	0	-139	-106	0	-18	-392	-488	0	-17	0	-4,258	-1,160	-3,098
Express Mail	-505	0	0	0	0	0	0	0	0	0	-30	0	0	0	-535	-30	-505
Mailgrams	-1	0	0	0	0	0	0	0	0	0	0	0	0	0	-1	0	-1
Second-Class Mail:																	
Within County	-93	0	0	0	0	-6	-54	0	0	-3	-110	0	0	0	-266	-173	-93
Outside County:																	
Reg Rate Pub	-2,739	0	0	0	0	-668	-619	0	-9	-213	-2,410	0	-60	0	-6,717	-3,978	-2,739
Nonprofit Pub	-469	0	0	0	0	-135	-179	0	0	-53	-340	0	0	0	-1,176	-707	-469
Classroom Pub	-34	0	0	0	0	-14	0	0	0	-2	-24	0	0	0	-74	-40	-34
Total Second	-3,335	0	0	0	0	-824	-852	0	-9	-271	-2,884	0	-60	0	-8,233	-4,898	-3,335
Third-Class Mail:																	
Single Piece Rate	-485	0	0	0	0	-88	-1,320	0	0	-66	-142	-11	-154	0	-2,267	-1,782	-485
Bulk Rate-Reg																	
Car Presort	-1,571	0	0	0	0	-169	-1,848	0	-9	-285	-636	-145	-557	0	-5,221	-3,649	-1,572
Other	-9,121	0	0	0	0	-2,956	-17,904	0	-113	-1,328	-4,217	-566	-3,339	0	-39,545	-30,422	-9,123
Total Regular	-10,693	0	0	0	0	-3,125	-19,752	0	-122	-1,614	-4,853	-712	-3,895	0	-44,766	-34,071	-10,695
Bulk Rate-Nonprof																	
Car Presort	-170	0	0	0	0	-14	-487	0	-3	-27	-39	-25	-103	0	-868	-699	-169
Other	-2,171	0	0	0	0	-491	-7,809	0	-4	-264	-695	-226	-1,328	0	-13,068	-10,897	-2,171
Total Nonprof	-2,341	0	0	0	0	-505	-8,376	0	-7	-291	-734	-251	-1,431	0	-13,936	-11,596	-2,340
Total Third	-13,519	0	0	0	0	-3,718	-29,449	0	-129	-1,971	-5,729	-974	-5,480	0	-60,968	-47,449	-13,519
Fourth-Class Mail:																	
Parcels Zone Rate	-950	0	0	0	0	-12	0	-5,788	-8	-59	-29	0	-11	0	-6,856	-5,907	-949
Bound Prnt Matter	-425	0	0	0	0	-27	0	0	0	-42	-95	0	0	0	-588	-164	-424
Spc 4th-Cl. Rate	-386	0	0	0	0	-18	0	0	0	-31	-32	0	0	0	-467	-81	-386
Library Rate	-82	0	0	0	0	-3	0	0	0	-6	-13	0	0	0	-104	-22	-82
Total Fourth	-1,842	0	0	0	0	-60	0	-5,788	-8	-138	-169	0	-11	0	-8,016	-6,174	-1,842
U S Postal Service	-498	0	0	0	0	-62	-970	0	0	-24	-51	0	-67	0	-1,673	-1,176	-497
Free Mail-Blind & Hndc & Servicemen	-62	0	0	0	0	0	0	0	0	-31	-11	0	0	0	-103	-41	-62
International Mail	-1,126	0	0	0	0	-153	-18,011	0	-13	-133	-131	-16	-444	0	-20,026	-18,900	-1,126
Special Services:																	
Registry	-97	0	0	0	0	0	0	0	-1	-4	-6	0	-14	0	-122	-25	-97
Certified	-116	0	0	0	0	0	0	0	0	0	-1	0	0	0	-117	-1	-116
Insurance	-5	0	0	0	0	0	0	0	0	0	0	0	0	0	-5	0	-5
COD	-9	0	0	0	0	0	0	0	0	0	0	0	0	0	-9	0	-9
Special Delivery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Money Orders	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Stamped Envelopes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Special Handling	-1	0	0	0	0	0	0	0	0	-2	0	0	0	0	-3	-2	-1
Post Office Box	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	-440	0	0	0	0	-39	-1,207	0	-11	-2	-45	-8	-164	0	-1,916	-1,476	-440
Total Spc Svcs	-668	0	0	0	0	-39	-1,207	0	-12	-8	-52	-8	-176	0	-2,171	-1,504	-667
Attributable	-59,508	0	0	0	0	-11,062	-368,354	-5,788	-863	-3,712	-14,866	-4,953	-39,983	0	-509,089	-449,580	13%
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Costs	-59,508	0	0	0	0	-11,062	-368,354	-5,788	-863	-3,712	-14,866	-4,953	-39,983	0	-509,089		

1/ App. A, pp.6-7, col (13) by Dist. Key
2/ Appendix A, pp.6-7, col (2)

3/ Sum of cols (2) - (14)
4/ USPS-T-15, WP-A, Table A, Table 6, pp 233-234

5/ Col (16)-Col (15)

DECLARATION

I, Richard Patelunas, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

A handwritten signature in black ink, appearing to read "Richard Patelunas", written over a horizontal line.

Dated: 2/23/98

**RESPONSE OF POSTAL SERVICE WITNESS SHARKEY TO PRESIDING
OFFICER'S INFORMATION REQUEST NO. 12, QUESTION 3.**

3. Refer to USPS-T-33, Exhibit USPS-33R, page 1 of 8, footnote 4. Please provide the source of the following projected nonpostal volumes for GFY 1998.

<u>Service</u>	<u>Pieces in Thousands</u>
Overnight	1,272,986
Second & Third Day	663,705
Ground Market	4,432,726

These figures are used by witness Sharkey to calculate the volume from nonpostal sources that the Postal Service expects to migrate to Priority Mail due to the introduction of delivery confirmation service.

Response:

Please note that the figure in the information request for Ground Market apparently contains a typographical error. The correct figure is 4,442,726.

The figures were developed based on calendar year (CY) 1998 volume estimates of total market size for each of the markets. These estimates were provided by the Colography Group Inc. on March 13, 1997. The Postal Service volume estimates are subtracted. The resultant figure is further adjusted to government fiscal year (GFY) as follows: The average percent of pieces in the 4th quarter from CY's 1993 to 1995, derived from data provided by the Colography Group Inc. on December 12, 1996, is applied to both the CY 1997 and CY 1998 volume estimates. (The last calendar quarter of the previous figure year is comparable to the first quarter of the current government fiscal year). The full GFY 1998 is then derived by subtracting the 4th quarter 1998 calendar year estimate and adding the CY 1997 4th quarter estimate. See the attached for details of the calculations.

Recently, in the course of reviewing my written testimony, I discovered a minor typographical error in USPS-T-33, Table 4 at 17. The table mistakenly shows separate rates for 1 pound Same Day Airport and Custom Designed Express mail pieces. As is currently the case, pieces over ½ pound up to two pounds were intended to pay the two pound rate. I have therefore attached to this response a revised USPS-T-33 page 17.

