Postal Regulatory Commission
Submitted 3/4/2011 4:19:49 PM
Filing ID: 72178
Accepted 3/4/2011

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

ANNUAL COMPLIANCE REPORT, 2010	Docket No. ACR2010

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-9, 11-17 OF CHAIRMAN'S INFORMATION REQUEST NO. 5
(March 4, 2011)

The Postal Service hereby files its responses to questions 1-9, 11-17 of Chairman's Information Request No. 5, issued on February 25, 2011. Each question is stated verbatim and followed by the response. Nonpublic materials are provided under seal in USPS-FY10-NP33. A response to Question 10 is still under preparation.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing & Product Support

_____
Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
(202) 268-2992, FAX: -5402
March 4, 2011

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 5

1. Please refer to the response to CHIR No. 1, question 1, "ChIR.1.Q.1.USPS-FY10-10.ACR2010.xlsx", tab 'WAGE RATES – PIGGYBACK FACTORS' cell D13. The piggyback factor used for the MPBCS equipment is identical to the one used for DBCS. In last year's ACD, the MPBCS piggyback factor was taken from "USPS-FY09-25, MPPGBY09PRC.xls" tab 'A', cell M103. The equivalent source in the 2010 ACR materials shows an error ("#DIV/0!") in the cell. Based on an examination of the 'MODS' tab of the letter cost model ("ChIR.1.Q.1.USPS-FY10-10.ACR2010.xlsx"), it appears that no pieces were processed on MPBCS equipment in FY 2010.

(a) Please confirm that all remaining MPBCS equipment was phased out of service during FY 2009. If not, please explain the reason for the missing values in the piggyback factor calculations.

(b) Please confirm that the MPBCS piggyback factor used in the letter cost models no longer has any effect on the results of the First-Class or Standard Mail models. If not, please explain the rationale for the use of the DBCS piggyback factor as a proxy.

(c) Please identify all additional changes that were made to the 2010 ACR supporting materials to reflect the phasing out of MPBCS equipment. Please also describe any additional changes that should be made to reflect the phasing out of MPBCS equipment that were not made in the 2010 ACR.

RESPONSE:

(a) Confirmed.

(b) Confirmed.

(c) The MODS data were first incorporated into the presort letters mail processing cost models because both the mail processing bar code sorter (MPBCS) and the delivery bar code sorter (DBCS) were being used to process a substantial amount of mail, and separate input data (e.g., cost pools, piggyback factors) were available for both machines. Over time, the DBCS has been used to process a greater share of the mail.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 5

In Docket No. R2005-1, the mail processing bar code sorter (MPBCS) and delivery bar code sorter (DBCS) costs were "mapped" to separate and distinct cost pools. In Docket No. R2006-1, a change was made in which the mail processing costs for both machines were mapped to the same cost pool. Since that time, the mail processing costs for both machines have been contained in the same cost pool.

In Docket No. ACR2010, the MODS data indicate that MPBCS operations are no longer being used in the field because those machines have been removed. Consequently, a separate MPBCS piggyback factor is no longer calculated in USPS-FY10-25.

As parts (a) and (b) of this question indicate, the retirement of MPBCS machines has had no direct impact on the price category mail processing unit cost estimates. Any future modifications that are made to supporting annual compliance report materials would largely be cosmetic.

For example, the MPBCS line item in the USPS-FY10-25 piggyback factor analysis could be deleted. In the USPS-FY10-10 presort letter cost models, the MODS data worksheets could be deleted. In addition, the MPBCS line items in the piggyback factor worksheets could be deleted and the operation level piggyback factor calculations at the bottom of those worksheets could be modified to simply access the DBCS piggyback factor located at the top of the worksheets.

In addition, the MPBCS equipment category should be eliminated from USPS-FY10-8. There was a small amount of maintenance labor costs in FY2010 ($248,000) – see fy10equip.xls, sheet PAGE II-8.

