

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

Modification of Analytical Principles
in Periodic Reporting
(Proposals Nine through Twelve)

Docket No. RM2011-5

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued January 11, 2011)

To clarify the basis of Proposals Eleven and Twelve, the Postal Service is requested to provide a written response to the following questions. Answers should be provided on or before January 19, 2011.

Proposal Eleven

The Postal Service proposes a methodology change to report International Money Transfer Services (IMTS) separately for both IMTS-Inbound and IMTS-Outbound using information from the Point of Sale System (POS), In-Office Cost System (IOCS), and Docket No. ACR2009, Library Reference USPS-FY09-NP5.

1. On page 2 of the attachment to the Petition supporting Proposal Eleven, the Postal Service states that the "Point of Sale System (POS) volume [for IMTS-Inbound] can be retrieved via back-end queries." Please explain in detail how the Postal Service is able to use POS volume to develop IMTS-Inbound volume.
2. The attachment supporting Proposal Eleven states that the Postal Service will use In-Office Cost System (IOCS) tallies to distribute total attributable costs for IMTS between IMTS-Inbound and IMTS-Outbound. In Docket No. MC2009-19, the Postal Service stated that "the relatively small number of [IOCS] tallies and the

costs they represented, when divided by the declining volume of transactions, led to relatively volatile unit costs.”¹

- a. For FY 2009 (and FY 2010, if available), please provide the total number of IOCS tallies for IMTS.
 - b. Are there a sufficient number of IOCS tallies as a whole to minimize volatility and thereby ensure that the estimated unit costs for IMTS are statistically reliable?
 - c. If the total number of IOCS tallies for IMTS as a whole is relatively small, developing costs based upon separating those IOCS tallies into “Inbound” and “Outbound” would produce an even smaller number of IOCS tallies for both products. Please explain how the Postal Service intends to minimize volatility and thereby ensure that the estimated unit costs for the IMTS-Outbound and IMTS-Inbound products are statistically reliable.
 - d. Because of the relatively small number of IOCS tallies, the IMTS-Inbound and IMTS-Outbound products may exhibit annual cost variations that cause one product to show a positive contribution in one year and that same product to show a negative contribution in a subsequent year. How does the Postal Service address this potential problem?
3. For FY 2010, please provide a detailed worksheet that illustrates the impact of separating IMTS costs into IMTS-Inbound and IMTS-Outbound. In doing so, please show the number of IOCS tallies for IMTS-Inbound and IMTS-Outbound and the weighted tallies that are applied to the volume variable costs and product specific costs. The worksheet should show all calculations in electronic form.

¹ Docket No. MC2009-19, Supplemental Response of the United States Postal Service to Order No. 154, July 15, 2009, at 3.

Proposal Twelve

4. Please explain why the proposed single-piece parcel post zoned-based distribution is an appropriate proxy for the distribution of unzoned Media Mail and Library Mail volume between inter-NDCs and intra-NDCs.
5. Does the Postal Service plan to conduct a special study that will determine the actual volume distribution of Media Mail and Library Mail volume between inter-NDCs and intra-NDCs?
6. Please confirm that the zone-related percentage in cell I14 on pages 7, 14, and 21 in USPS-FY09-16 should be 35 percent (rounded). This figure is a result of dividing “Air System Contracts–Loose Sack Line Haul–Mandatory” (52,066) figure in USPS-FY09-32 CS14.3 by the “Total Commercial Air” figure (150,601) in USPS-FY09-32 CS14.3. If confirmed, provide updated workpapers. If not confirmed, provide updated workpapers that include a calculation of the correct figure with relevant sources.

By the Chairman.

Ruth Y. Goldway