**Development of Total Market Volumes
Test Year 1998 Docket No. R97-1**

Purpose : To convert Calendar Year Forecasts to Government Fiscal Year Estimates

<u>Overnight Market</u>	1998
CY Total Market Pieces (000) /1	1,373,492
CY USPS-EM Pieces (000)	62,940
CY Non-Postal Pieces (000)	1,310,552
% falling in CY 4th Quarter /2	0.263
Pieces falling in CY 4th Quarter, 1997 /3	307,109
Pieces falling in CY 4th Quarter /3	344,675
GFY Non-Postal Pieces (000) /4	1,272,986
<u>Second- & Third-Day Market</u>	1998
CY Total Market Pieces (000) /1	1,935,973
CY USPS-PM Pieces (000)	1,245,853
CY Non-Postal Pieces (000)	690,120
% falling in CY 4th Quarter /2	0.296
Pieces falling in CY 4th Quarter, 1997 /3	177,861
Pieces falling in CY 4th Quarter /3	204,276
GFY Non-Postal Pieces (000) /4	663,705
<u>Ground Parcel Market</u>	1998
CY Total Market Pieces (000) /1	4,705,935
CY USPS-PP Pieces (000)	234,140
CY Non-Postal Pieces (000)	4,471,795
% falling in CY 4th Quarter /2	0.275
Pieces falling in CY 4th Quarter, 1997 /3	1,200,675
Pieces falling in CY 4th Quarter /3	1,229,744
GFY Non-Postal Pieces (000) /4	4,442,726

Footnotes:

/1 All Calendar Year (CY) volumes estimates provided by Colography Group Inc. on March 13, 1997.

/2 Percent (%) falling in 4th Qtrs. based on data provided by Colography Group Inc. on December 12, 1997.
The percent is the average 4th Quarter percents for 1993 through 1995.

/3 Pieces falling in CY 4th Quarter equals % falling in CY 4th Quarter times CY Non-Postal Pieces

/4 Government Fiscal Year (GFY) non-Postal pieces = full CY non-Postal pieces - same year 4th Qtr pieces + previous year 4th Qtr. pieces.

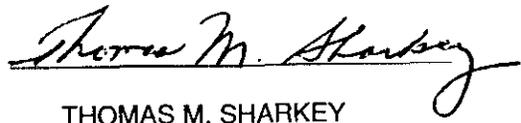
1 G. Proposed Express Mail Rates

**TABLE 4
PROPOSED EXPRESS MAIL RATES**

<u>Weight Not Over (pounds)</u>	<u>Same Day Airport</u>	<u>Custom Designed</u>	<u>Post Office to Post Office</u>	<u>Post Office to Addressee</u>
0.5	\$9.25	\$9.50	\$10.50	\$11.25
1	11.25	13.75	12.25	14.95
2	11.25	13.75	12.25	14.95
3	12.25	15.50	14.00	18.00
4	13.25	17.35	15.75	20.25
5	14.25	19.75	17.75	22.00
6	15.50	22.75	21.00	24.75
7	16.50	24.25	22.50	27.00
8	17.75	25.75	23.50	27.75
9	19.00	27.25	24.50	28.50
10	20.25	28.75	25.75	30.00
11	21.50	29.50	26.75	30.75
12	22.75	30.25	27.75	31.50
13	24.00	31.00	29.00	32.25
14	25.25	31.75	31.00	33.50
15	26.50	32.50	32.00	34.25
16	27.75	34.00	33.10	35.50
17	29.00	34.50	34.55	37.00
18	30.25	36.00	36.00	38.50
19	31.50	37.50	37.45	40.00
20	32.75	38.50	38.25	40.75
21	34.00	40.50	40.00	42.00
22	35.25	41.00	41.00	43.00
23	36.50	43.00	42.00	44.25
24	37.75	44.00	43.00	45.70
25	39.00	45.00	44.00	47.20
26	40.25	46.50	45.20	48.65
27	41.50	47.50	46.65	50.10
28	42.75	48.50	48.10	51.55
29	44.00	50.00	49.55	53.00
30	45.25	50.80	51.00	54.50
31	46.50	52.25	52.50	55.95
32	47.60	53.70	53.95	57.40
33	48.70	55.15	55.40	58.85
34	49.80	56.65	56.85	60.30
35	50.90	58.10	58.30	61.75
36	52.00	59.55	59.80	63.25
37	53.10	61.00	61.25	64.70
38	54.20	62.45	62.70	66.15
39	55.30	63.95	64.15	67.60
40	56.40	65.40	65.60	67.70
41	57.50	66.85	66.50	69.15
42	58.60	68.30	67.20	70.60
43	59.70	69.75	68.60	72.00
44	60.80	71.20	70.05	73.45
45	61.90	72.70	71.45	74.85
46	63.00	74.15	72.90	76.25
47	64.10	75.60	73.50	76.55
48	65.15	77.05	74.60	77.95
49	66.15	78.50	76.00	79.35
50	67.15	79.95	77.40	80.75
51	68.15	80.25	78.80	82.15
52	69.15	81.70	80.20	83.55
53	70.15	83.10	81.65	85.00
54	71.15	84.55	83.05	86.40
55	72.15	85.95	84.45	87.80
56	73.15	87.45	85.85	89.20
57	74.15	88.85	87.25	90.60
58	75.15	90.30	88.65	92.05
59	76.15	91.75	90.10	93.45
60	77.15	93.15	91.50	94.85
61	78.15	94.60	92.90	96.25
62	79.15	96.05	94.30	97.65
63	80.15	97.50	95.70	99.05
64	81.15	98.90	97.15	100.50
65	82.15	100.35	98.55	101.90
66	83.15	101.80	99.95	103.30
67	84.15	103.20	101.35	104.70
68	85.15	104.70	102.75	106.10
69	86.15	106.10	104.15	107.50
70	87.15	107.55	105.60	108.95

DECLARATION

I, Thomas M. Sharkey, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



THOMAS M. SHARKEY

Dated: 2/18/98

RESPONSE OF U.S. POSTAL SERVICE WITNESS FRONK TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 12

POIR NO. 12/QUESTION 4. Refer to LR H-209, spreadsheet T32_wpi, sheet E, cell K5. Please provide all data and calculations used to derive the .319212 additional ounce factor.

RESPONSE: As indicated in footnote 2 to sheet E, single pieces demonstrate seasonality in weight (e.g, Christmas greeting cards tend to decrease average weight and tax season tends to increase average weight). Consequently, I made a seasonality adjustment on the first-half 1997 data using Q4 1995 through Q3 1996 volume data, which were the most recent four consecutive quarters of data unaffected by a rate change or reclassification. Quarterly data were obtained from Table A-1 of the FY 1995 and FY 1996 Billing Determinants. The data used were as follows:

	Pieces (000's)	% of Pieces	Add'l. Ounces (000's)	Add'l. Ozs. as a % of Pieces
Q1 1996	12,872,400		3,621,270	
Q2 1996	13,301,372		3,621,179	
First Half	26,173,772	48.5714%	7,242,449	27.6706%
Q3 1996	12,043,511		4,174,270	
Q4 1995	15,669,940		4,770,604	
Second Half	27,713,451	51.4286%	8,944,874	32.2763%
Total Year	53,887,223	100%	16,187,323	

Using these data, the additional ounce percentage increased by a factor of 1.16645 between the first and second half of the year (32.2763/27.6706). The additional ounce percentage for the first half of 1997 (29.4041 from USPS-T-32, Workpaper II, page 1) was multiplied by this factor to give an additional ounce percentage of 34.2984 for the second half of 1997. These semiannual percentages were then volume weighted to obtain an annual estimate of .319212 for the additional ounce factor (.294041*.485714 + .342984*.514286).