2. Please refer to USPS-FY10-3, "FY10.3.Workshare Discounts Table-FY 2010_12_29_10.xls.xls", tab 'FCM Parcels'. The avoided costs for First-Class parcels are taken from USPS-FY10-11, "FCM flat costs 2010.xls", tab 'BUNDLE OPS SUMMARY', column J (labeled "Bundle Ops Adj. to match nonauto"). In the 2009 ACD and the 2009 ACR, the Commission and the Postal Service used the unadjusted costs in column G (labeled "Bundle Operations Piece Distribution") from the 2009 version of the source file to estimate First-Class parcel cost avoidances. Please describe the adjustment mechanism that is applied to calculate the figures in column J and discuss the rationale for using adjusted figures instead of unadjusted ones. Please include a description of the types of parcels (e.g., nonautomation or all presort) that are included in the 71.719 cents cost for presort parcels from USPS-FY10-26.

RESPONSE:

Column J ('Bundle Ops Adj. to match nonauto') in tab 'Bundle Ops Adj' was first introduced in spreadsheet 'FCM Flats Costs Final.xls' by the Commission in PRC-LR-12 in Docket No. R2006-1. No footnotes or documentation were provided by the Commission when the Column J adjustment was first made. Any preceding versions of the FCM flats models by the Postal Service or the Commission did not include the analysis in Column J. In order to comply with the requirement to file Commission-approved methodologies, updates to Column J were made in subsequent ACR dockets, even though the Postal Service did not use Column J for any analytical purpose. In preparing the FY10 ACR, however, the Postal Service inadvertently used Column J instead of column G in USPS-FY10-3 spreadsheet "FY10.3.Workshare Discounts Table-FY 2010_12_29_10.xls.xls", tab 'FCM Parcels'.

All FCM presort parcels are included in the 71.719 cent costs from USPS-FY10-26.

3. Please refer to USPS-FY2010-NP 27, excel file: SupportPriority_FY10.xls, tab: Inputs, line 36.

(a) Please confirm that the cost described on line 36 was not included in the FY 2008 and FY 2009 supporting worksheets that were originally filed in support of the contracts.

i. If confirmed,

1. Update all contract specific workpapers to only include adjustments that were included in the original financial analysis that the Commission relied on to approve the contract.
2. List all other adjustments that were not included in the FY 2008 and FY 2009 supporting worksheets that the Postal Service has made to supporting workpapers for Priority Mail Contracts, Express Mail Contracts, Parcel Select Contracts, and Parcel Return Service Contracts.
3. Provide a narrative explaining the rationale and methodology used to develop the cost described on line 36, and all adjustments listed in response to question (a)(i)(2) above.

ii. If not confirmed, please provide information explaining the derivation and justification for this cost from the FY 2008 and FY 2009 supporting worksheets.

(b) Is the cost described on line 36 an analytical principle under 39 CFR 3050.1(c)? Please provide the rationale supporting your response.

(c) If you responded in the affirmative to (b), please state whether the cost described on line 36 is an accepted analytical principle under 39 CFR 3050.1(a).

(d) Please confirm that the accepted analytical principles related to each competitive NSA are contained in the worksheets that were originally filed in support of the contracts. If not confirmed, please explain.

RESPONSE:

The response to this question, and the associated Excel materials, are provided under seal as part of USPS-FY10-NP33.

4. In Order No. 211, Order Concerning Collaborative Logistics Market Test, the Commission stated "[a]ll [Collaborative Logistics] agreements shall be retained by the Postal Service for at least one year following the end of the market test." Order No. 211 at 7-8. Please provide all contracts to the Commission, and match each contract to each generic customer name (i.e., Customer A, Customer B, etc.) filed in ChIR.1.Q.25.NONPUBLIC.Collab.Logistics.xlsx.

RESPONSE:

The requested material is filed under seal in USPS-FY10-NP33 as

ChIR.5.Q.4.NONPUBLIC.CL.zip.

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 5

5. Please refer to the response to CHIR No. 1, question 24(a), which states that most of the cost increase for inbound EMS (Express Mail Service) between FY 2009 and FY 2010 was in mail processing, and "about 10 percent of the increase can be explained by the scan barcode edit that was introduced in FY10 for IOCS Inbound Express pieces." Please explain what a "scan barcode edit" is, how the scan barcode edit caused the approximate 10 percent cost increase, and whether this cost will occur during FY 2011. Also, please explain why the Postal Service did not estimate the increase in costs associated with mail processing and the scan barcode edit, noted in CHIR No. 1, question 24(a), in its financial model accompanying the proposed CY2010 inbound EMS rates filed in CP2009-57.

