

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

MODIFICATION OF ANALYTIC PRINCIPLES IN
PERIODIC REPORTING (PROPOSALS NINE
THROUGH TWELVE)

Docket No. RM2011-5

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-2 OF CHAIRMAN'S INFORMATION REQUEST NO. 4
(April 8, 2011)

The Postal Service hereby files its responses to questions 1-2 of Chairman's Information Request No. 4, issued on April 4, 2011. Each question is stated verbatim, and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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April 8, 2011

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 4**

1. The Postal Service distributes City Carrier In-Office activity to country groups on the basis of direct tallies. Please provide the rationale for not using both direct and mixed tallies.

RESPONSE:

Compared to mail processing activities, in-office activities for city carriers result in a relatively small percentage of mixed-mail tallies in In-Office Cost System (IOCS) data. Thus, using only direct tallies to distribute costs, as opposed to direct plus distributed mixed-mail tallies, has a relatively small effect on measured volume-variable costs.¹ Since many International Mail products have very few direct tallies in city carrier in-office activities, the Postal Service believes that the value of mixed-mail information is outweighed by potential problems of thin distribution key data.

¹ The current CRA methodology distributes carrier mixed mail costs by route type and basic function, and is more fully described in the Summary Description of Cost Segments, Appendix E. It is implemented by the ALBCARMM program; see USPS-FY10-37, In-Office Cost System (IOCS) Statistical and Computer Documentation.

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2. The Postal Service distributes attributable costs for Supervisors in Cost Segment 2 to country groups in proportion to the distribution of corresponding Cost Segment 3 attributable costs. Please provide the rationale for this approach rather than using both the direct and mixed tallies for Supervisors.

RESPONSE:

This approach is consistent with the cost methodology for Cost Segment 2, which considers supervision costs as being "caused" by the craft labor being supervised. Thus, supervision costs are piggybacked on the cost components (mail processing, delivery, etc.) being supervised. Accordingly, IOCS tallies for supervisors record the craft labor function being supervised, and do not result in direct or mixed-mail tallies. As a practical matter, supervisory work generally does not involve handling of mail.

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.

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