RESPONSE OF U.S. POSTAL SERVICE WITNESS FRONK TO
PRESIDING OFFICER'S INFORMATION REQUEST NO. 12

POIR NO. 12/QUESTION 5. Refer to USPS-T-32, Workpaper III, footnote 1. Please provide specific citations and any necessary calculations for the letter (79.48%)/card(20.52%) split.

RESPONSE: The percentages were developed using FY 1996 data. USPS Library Reference H-145, FY 1996 Billing Determinants, indicates that 512.7 million pieces of Business Reply Mail paid the two-cent BRMAS fee (Table L-2). Since this fee is the same for both letters and cards, the billing determinants did not break down this total piece count by shape.

To obtain the letter/card split necessary for the analysis described in my Workpaper III, a special run was done using data from the Domestic Probability Subsystem of the RPW system. Mail Category Code 8380, Business Reply Mail Envelopes/Cards - Advance Deposit BRMAS, was allocated to letters and cards based on the associated shape field. The percentages obtained from the system are shown in the attachment.

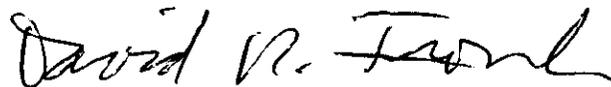
PARENT PIECE MAIL VOLUME FOR BRM
FOR PQ7 FY96

11:26 Tuesday, February 17, 1998 1

SPECIAL SERVICE CATEGORY	PERCENTAGE OF CARDS	PERCENTAGE OF OTHER
8380	20.52	79.48

DECLARATION

I, David R. Fronk, hereby declare, under penalty of perjury, that the foregoing Docket No. R97-1 interrogatory responses are true to the best of my knowledge, information, and belief.



David R. Fronk

2-20-98

Date

USPS RESPONSE TO POIR NO. 12 -- QUESTION 6

6. Refer to LR-H-180, Table A. Please provide volume and number of permit holders for the intervals 200,000-299,000; 300,000-399,000; 400,000-499,000; 500,000-599,000; and 600,000 and above.

Response: Note that the table given below provides volume and number of permit holders for annual volume per permit intervals of 200,000-299,999, etc., instead of the intervals requested in the POIR, for completeness.

**BRM Volumes from the PERMIT BRM Module FY 1996,
BRMAS-rated Cards and 1&2 Ounce Letters (for mailers with 200,000 pieces
or more per permit)**

Annual Volume/Permit	Cards		1 & 2 oz. Letters		Cards and 1&2 oz. Letters BRMAS-rated Volume
	Number of BRMAS-rated Permits	Volume	Number of BRMAS-rated Permits	Volume	
200,000-299,999	8	1,982,145	48	11,751,287	13,733,432
300,000-399,999	8	2,799,860	15	5,097,826	7,897,686
400,000-499,999	2	892,356	13	5,568,762	6,461,118
500,000-599,999	3	1,713,992	10	5,420,848	7,134,840
600,000 and above	8	14,086,549	40	95,055,494	109,142,043
Total	29	21,474,902	126	122,894,218	144,369,119

DECLARATION

I, Leslie M. Schenk, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.



Dated: February 18, 1998

RESPONSE OF POSTAL SERVICE WITNESS TOLLEY
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12

8. Please revise the before-rates volume tables in Supplemental Exhibit USPS-6A (Tr. 13/6871) and the "BEFORE" file in LR-H-295 to reflect the revised volume forecasts used by witness O'Hara in his response to POIR No. 9, Item 4.

RESPONSE:

Revised versions of Tables 1 and 2 of Supplemental Exhibit USPS-6A are provided below. An updated version of the file BEFORE.ZIP from LR-H-295 is being filed as Library Reference H-340.

TABLE 1
 QUARTERLY VOLUME FORECASTS, 1997Q1 TO 1999Q4
 GOVERNMENT DISTRIBUTED TO CLASS
 (In Millions of Pieces)
 Before-Rates

	(Actual) 1997Q1	(Actual) 1997Q2	1997Q3	1997Q4	1997PFY	1997GFY
FIRST-CLASS MAIL						
First-Class Letters & Flats	21,728.723	22,961.738	21,633.543	27,426.085	93,750.090	94,126.614
(Single Piece)	12,693.919	13,524.103	12,197.561	15,866.970	54,282.554	54,479.595
(Nonautomated Presort)	1,486.816	1,389.262	1,374.162	1,629.207	5,879.447	5,856.274
(Automated)	7,547.988	8,048.374	8,061.819	9,929.908	33,588.089	33,790.746
First-Class Cards	1,349.376	1,242.492	1,226.144	1,635.251	5,453.262	5,481.877
Stamped Cards	159.569	175.124	132.975	165.520	633.187	632.572
Private Cards	1,189.807	1,067.368	1,093.169	1,469.731	4,820.075	4,849.305
(Single Piece)	641.260	506.498	558.906	746.118	2,452.782	2,459.825
(Nonautomated Presort)	162.683	159.095	147.450	194.837	664.066	666.430
(Automated)	385.864	401.775	386.812	528.776	1,703.226	1,723.051
TOTAL FIRST-CLASS MAIL	23,078.099	24,204.230	22,859.687	29,061.336	99,203.352	99,608.492
Priority Mail	237.394	246.239	249.876	317.773	1,051.283	1,060.059
Express Mail	13.096	14.377	14.380	18.672	60.524	60.880
Mailgrams	1.354	1.847	1.349	1.290	5.840	5.790
PERIODICAL MAIL						
Within County	224.175	216.211	216.097	279.588	936.070	936.287
Nonprofit	537.403	512.169	538.006	610.768	2,198.346	2,204.022
Classroom	13.350	16.858	15.595	15.393	61.196	61.519
Regular Rate	1,651.532	1,643.863	1,725.112	2,113.901	7,134.408	7,152.391
TOTAL PERIODICAL MAIL	2,426.460	2,389.101	2,494.810	3,019.650	10,330.020	10,354.218
STANDARD MAIL						
Single-Piece	43.040	33.966	39.775	46.537	163.318	163.585
Regular Rate Bulk	15,990.123	13,905.081	14,547.911	18,557.112	63,000.228	63,486.607
Regular	7,910.290	7,134.231	7,448.780	9,560.329	32,053.630	32,320.312
(Nonautomated)	2,199.919	1,779.793	1,934.022	2,480.824	8,394.559	8,435.629
(Automated)	5,710.370	5,354.438	5,514.758	7,079.505	23,659.071	23,884.683
Enhanced Carrier Route	8,079.833	6,770.850	7,099.131	8,996.783	30,946.598	31,166.296
(Nonautomated)	7,646.584	6,288.545	6,633.875	8,407.679	28,976.682	29,163.848
(Automated)	433.250	482.305	465.256	589.105	1,969.916	2,002.448
Nonprofit Rate Bulk	3,636.469	2,835.623	2,981.310	3,577.160	13,030.562	13,070.178
Nonprofit	2,653.017	2,269.181	2,274.848	2,729.165	9,926.212	9,979.720
(Nonautomated)	1,199.459	984.575	946.830	1,121.053	4,251.917	4,251.404
(Automated)	1,453.558	1,284.607	1,328.018	1,608.112	5,674.295	5,728.316
Nonprofit ECR	983.452	566.442	706.462	847.995	3,104.350	3,090.458
(Nonautomated)	894.631	480.332	626.100	751.522	2,752.586	2,735.888
(Automated)	88.821	86.109	80.362	96.472	351.764	354.570
TOTAL STANDARD A	19,669.631	16,774.670	17,568.997	22,180.809	76,194.107	76,720.371
Parcel Post	58.902	57.756	51.535	60.641	228.833	230.612
(Inter-BMC)	15.960	16.592	13.764	15.567	61.883	62.044
(Intra-BMC)	11.995	11.551	10.990	12.817	47.354	47.785
(DBMC)	30.947	29.612	26.781	32.257	119.597	120.784
Bound Printed Matter	142.625	98.493	109.305	183.214	533.637	536.853
Special Rate	52.487	44.094	43.891	52.739	193.210	195.215
Library Rate	6.947	5.925	6.943	7.394	27.209	27.614
TOTAL STANDARD B	260.960	206.268	211.674	303.988	982.889	990.293
Postal Penalty	81.350	87.422	87.071	84.970	340.813	340.286
Free-for-the-Blind	12.248	10.236	13.441	15.168	51.093	51.779
TOTAL DOMESTIC MAIL	45,780.593	43,934.390	43,501.284	55,003.655	188,219.922	189,192.168
SPECIAL SERVICES						
Registry	4.146	3.726	4.234	5.241	17.348	17.369
Insurance	8.176	8.098	6.352	8.556	31.182	31.352
Certified	71.429	60.277	74.650	84.330	290.685	292.284
Collect-on-Delivery	1.039	1.019	1.021	1.284	4.363	4.359
Money Orders	47.877	44.707	53.581	71.156	217.320	218.718
TOTAL SPECIAL SERVICES	132.706	117.875	139.837	170.566	560.985	564.163