RESPONSE:

IOCS readings where barcodes have been scanned go through an editing step that uses the barcode information. In FY 2010, edits were developed for Express Mail barcodes. As a consequence, there was an increase in dollar-weighted tallies assigned to inbound EMS corresponding to 10 per cent of total FY 2010 inbound EMS costs. Most of these pieces had originally been recorded incorrectly as inbound Parcel Post or Letter Post. The editing process will continue in FY 2011. The effects of the IOCS editing process were not anticipated at the time of the above-referenced filing in Docket No. CP2009-57.

6. Please refer to the response to CHIR No. 1, question 24(c), which states, "Changes have been made to include the Insurance fee breakouts in the RPW Reporting beginning with Q1 FY 2011." Please provide the FY 2010 and FY 2011, Quarter 1 insurance fee revenues arising from sales' transactions made through Click-N-Ship for all service categories.

RESPONSE:

A table showing Quarter 1 FY2010 and Quarter 1 FY2011 Priority Mail International Insurance breakouts for Click-N-Ship transactions is provided as part of USPS-FY10-NP33, in the Excel file "ChIR.5.Q6.CNS_InsFee_Revenue.xls."

7. Please refer to the response to CHIR No. 2, question 2, which references USPS-FY10-NP31, and the Excel file ChIR.2.Q.2-5.NONPUBLIC.xls. In worksheet tab GDEI RPW, the Postal Service provides revenue, pieces, and weight for Global Direct Entry from six of the eight countries listed. In the Excel file Reports (Booked).xls, worksheet tab A Pages (md), the financial results for Global Direct Entry with Foreign Postal Administrations is reported along with other market dominant products.

(a) In the proposed market dominant product list, please identify where "Global Direct Entry with Foreign Postal Administrations" can be found.

(b) Please confirm that the Postal Service has a bilateral agreement with the postal administrations of each of the countries listed in worksheet tab GDEI RPW. If not confirmed, please explain.

RESPONSE:

a-b. This RPW report item is the same as that described in response to question 17 of Chairman's Information Request No. 4, Docket No. ACR2009 (filed February 16, 2010). As explained therein,

> [This mail] in the market-dominant categories of the RPW report generally consists of items bearing the indicia of the respective domestic mail classes and entered directly for delivery in the United States by certain foreign postal operators. Arrangements with foreign postal operators may also permit the channel to be used, on an exceptional basis, for comparable items bearing the respective foreign postal operators' own indicia. The foreign postal operators compensate the Postal Service at customized rates based on the level of worksharing and the prices for applicable domestic mail types. During FY2009, the Postal Service had such arrangements with Deutsche Post DHL (Germany), Swiss Post, Singapore Post Limited, Belgian Post International, and Groupe La Poste (France). These arrangements predate the effectiveness of the Commission's system for regulating market dominant and competitive products under the Postal Accountability and Enhancement Act of 2006, and therefore were established in accordance with the Postal Service's former authority over international mail rates. Except for Deutsche Post DHL and Swiss Post, these arrangements were entered into informally, but the Postal Service is in the process of memorializing and updating all such arrangements with new written agreements. The Postal Service expects to submit any new agreements to the Commission in accordance with the Commission's rules.

These averments remain true for the mail now listed under "Global Direct Entry with Foreign Postal Administrations" in the market-dominant portion of the RPW report. Such mail was received from the postal operators for six countries in FY2010: Australia, Belgium, France, Germany, Singapore, and Switzerland. (The omission of Australia in the FY2009 response appears to have been an error.) The Postal Service plans to update and, where necessary, formalize these arrangements in the coming fiscal year and to file a request to add the resulting bilateral agreements to the Mail Classification Schedule, either under 1602.4, Inbound Market Dominant Multi-Service Agreements with Foreign Postal Operators, or under a separate listing.