TABLE 1 (continued)
 QUARTERLY VOLUME FORECASTS, 1997Q1 TO 1999Q4
 GOVERNMENT DISTRIBUTED TO CLASS
 (In Millions of Pieces)
 Before-Rates

	1998Q1	1998Q2	1998Q3	1998Q4	1998PFY	1998GFY
FIRST-CLASS MAIL						
First-Class Letters & Flats	21,959.973	23,241.375	22,175.426	28,104.881	95,481.654	95,901.802
(Single Piece)	12,716.940	13,333.975	12,243.743	15,912.616	54,207.274	54,379.326
(Nonautomated Presort)	1,263.391	1,313.068	1,276.112	1,518.547	5,371.118	5,370.875
(Automated)	7,979.642	8,594.332	8,655.571	10,673.718	35,903.262	36,151.602
First-Class Cards	1,389.318	1,273.373	1,285.773	1,708.889	5,657.354	5,692.142
Stamped Cards	144.742	142.782	135.869	168.154	591.547	594.834
Private Cards	1,244.576	1,130.591	1,149.904	1,540.736	5,065.807	5,097.308
(Single Piece)	628.189	567.352	573.677	764.139	2,533.357	2,545.903
(Nonautomated Presort)	162.187	144.789	144.680	190.402	642.058	643.598
(Automated)	454.200	418.450	431.548	586.194	1,890.392	1,907.807
TOTAL FIRST-CLASS MAIL	23,349.291	24,514.748	23,461.199	29,813.770	101,139.008	101,593.944
Priority Mail	262.717	260.086	265.107	336.445	1,124.355	1,131.663
Express Mail	13.865	15.167	15.471	19.932	64.435	64.832
Mailgrams	1.013	1.384	1.219	1.148	4.763	4.761
PERIODICAL MAIL						
Within County	208.627	203.536	216.039	280.163	908.364	911.249
Nonprofit	525.342	508.780	539.036	607.726	2,180.884	2,187.615
Classroom	13.941	12.227	13.212	12.046	51.426	51.242
Regular Rate	1,617.112	1,635.789	1,753.964	2,142.091	7,148.956	7,175.030
TOTAL PERIODICAL MAIL	2,365.021	2,360.332	2,522.251	3,042.025	10,289.629	10,325.136
STANDARD MAIL						
Single-Piece	41.157	35.093	40.796	47.947	164.993	165.760
Regular Rate Bulk	17,183.526	14,684.595	15,198.133	19,289.812	66,356.067	66,777.649
Regular	8,628.120	7,489.565	7,895.682	10,106.095	34,119.462	34,357.605
(Nonautomated)	2,237.748	1,941.456	2,045.693	2,617.085	8,841.981	8,902.702
(Automated)	6,390.372	5,548.109	5,849.989	7,489.010	25,277.481	25,454.904
Enhanced Carrier Route	8,555.406	7,195.030	7,302.451	9,183.717	32,236.604	32,420.044
(Nonautomated)	7,995.203	6,723.903	6,824.290	8,582.372	30,125.769	30,297.197
(Automated)	560.203	471.127	478.161	601.345	2,110.836	2,122.847
Nonprofit Rate Bulk	3,560.782	2,931.367	3,056.431	3,636.997	13,185.577	13,255.496
Nonprofit	2,718.094	2,238.478	2,334.429	2,778.296	10,069.297	10,123.427
(Nonautomated)	1,108.104	909.848	942.708	1,111.507	4,072.167	4,088.305
(Automated)	1,609.990	1,328.630	1,391.721	1,666.789	5,997.130	6,035.122
Nonprofit ECR	842.688	692.889	722.002	858.701	3,116.280	3,132.069
(Nonautomated)	746.727	613.940	639.715	760.813	2,761.196	2,775.147
(Automated)	95.961	78.948	82.287	97.888	355.084	356.922
TOTAL STANDARD A	20,785.466	17,651.054	18,295.361	22,974.757	79,706.637	80,198.906
Parcel Post	63.237	59.409	53.836	63.605	240.087	241.555
(Inter-BMC)	15.564	14.008	12.151	13.733	55.455	55.244
(Intra-BMC)	13.216	12.266	10.974	12.789	49.245	49.396
(DBMC)	34.457	33.135	30.711	37.083	135.387	136.914
Bound Printed Matter	147.784	113.313	113.642	186.331	561.070	567.292
Special Rate	58.397	43.823	43.644	53.253	199.117	200.489
Library Rate	8.409	6.920	7.128	7.636	30.093	30.252
TOTAL STANDARD B	277.826	223.465	218.250	310.825	1,030.367	1,039.587
Postal Penalty	72.747	72.842	77.327	76.123	299.039	298.093
Free-for-the-Blind	14.692	11.028	14.345	15.939	56.004	56.427
TOTAL DOMESTIC MAIL	47,142.639	45,110.106	44,870.529	56,590.963	193,714.237	194,713.347
SPECIAL SERVICES						
Registry	3.944	3.590	3.833	4.831	16.198	16.196
Insurance	8.406	7.783	6.543	8.586	31.318	31.413
Certified	73.955	63.194	77.211	87.881	302.241	304.345
Collect-on-Delivery	0.943	0.908	0.920	1.170	3.942	3.936
Money Orders	51.166	51.461	56.884	75.812	235.324	236.686
TOTAL SPECIAL SERVICES	138.413	126.936	145.392	178.281	589.022	592.575

TABLE 1 (continued)
 QUARTERLY VOLUME FORECASTS, 1997Q1 TO 1999Q4
 GOVERNMENT DISTRIBUTED TO CLASS
 (In Millions of Pieces)
 Before-Rates

	1999Q1	1999Q2	1999Q3	1999Q4	1999PFY	1999GFY
FIRST-CLASS MAIL						
First-Class Letters & Flats	22,357.891	23,710.333	22,669.886	28,714.277	97,452.386	97,894.552
(Single Piece)	12,623.044	13,259.613	12,237.931	15,972.573	54,093.161	54,257.554
(Nonautomated Presort)	1,175.153	1,222.592	1,182.563	1,399.485	4,979.792	4,978.756
(Automated)	8,559.694	9,228.128	9,249.392	11,342.219	38,379.433	38,658.242
First-Class Cards	1,451.846	1,321.007	1,352.195	1,787.243	5,912.291	5,947.766
Stamped Cards	149.718	144.149	139.771	171.559	605.197	609.236
Private Cards	1,302.128	1,176.858	1,212.424	1,615.685	5,307.094	5,338.530
(Single Piece)	641.974	576.749	590.603	782.271	2,591.597	2,603.348
(Nonautomated Presort)	158.008	140.190	141.744	185.333	625.275	626.287
(Automated)	502.147	459.919	480.076	648.080	2,090.223	2,108.895
TOTAL FIRST-CLASS MAIL	23,809.737	25,031.340	24,022.081	30,501.520	103,364.677	103,842.318
Priority Mail	277.861	274.028	277.802	351.542	1,181.233	1,188.173
Express Mail	14.715	16.007	16.241	20.831	67.794	68.160
Mailgrams	0.935	1.267	1.098	1.015	4.315	4.312
PERIODICAL MAIL						
Within County	207.372	207.230	214.595	279.099	908.296	910.999
Nonprofit	519.752	504.378	537.773	601.011	2,162.914	2,170.163
Classroom	12.142	11.187	13.112	11.972	48.412	48.673
Regular Rate	1,624.267	1,658.060	1,777.626	2,170.024	7,229.976	7,256.726
TOTAL PERIODICAL MAIL	2,363.533	2,380.854	2,543.106	3,062.105	10,349.598	10,386.562
STANDARD MAIL						
Single-Piece	41.811	36.232	41.941	49.684	169.668	170.489
Regular Rate Bulk	17,917.383	15,293.610	15,891.138	20,128.795	69,230.926	69,673.659
Regular	9,117.037	7,871.903	8,349.678	10,677.636	36,016.254	36,253.388
(Nonautomated)	2,359.802	2,036.538	2,159.120	2,759.816	9,315.276	9,375.566
(Automated)	6,757.236	5,835.366	6,190.557	7,917.820	26,700.979	26,877.822
Enhanced Carrier Route	8,800.346	7,421.707	7,541.461	9,451.159	33,214.672	33,420.271
(Nonautomated)	8,224.104	6,935.737	7,047.650	8,832.302	31,039.793	31,231.929
(Automated)	576.242	485.969	493.811	618.857	2,174.879	2,188.342
Nonprofit Rate Bulk	3,633.462	2,993.465	3,128.326	3,693.545	13,448.798	13,521.797
Nonprofit	2,777.025	2,288.670	2,392.205	2,824.842	10,282.741	10,339.032
(Nonautomated)	1,105.139	909.062	945.806	1,109.261	4,069.268	4,087.190
(Automated)	1,671.886	1,379.608	1,446.399	1,715.581	6,213.474	6,251.842
Nonprofit ECR	856.437	704.795	736.121	868.703	3,166.057	3,182.764
(Nonautomated)	758.729	624.348	652.080	769.507	2,804.664	2,819.443
(Automated)	97.709	80.447	84.041	99.196	361.393	363.321
TOTAL STANDARD A	21,592.657	18,323.307	19,061.405	23,872.024	82,849.393	83,365.944
Parcel Post	65.556	63.287	56.763	67.635	253.241	255.073
(Inter-BMC)	13.529	12.475	10.680	12.138	48.822	48.626
(Intra-BMC)	12.994	12.356	10.909	12.786	49.044	49.206
(DBMC)	39.033	38.456	35.175	42.712	155.375	157.241
Bound Printed Matter	165.914	119.640	121.256	190.577	597.387	603.900
Special Rate	60.612	44.116	44.326	54.329	203.383	204.765
Library Rate	8.552	7.066	7.373	7.936	30.927	31.080
TOTAL STANDARD B	300.633	234.110	229.718	320.477	1,084.938	1,094.818
Postal Penalty	63.425	69.204	70.601	67.658	270.886	270.106
Free-for-the-Blind	15.603	11.718	15.547	16.762	59.630	60.124
TOTAL DOMESTIC MAIL	48,439.097	46,341.834	46,237.599	58,213.935	199,232.465	200,280.518
SPECIAL SERVICES						
Registry	3.665	3.323	3.551	4.497	15.036	15.031
Insurance	8.255	7.846	6.511	8.657	31.269	31.370
Certified	78.429	66.598	83.311	93.150	321.489	324.014
Collect-on-Delivery	0.851	0.822	0.827	1.060	3.561	3.553
Money Orders	53.838	55.264	60.191	80.671	249.964	251.428
TOTAL SPECIAL SERVICES	145.039	133.853	154.392	188.035	621.319	625.397

TABLE 2
 QUARTERLY VOLUME FORECASTS, 1997Q1 TO 1999Q4
 GOVERNMENT DISTRIBUTED TO CLASS
 (In Millions of Pieces)
 Before-Rates