8. Please refer to the response to CHIR No. 2, question 5, which references USPS-FY10-NP31, and the Excel file ChIR.2.Q.2-5.NONPUBLIC.xls. In worksheet tab Canada Inbound Products, the Postal Service provides revenue, pieces, weight and costs for inbound Surface Parcels and Expedited Parcels.

(a) Please explain the difference (if any) between inbound Surface Parcels and Expedited Parcels.

(b) Please explain why the Postal Service is reporting the financial results separately for Expedited Parcels and inbound Surface Parcels.

(c) In the Excel file Reports (Booked).xls, worksheet tab A Pages (c), Table A-1, the Postal Service notes that for Quarter 1, inbound Expedited Parcels are being reported as Inbound Surface Parcels (at Non-UPU rates). Please explain where revenues, pieces, weight and cost figures for inbound Expedited Parcels are reported during Quarters 2 – 4.

(d) Please provide for each fiscal quarter the revenue, pieces, weight and cost (i.e., Mail Processing, Delivery, Other Domestic, and Domestic Transportation) figures separately for Inbound Surface Parcels (at Non-UPU rates) and inbound Expedited Parcels. If revenue, pieces, weight and cost figures are reported for Inbound Surface Parcels (at Non-UPU rates) and inbound Expedited Parcels in the inbound EMS and Xpresspost categories, please provide for each fiscal quarter the revenue, pieces, weight and cost for those categories as well.

RESPONSE:

a. There is no difference between Inbound Surface Parcels from Canada and Expedited Parcels from Canada. These terms have been used interchangeably to describe the same product. For instance, the Mail Classification Schedule language proposed in the Notice of United States Postal Service of Proposed Minor Classification Change Concerning Canada Post – United States Postal Service Contractual Bilateral Agreement For Inbound Competitive Prices, Docket No. MC2010-33, August 2, 2010, at Attachment 1, refers to "inbound surface parcel post (Expedited Parcels)."

Additionally, the resulting Order itself refers to "surface parcel post tendered by Canada Post (Expedited Parcels)." Order No. 522, Order Accepting Minor Classification Changes Related To Canada Post – United States Postal Service Contractual Bilateral Agreement, Docket No. MC2010-33, August 22, 2010, at 2. In the FY2010 ACR, the only data for Inbound Surface Parcel Post (at Non-UPU Rates) represent Expedited Parcels from Canada because that was the only non-UPU agreement for this mail category during FY2010.

b-c. The financial results are not reported separately for Expedited Parcels and Inbound Surface Parcels. Rather, as described in part (a) of this response, both terms describe the same product, and it was that product's reporting that changed during the fiscal year. There were three different classification periods for inbound Canada products during FY2010:

(1) October 1, 2009 to December 31, 2009,

(2) January 1, 2010 to August 22, 2010, and

(3) August 24, 2010 to September 30, 2010.

In Quarter 1 of FY2010, Expedited Parcels were reported as the only entry for Inbound Surface Parcel Post (At Non-UPU Rates) category. In Quarter 2 of FY2010, to be consistent with the naming conventions established in Docket Nos. MC2010-14 and CP2010-13, the ICRA began reporting Expedited Parcels as part of the Canada Post-Bilateral for Inbound Competitive Services category, along with the separate Xpresspost product from Canada, and this continued through the end of the fiscal year.

Quarter 1 ICRA reporting can be seen at Footnote 3 on page A-1 of Reports (Booked).xls, tab A Pages (c), which explains that the Canada Post Inbound Bilateral entry under Inbound Surface Parcel Post (at Non-UPU Rates) is Quarter 1 Canada Inbound Expedited Parcels. Quarters 2 through 4 can be seen at Footnote 7 on page A-2 of Reports (Booked).xls, tab A Pages (c) (which should read Quarters II-IV), and it explains that the entry for Canada Post-Bilateral for Inbound Competitive Services includes Canada Inbound Expedited Parcels and Xpresspost.

d. Please refer to USPS-FY10-NP33, file "ChIR.5.Q8d.xls," filed under seal. The ICRA calculations are only available for the two calendar year periods, October through December and January through September, although these two periods should be adequate to isolate the particular products. Shown are the details for Quarter 1 Canada Surface Parcels and Quarters 2-4 Expedited Parcels, which are the same product. Neither Inbound Surface Parcel Post (at Non-UPU Rates) nor Inbound Expedited Parcels is reported as part of Inbound EMS or Inbound Xpresspost. Inbound EMS from Canada began with the classification change of August 23, 2010, and it is reported as part of Inbound EMS in the ICRA. Inbound Xpresspost from Canada was reported as part of Inbound Letterpost during Quarter 1 and as part of Canada Post-Bilateral for Inbound Competitive Services, along with Expedited Parcels, for the remainder of the fiscal year.