	(Actual) 1997Q1	(Actual) 1997Q2	1997Q3	1997Q4	1997PFY	1997GFY
FIRST-CLASS MAIL						
First-Class Letters & Flats	21,728.723	22,961.738	21,633.543	27,426.085	93,750.090	94,126.614
(Single-Piece)	12,693.919	13,524.103	12,197.561	15,866.970	54,282.554	54,479.595
(Nonautomated Presort)	1,486.816	1,389.262	1,374.162	1,629.207	5,879.447	5,856.274
(Automated)	7,547.988	8,048.374	8,061.819	9,929.908	33,588.089	33,790.746
(Basic Letters)	916.915	969.082	968.247	1,188.962	4,043.207	4,064.300
(Basic Flats)	9.715	11.231	10.888	13.462	45.296	45.664
(3-Digit Letters)	4,335.408	4,586.704	4,589.206	5,656.739	19,168.057	19,277.761
(5-Digit Letters)	1,927.556	2,115.166	2,092.249	2,577.704	8,712.674	8,771.139
(3/5-Digit Flats)	54.463	48.022	51.943	63.931	218.358	218.566
(Carrier-Route Letters)	303.931	318.169	349.287	429.110	1,400.497	1,413.316
First-Class Cards	1,349.376	1,242.492	1,226.144	1,635.251	5,453.262	5,481.877
Stamped Cards	159.569	175.124	132.975	165.520	633.187	632.572
Private Cards	1,189.807	1,067.368	1,093.169	1,469.731	4,820.075	4,849.305
(Single-Piece)	641.260	506.498	558.906	746.118	2,452.782	2,459.825
(Nonautomated Presort)	162.683	159.095	147.450	194.837	664.066	666.430
(Automated)	385.864	401.775	386.812	528.776	1,703.226	1,723.051
(Basic)	72.247	75.406	72.408	98.482	318.543	322.065
(3-Digit)	169.217	165.522	165.545	228.247	728.531	736.958
(5-Digit)	115.271	123.420	118.305	161.381	518.377	524.800
(Carrier-Route)	29.128	37.426	30.555	40.667	137.776	139.227
TOTAL FIRST-CLASS MAIL	23,078.099	24,204.230	22,859.687	29,061.336	99,203.352	99,608.492
STANDARD A MAIL						
Single-Piece	43.040	33.966	39.775	46.537	163.318	163.585
Regular Rate Bulk	15,990.123	13,905.081	14,547.911	18,557.112	63,000.228	63,466.607
Regular	7,910.290	7,134.231	7,448.780	9,560.329	32,053.630	32,320.312
(Nonautomated)	2,199.919	1,779.793	1,934.022	2,480.824	8,394.559	8,435.629
(Basic Letters)	439.030	363.814	428.834	552.869	1,784.548	1,803.921
(Basic Nonletters)	324.136	276.211	300.867	390.553	1,291.767	1,303.283
(Presort Letters)	759.346	570.161	648.318	828.431	2,806.257	2,814.703
(Presort Nonletters)	677.407	569.607	556.003	708.972	2,511.988	2,513.723
(Automated)	5,710.370	5,354.438	5,514.758	7,079.505	23,659.071	23,884.683
(Basic Letters)	656.323	645.297	685.462	879.515	2,866.597	2,904.597
(Basic Flats)	56.156	53.199	50.421	64.618	224.395	225.870
(3-Digit Letters)	2,079.768	1,999.352	2,110.410	2,709.906	8,899.435	9,006.010
(5-Digit Letters)	642.085	610.062	653.837	839.268	2,745.253	2,778.588
(3/5-Digit Flats)	2,276.038	2,046.528	2,014.628	2,586.198	8,923.392	8,969.818
Enhanced Carrier-Route	8,079.833	6,770.850	7,099.131	8,996.783	30,946.598	31,166.296
(Automated)	433.250	482.305	465.256	589.105	1,969.916	2,002.448
(Basic Letters)	1,642.961	1,296.642	1,486.613	1,881.401	6,307.617	6,362.403
(Basic Nonletters)	2,857.064	2,215.488	2,342.645	2,970.882	10,386.079	10,422.836
(High-Density Letters)	83.863	81.167	86.124	109.356	360.510	365.898
(High-Density Nonletters)	277.445	278.479	252.232	319.282	1,127.439	1,136.996
(Saturation Letters)	715.370	591.509	677.087	859.064	2,843.031	2,874.641
(Saturation Nonletters)	2,069.881	1,825.259	1,789.174	2,267.692	7,952.006	8,001.073
Nonprofit Rate Bulk	3,636.469	2,835.623	2,981.310	3,577.160	13,030.562	13,070.178
Nonprofit	2,653.017	2,269.181	2,274.848	2,729.165	9,926.212	9,979.720
(Nonautomated)	1,199.459	984.575	946.830	1,121.053	4,251.917	4,251.404
(Basic Letters)	343.617	294.449	279.920	365.417	1,283.403	1,282.751
(Basic Nonletters)	92.065	81.992	89.178	116.581	379.815	386.219
(Presort Letters)	625.162	497.315	468.229	517.601	2,108.307	2,093.628
(Presort Nonletters)	138.615	110.819	109.503	121.455	480.391	478.805
(Automated)	1,453.558	1,284.607	1,328.018	1,608.112	5,674.295	5,728.316
(Basic Letters)	243.927	238.880	277.554	332.779	1,093.141	1,114.479
(Basic Flats)	11.703	10.309	12.876	15.367	50.256	51.160
(3-Digit Letters)	632.409	607.399	570.335	698.006	2,508.148	2,532.391
(5-Digit Letters)	379.177	260.291	297.250	357.771	1,294.490	1,295.643
(3/5-Digit Flats)	186.342	167.727	170.003	204.189	728.261	734.644
Nonprofit ECR	983.452	566.442	706.462	847.995	3,104.350	3,090.458
(Automated)	88.821	86.109	80.362	95.472	351.764	354.570
(Basic Letters)	535.431	198.424	334.658	401.226	1,469.739	1,449.766
(Basic Nonletters)	181.965	102.379	128.010	153.932	566.286	563.239
(High-Density Letters)	11.790	7.516	8.922	10.722	38.950	38.893
(High-Density Nonletters)	5.068	2.066	3.217	3.869	14.220	14.050
(Saturation Letters)	112.688	131.113	112.297	134.873	490.971	496.980
(Saturation Nonletters)	47.689	38.834	38.995	46.900	172.419	172.959
TOTAL STANDARD A MAIL	19,669.631	16,774.670	17,568.997	22,180.809	76,194.107	76,720.371

TABLE 2 (continued)
 QUARTERLY VOLUME FORECASTS, 1997Q1 TO 1999Q4
 GOVERNMENT DISTRIBUTED TO CLASS
 (In Millions of Pieces)
 Before-Rates