9. Please refer to the response to CHIR No. 2, question 4, which references USPS-FY10-NP31, and the Excel file ChIR.2.Q.2-5.NONPUBLIC.xls. In worksheet tab IDE, the Postal Service provides revenue, volume, weight and cost figures for Inbound Direct Entry. However, in the Excel file Reports (Booked).xls, worksheet tab A Pages (c), Table A-2, the Postal Service does not provide any volume variable or product-specific cost figures. Please explain the absence of such cost figures in worksheet tab A Pages (c), table A-2.

RESPONSE:

The Inbound Direct Entry (IDE) costs were inadvertently left out from the Excel file Reports (Booked).xls, worksheet tab A, Pages (c), Table A-2. The FY10 Total Cost shown on worksheet tab IDE should have been the volume variable cost for IDE on the Reports (Booked).xls, worksheet tab A, Pages (c).

11. Please refer to the Postal Service's response to CHIR 3, question 13b. The interrogatory requested information on "[w]hat percentage of total Presort First-Class Mail by volume was entered as Full Service IMb compliant as of the end of FY 2010." The Postal Service's response referred to Standard Mail volume. Please respond to the original question regarding Presort First-Class Mail.

RESPONSE:

Approximately 27.6 percent of Presort First-Class Mail volume was entered as Full-Service Intelligent Mail in FY 2010. This percentage includes individual Full-Service Intelligent Mail pieces included in Mixed Service mailings.

12. In the 2010 Comprehensive Statement on Postal Operations at 53, the Postal Service identifies Intelligent Mail as a strategic initiative. Excluding Within County Periodicals, the FY 2011 target is to have 90 percent of mail contain either a Full-Service or Basic IM barcode.

(a) Please provide the percentage of mail by class that is expected to be Full-Service IMb compliant by the end of FY 2011.

(b) Please identify the percentage of mail by class that is expected to be Basic IMb compliant by the end of FY 2011.

(c) Please identify the FY 2011 data yield for service performance measurement and the percentage that is Full Service IMb compliant.

(d) Please specifically identify the steps the Postal Service plans to take in order to obtain sufficient Full Service IMb compliant mail to report service performance results for Standard Mail and Presort First-Class Mail in FY 2011.

RESPONSE:

a-b. The estimated percentage of Full-Service and Basic IMb eligible mail that is expected to be Full-Service and Basic IMb compliant by the end of FY 2011 is as follows:

Mail Class	Full-Service	Basic
First-Class Mail	49.97%	23.52%
Standard	36.46%	20.88%
Periodicals	54.56%	42.10%
Package Services	6.27%	0.66%

The target, published in the Comprehensive Statement, to have an IMb on 90 percent of workshared mail at the end of 2011 was based on the assumption that the IMb would be required in May 2011 for an automation discount. That assumption is no longer valid, and the target will be reassessed.

c. As of the date of this filing, 37 percent of Intelligent Mail-barcoded items are Full-Service Intelligent Mail compliant in FY 2011. (This percentage includes both

Full-Service and Mixed Service mailings.) Three percent of Full-Service Intelligent Mail compliant items are included in service performance measurement so far in FY 2011.

d. The Postal Service is takings steps to simplify the requirements of Full Service Intelligent Mail, such as, in particular, by reducing the complexity associated with customer supplier agreements (CSAs) and by establishing national customer acceptance and critical entry times (CATs and CETs). These steps should significantly reduce the potential for errors currently identified in the certification process. In turn, these steps should enable an increasing number of mailers and corresponding Full Service Intelligent Mail pieces to be included into service performance reports over the course of FY 2011.