	1998Q1	1998Q2	1998Q3	1998Q4	1998PFY	1998GFY
FIRST-CLASS MAIL						
First-Class Letters & Flats	21,959.973	23,241.375	22,175.426	28,104.881	95,481.654	95,901.802
(Single-Piece)	12,716.940	13,333.975	12,243.743	15,912.616	54,207.274	54,379.326
(Nonautomated Presort)	1,263.391	1,313.068	1,276.112	1,518.547	5,371.118	5,370.875
(Automated)	7,979.642	8,594.332	8,655.571	10,673.718	35,903.262	36,151.602
(Basic Letters)	952.119	1,021.921	1,025.654	1,280.418	4,260.112	4,286.649
(Basic Flats)	10.793	11.599	11.658	14.349	48.400	48.716
(3-Digit Letters)	4,550.598	4,906.192	4,946.048	6,105.111	20,507.950	20,653.766
(5-Digit Letters)	2,070.601	2,229.353	2,244.613	2,767.360	9,311.928	9,375.881
(3/5-Digit Flats)	51.445	55.479	55.943	69.066	231.933	233.592
(Carrier-Route Letters)	344.086	369.787	371.654	457.413	1,542.940	1,552.998
First-Class Cards	1,389.318	1,273.373	1,285.773	1,708.889	5,657.354	5,692.142
Stamped Cards	144.742	142.782	135.869	168.154	591.547	594.834
Private Cards	1,244.576	1,130.591	1,149.904	1,540.736	5,065.807	5,097.308
(Single-Piece)	628.189	567.352	573.677	764.139	2,533.357	2,545.903
(Nonautomated Presort)	162.187	144.789	144.680	190.402	642.058	643.598
(Automated)	454.200	418.450	431.548	586.194	1,890.392	1,907.807
(Basic)	84.119	77.078	79.074	106.868	347.138	349.946
(3-Digit)	197.881	183.937	191.329	262.045	835.192	844.425
(5-Digit)	138.136	126.823	130.347	176.465	571.771	576.617
(Carrier-Route)	34.065	30.612	30.798	40.816	136.291	136.819
TOTAL FIRST-CLASS MAIL	23,349.291	24,514.748	23,461.199	29,813.770	101,139.008	101,593.944
STANDARD A MAIL						
Single-Piece	41.157	35.093	40.796	47.947	164.993	165.760
Regular Rate Bulk	17,183.526	14,684.595	15,198.133	19,289.812	66,356.067	66,777.649
Regular	8,628.120	7,489.565	7,895.682	10,106.095	34,119.462	34,357.605
(Nonautomated)	2,237.748	1,941.456	2,045.693	2,617.085	8,841.981	8,902.702
(Basic Letters)	501.221	437.048	462.827	595.065	1,996.161	2,012.108
(Basic Nonletters)	356.428	312.805	333.339	431.200	1,433.772	1,447.223
(Presort Letters)	744.392	643.345	675.273	860.547	2,923.556	2,941.107
(Presort Nonletters)	635.708	548.257	574.254	730.273	2,488.491	2,502.283
(Automated)	6,390.372	5,548.109	5,849.989	7,489.010	25,277.481	25,454.904
(Basic Letters)	793.487	688.546	725.636	928.464	3,136.132	3,157.783
(Basic Flats)	58.231	50.472	53.129	67.899	229.731	231.256
(3-Digit Letters)	2,446.743	2,124.792	2,240.958	2,869.515	9,682.007	9,750.496
(5-Digit Letters)	757.498	657.595	693.311	887.478	2,995.881	3,016.847
(3/5-Digit Flats)	2,334.413	2,026.705	2,136.957	2,735.656	9,233.730	9,298.522
Enhanced Carrier-Route	8,555.406	7,195.030	7,302.451	9,183.717	32,236.604	32,420.044
(Automated)	560.203	471.127	478.161	601.345	2,110.836	2,122.847
(Basic Letters)	1,789.101	1,504.620	1,527.084	1,920.493	6,741.297	6,779.658
(Basic Nonletters)	2,825.132	2,375.914	2,411.386	3,032.611	10,645.044	10,705.619
(High-Density Letters)	103.991	87.456	88.762	111.628	391.837	394.067
(High-Density Nonletters)	303.619	255.341	259.153	325.916	1,144.029	1,150.539
(Saturation Letters)	816.919	687.023	697.280	876.914	3,078.136	3,095.652
(Saturation Nonletters)	2,156.441	1,813.550	1,840.626	2,314.810	8,125.426	8,171.664
Nonprofit Rate Bulk	3,560.782	2,931.367	3,056.431	3,636.997	13,185.577	13,255.496
Nonprofit	2,718.094	2,238.478	2,334.429	2,778.296	10,069.287	10,123.427
(Nonautomated)	1,108.104	909.848	942.708	1,111.507	4,072.167	4,088.305
(Basic Letters)	363.868	275.461	288.348	375.250	1,302.927	1,311.354
(Basic Nonletters)	116.553	90.883	96.424	124.385	428.246	431.844
(Presort Letters)	507.091	438.841	450.524	493.769	1,890.324	1,893.261
(Presort Nonletters)	120.592	104.564	107.412	118.103	450.670	451.846
(Automated)	1,609.990	1,328.630	1,391.721	1,666.789	5,997.130	6,035.122
(Basic Letters)	330.180	270.104	280.448	333.033	1,213.766	1,219.015
(Basic Flats)	15.256	12.529	13.028	15.460	56.273	56.538
(3-Digit Letters)	704.082	584.148	616.221	744.039	2,648.489	2,669.393
(5-Digit Letters)	356.726	293.865	306.723	365.495	1,322.809	1,330.137
(3/5-Digit Flats)	203.746	167.984	175.301	208.762	755.793	760.038
Nonprofit ECR	842.688	692.889	722.002	858.701	3,116.280	3,132.069
(Automated)	95.961	78.948	82.287	97.888	355.084	356.922
(Basic Letters)	398.121	327.106	340.736	405.136	1,471.099	1,478.337
(Basic Nonletters)	153.591	126.573	132.025	157.154	569.344	572.480
(High-Density Letters)	10.638	8.736	9.098	10.815	39.286	39.476
(High-Density Nonletters)	3.861	3.182	3.319	3.951	14.312	14.391
(Saturation Letters)	133.717	109.777	114.309	135.872	493.676	496.028
(Saturation Nonletters)	46.799	38.567	40.228	47.885	173.479	174.435
TOTAL STANDARD A MAIL	20,785.466	17,651.054	18,295.361	22,974.757	79,706.637	80,198.906

TABLE 2 (continued)
 QUARTERLY VOLUME FORECASTS, 1997Q1 TO 1999Q4
 GOVERNMENT DISTRIBUTED TO CLASS
 (In Millions of Pieces)
 Before-Rates