13. The Public Representative reported that the Postal Service recently announced its intention to close or consolidate approximately 2,000 offices over the next 2 years. Public Representative Comments in Response to Order No. 636 at 11. Please identify by facility type (station, branch, post office, etc.) the number of facilities that are currently planned to be closed in FY 2011.

RESPONSE:

Fundamentally, this question seeks information that does not exist or that might exist only in the future. In this regard, section 3652 of title 39 requires the Postal Service to submit to the Postal Regulatory Commission specific data pertaining to service performance achieved for market dominant products within 90 days of the conclusion of each fiscal year as part of its Annual Compliance Report (ACR). Section 3653 authorizes the Commission to review the fiscal year service performance data and issue an Annual Compliance Determination regarding market dominant product service performance for that fiscal year within 90 days of receipt of the ACR.

This question asks for disclosure of the number of facilities that are currently planned to be closed in FY 2011. While sections 3652 and 3653 do not contemplate such inquiries, the Postal Service is nonetheless willing as a matter of discretion to reveal that no current plan has yet been set to close a certain number of retail facilities, let alone particular types. There is a plan to develop criteria for determining the types and numbers of retail facilities that may be considered for potential closure or consolidation, to seek authority from the Board of Governors to pursue such a plan, to consider carefully the Postal Service's obligations under sections 404 and 3661 with respect to any such plan, and to proceed accordingly.

14. For FY 2011, the Postal Service identifies as a strategic initiative reducing energy use. 2010 ACR USPS-FY10-17. No quantifiable FY 2011 target was set. Please specifically identify the energy reduction programs and quantify the energy use reductions planned for FY 2011.

RESPONSE:

The Postal Service's energy reduction programs are described in the FY 2010 Strategic Sustainability Performance Plan (http://www.usps.com/green/sspp/2010/overview/summary.htm).

The Postal Service tracks progress against its Energy Reduction goal as part of the National Performance Assessment (NPA) process. We have created an overall NPA Energy Index to track the Postal Service's reduction of facility electricity usage and petroleum-based fuel usage in postal owned-vehicles.

Annually, we develop specific targets for the NPA Energy Index that, if achieved, would enable the Postal Service to comply with the goals of the Energy Independence Security Act (EISA) of 2007. EISA requires a 30 percent reduction in facility energy intensity by 2015 (versus 2003) and a 20 percent reduction in petroleum-based fuel consumption in postal owned-vehicles by 2015 (versus 2005).

Our FY 2011 NPA Energy Index reduction target is - 4.1 percent to achieve a 6 block (contributor). This Index score is based on achieving in FY 2011 a 4.5 percent reduction of petroleum fuel usage in our owned fleet and a 3.5 percent reduction in our facility electricity usage. Progress against this Energy Index is published monthly as part of the NPA process. The complete USPS NPA Energy Index metric description

can be found at

(http://pnpa.usps.gov/pls/pnpanp/docs/npa_energy_red_2011.htm#Description).

Please note that the NPA Energy Index reduction target is not included as one of the corporate indicators in the 2011 Annual Performance Plan; however, it is included as a compensable indicator for multiple functional managers.

15. In response to Chairman's Information Request No. 3, question 2 of the 2010 ACR, the Postal Service provided the information shown in columns (a), (b) and (c). Column (d) is the actual difference when columns (a) and (b) are subtracted. Please explain why the calculated differences in column (d) do not match those provided in column (c).

As Reported in Response to CHIR 3, Question 2

Change in the Number of Collection Boxes from the Beginning to End of FY 2010

Area	FY 2010 Beginning of Year (a)	FY 2010 End of Year (b)	Number of Collection Boxes Removed as Reported in CHIR 3, Q2 (c)	Calculated Boxes Removed (d)
Capital Metro	14,111	14,049	145	62
Eastern	28,759	27,647	1,256	1,112
Great Lakes	22,647	22,298	475	349
Northeast	34,063	33,258	911	805
Pacific	20,349	20,039	424	310
Southeast	15,012	14,170	1,019	842
Southwest	12,467	12,018	580	449
Western	27,055	26,641	575	414
Total	174,463	170,120	5,385	4,343

RESPONSE:

The numbers in column (c) are taken from the "Deleted Boxes" table in the Collection Point Management System. The table records collection boxes that are deleted from the database. The database does not record added collection boxes, and there is no way to know for sure if the same box was merely taken out of service on a temporary basis and added back later. Even if a deleted collection box is eventually added back, it will have a new identifier, and the deletion of the earlier unique identifier is counted as such.