	1999Q1	1999Q2	1999Q3	1999Q4	1999PFY	1999GFY
FIRST-CLASS MAIL						
First-Class Letters & Flats	22,357.891	23,710.333	22,669.886	28,714.277	97,452.386	97,894.552
(Single-Piece)	12,623.044	13,259.613	12,237.931	15,972.573	54,093.161	54,257.554
(Nonautomated Presort)	1,175.153	1,222.592	1,182.563	1,399.485	4,979.792	4,978.756
(Automated)	8,559.694	9,228.128	9,249.392	11,342.219	38,379.433	38,658.242
(Basic Letters)	1,007.244	1,082.033	1,080.566	1,320.062	4,489.906	4,518.944
(Basic Flats)	11.486	12.362	12.371	15.147	51.366	51.722
(3-Digit Letters)	4,900.479	5,287.931	5,304.800	6,510.763	22,003.974	22,167.953
(5-Digit Letters)	2,218.897	2,391.919	2,397.317	2,939.785	9,947.918	10,020.155
(3/5-Digit Flats)	55.448	59.841	60.040	73.696	249.025	250.887
(Carrier-Route Letters)	366.139	394.041	394.298	482.766	1,637.244	1,648.581
First-Class Cards	1,451.846	1,321.007	1,352.195	1,787.243	5,912.291	5,947.766
Stamped Cards	149.718	144.149	139.771	171.559	605.197	609.236
Private Cards	1,302.128	1,176.858	1,212.424	1,615.685	5,307.094	5,338.530
(Single-Piece)	641.974	576.749	590.603	782.271	2,591.597	2,603.348
(Nonautomated Presort)	158.008	140.190	141.744	185.333	625.275	626.287
(Automated)	502.147	459.919	480.076	648.080	2,090.223	2,108.895
(Basic)	91.099	83.047	86.296	115.990	376.432	379.408
(3-Digit)	226.263	208.824	219.581	298.522	953.190	963.302
(5-Digit)	150.668	137.554	143.132	192.629	623.982	629.106
(Carrier-Route)	34.117	30.495	31.068	40.939	138.619	137.078
TOTAL FIRST-CLASS MAIL	23,809.737	25,031.340	24,022.081	30,501.520	103,364.677	103,842.318
STANDARD A MAIL						
Single-Piece	41.811	36.232	41.941	49.684	169.668	170.489
Regular Rate Bulk	17,917.383	15,293.610	15,891.138	20,128.795	69,230.926	69,673.659
Regular	9,117.037	7,871.903	8,349.678	10,677.636	36,016.254	36,253.388
(Nonautomated)	2,359.802	2,036.538	2,159.120	2,759.816	9,315.276	9,375.566
(Basic Letters)	539.240	467.682	498.285	640.051	2,145.259	2,161.666
(Basic Nonletters)	393.069	342.877	367.365	474.460	1,577.771	1,591.928
(Presort Letters)	772.940	664.466	701.720	893.448	3,032.574	3,049.385
(Presort Nonletters)	654.552	561.512	591.751	751.857	2,559.671	2,572.587
(Automated)	6,757.236	5,835.366	6,190.557	7,917.820	26,700.979	26,877.822
(Basic Letters)	837.313	722.713	766.316	979.638	3,305.980	3,327.478
(Basic Flats)	61.159	52.724	55.835	71.288	241.006	242.502
(3-Digit Letters)	2,589.744	2,236.958	2,373.667	3,036.648	10,237.016	10,305.376
(5-Digit Letters)	800.688	691.392	733.413	937.969	3,163.462	3,184.350
(3/5-Digit Flats)	2,468.333	2,131.579	2,261.325	2,892.277	9,753.514	9,818.116
Enhanced Carrier-Route	8,800.346	7,421.707	7,541.461	9,451.159	33,214.672	33,420.271
(Automated)	576.242	485.969	493.811	618.857	2,174.879	2,188.342
(Basic Letters)	1,840.322	1,552.022	1,577.065	1,976.420	6,945.830	6,988.824
(Basic Nonletters)	2,906.015	2,450.767	2,490.311	3,120.924	10,968.018	11,035.910
(High-Density Letters)	106.968	90.211	91.667	114.879	403.725	406.224
(High-Density Nonletters)	312.311	263.385	267.635	335.408	1,178.739	1,186.035
(Saturation Letters)	840.307	708.667	720.102	902.451	3,171.527	3,191.159
(Saturation Nonletters)	2,218.179	1,870.685	1,900.870	2,382.220	8,371.954	8,423.777
Nonprofit Rate Bulk	3,633.462	2,993.465	3,128.326	3,693.545	13,448.798	13,521.797
Nonprofit	2,777.025	2,288.670	2,392.205	2,824.842	10,282.741	10,339.032
(Nonautomated)	1,105.139	909.062	945.806	1,109.261	4,069.268	4,087.190
(Basic Letters)	377.132	288.224	303.924	392.343	1,361.622	1,372.177
(Basic Nonletters)	124.895	97.882	103.933	132.162	458.872	463.026
(Presort Letters)	485.484	420.809	432.794	470.135	1,809.221	1,811.661
(Presort Nonletters)	117.628	102.148	105.155	114.622	439.553	440.326
(Automated)	1,671.886	1,379.608	1,446.399	1,715.581	6,213.474	6,251.842
(Basic Letters)	331.303	271.156	282.101	332.273	1,216.833	1,222.058
(Basic Flats)	15.411	12.664	13.197	15.538	56.810	57.078
(3-Digit Letters)	750.674	622.074	655.636	782.212	2,810.596	2,831.474
(5-Digit Letters)	365.481	301.263	315.098	372.447	1,354.289	1,361.918
(3/5-Digit Flats)	209.018	172.451	180.367	213.112	774.947	779.314
Nonprofit ECR	856.437	704.795	736.121	868.703	3,166.057	3,182.764
(Automated)	97.709	80.447	84.041	99.196	361.393	363.321
(Basic Letters)	403.608	331.908	346.549	408.858	1,490.923	1,498.666
(Basic Nonletters)	157.273	129.700	135.594	160.140	582.708	585.927
(High-Density Letters)	10.767	8.850	9.239	10.899	39.755	39.959
(High-Density Nonletters)	3.954	3.260	3.409	4.026	14.648	14.729
(Saturation Letters)	135.206	111.109	115.974	136.790	499.079	501.630
(Saturation Nonletters)	47.921	39.520	41.316	48.795	177.551	178.532
TOTAL STANDARD A MAIL	21,592.657	18,323.307	19,061.405	23,872.024	82,849.393	83,365.944

DECLARATION

I, George Tolley, declare under penalty of perjury that the foregoing answers are true and correct to the best of my knowledge, information and belief.



(Signed)
2-18-98

(Date)

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS NEEDHAM
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 12

9. Refer to witness Needham's responses to POIR No. 8, Items 2.a and 2.b. These responses identify the source of Special Handling volume and revenue as being the billing determinants, but they do not explain the method used to develop the actual numbers. Please describe the method used to develop the Special Handling volume and revenue in billing determinants.

RESPONSE:

Generally, the billing determinant volumes and revenues for Standard (A) Single Piece, Standard (B) total (broken down by 10 pounds and under, and over 10 pounds), International, and USPS special handling come directly from detailed RPW analyses. The billing determinant volume breakdown for the Standard (B) subclasses is calculated using the Standard (B) totals and the FY 1989 proportions for each of the subclasses for 10 pounds and under and over 10 pounds, respectively (for 10 pounds and under, 69 percent for Parcel Post, 24 percent for Special, and 7 percent for Library, and for over 10 pounds, 89 percent for Parcel Post, 5 percent for Special, and 6 percent for Library), from the last year the information was available. The Standard (B) subclasses' revenues are calculated by multiplying the volume by the fee. From FY 1980 to FY 1989, the special handling volumes for the Standard (B) subclasses were available directly from RPW analyses. The government special handling volume is calculated by taking the revenue from RPW analyses, divided by the fee, and assuming that all government special handling mail is under 10 pounds; this volume is then distributed to the subclasses in proportion to the FY 1989 Standard (B) subclass proportions provided above. See my workpaper WP-13.

DECLARATION

I, Susan W. Needham, declare under penalty of perjury that the foregoing answers are true and correct, to the best of my knowledge, information, and belief.

Susan W Needham

Dated: FEBRUARY 23, 1998

CERTIFICATE OF SERVICE

I hereby certify that I have this day served the foregoing document upon all participants of record in this proceeding in accordance with section 12 of the Rules of Practice.


Anne B. Reynolds

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
February 23, 1998