The numbers in column (d) simply show the difference between the year-begin and year-end total number of collection box records. They do not necessarily indicate

how many collection boxes were temporarily or permanently deleted during the course of the year, because the year-end number would also count collection boxes that were added or restored. Therefore, the difference figures in column (d) are lower than the numbers of deleted collection boxes in column (c).

16. Please provide the minimum required sample size (usable IMb data points) to achieve a level of precision of +/- 3 percent for service performance measurement at the district, area, and national level for each of the products listed below:

Intelligent Mail Performance Reporting

First Class Mail:
- Bulk Letters/Postcards
  - Overnight
  - Two-day
  - 3/4/5-day
- Flats*
  - Overnight
  - Two-day
  - 3/4/5-day

Standard Mail:
- Destination Entry
  - High Density and Saturation Letters
  - High Density and Saturation Flats/Parcels
  - Carrier Route
  - Letters
  - Flats
  - Not Flat-Machinables (NFMs)/Parcels
- End-to-End
  - High Density and Saturation Letters
  - High Density and Saturation Flats/Parcels
  - Carrier Route
  - Letters
  - Flats
  - Not Flat-Machinables (NFMs)/Parcels

Periodicals:
- Within County
- Outside County

Flats* - Semi-permanent exception requested for district level Reporting- RM2010-4

RESPONSE:

In the category of First-Class Mail Flats, the estimated number of usable pieces to measure the single-piece portion at +/-3 percent margin of error with 95 percent confidence level is 875 pieces per destination district each quarter. The measurement approach for that would be the EXFC system.

Achieving +/-3 percent margin of error at the district level for origin/destination composite on-time service performance estimates using the hybrid measurement approach is dependent upon both having sufficient usable Intelligent Mail®-barcoded pieces available for measurement of Leg 1, from start-the-clock to the anticipated delivery date based on final automated processing, and sufficient pieces available for measurement of Leg 2 or the last mile, the time from anticipated delivery to actual delivery. The combination of these two legs into end-to-end scores and variances requires complex calculations that make it difficult to estimate a precise number of pieces required to achieve +/-3 percent margin of error for every case as requested.

In the case of commercial mail products being measured through the Intelligent Mail® Accuracy and Performance System (iMAPS), there is rarely the situation in which there are some mail pieces available for measurement for a particular reporting level but the volume of pieces does not achieve +/-3 percent or lower margin of error at a 95-percent confidence level. Typically there are tens of thousands and in many cases, millions of pieces available for measurement of Leg 1. However, there are some cases where there are currently no data available for a particular service standard group and district due to a lack of participating mailers

sending a certain type mail from a particular location. For example, if there were no Full-Service Intelligent Mail users sending Presort First-Class Mail from Chicago, there would be no available data on which to report Chicago overnight service performance results for Presort First-Class Mail. Similar situations may exist in Standard Mail End-to-End categories.

17. In its response to CHIR No. 1, Question 3(d) in Docket No. RM2011-1, the Postal Service computed a minimum sample size of 875 pieces for First-Class Mail Flats at the district level per destinating district resulting in a useable data sample size of 200,000 pieces per quarter at a +/- 3 percent level of precision. However, if a 95 percent confidence level is assumed, approximately 300,000 pieces per quarter of useable data would be needed. What is the targeted confidence level in the IBM/iMaps service performance measurement system for FY2011 and when completely operational?

RESPONSE:

In forming confidence intervals for the service performance estimates based on sampling or sampling-like systems such as EXFC, the standard practice has been to use a 95-percent confidence level. Therefore, 95 percent is the targeted confidence level for iMAPS in FY2011 and in the future.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

_____
Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260–1137
(202) 268-2992, FAX: -5402
March 4, 2011