

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

Accepted 12/8/2011

PERIODIC REPORTING
(PROPOSALS NINE THROUGH FIFTEEN)

Docket No. RM2012-1

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-5 OF CHAIRMAN'S INFORMATION REQUEST NO. 1
(December 8, 2011)

The Postal Service hereby provides its responses to Questions 1 through 5 of Chairman's Information Request No. 1, issued on December 1, 2011. Each question is stated verbatim and followed by the response.

Respectfully submitted,

United STATES POSTAL SERVICE

By its attorneys:

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

Nabeel R. Cheema

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-7178; Fax -5402
December 8, 2011

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 1 (Proposal Ten)

The Postal Service's petition states that on June 24, 2011, the Postal Service began allocating the revenue for Undeliverable-As-Addressed (UAA) Parcel Select pieces to the Parcel Select product. See Petition at 6. Under Proposal Ten, the Postal Service will assign the related UAA Parcel Select IOCS tallies to the Parcel Select product. Please explain if this change in the treatment of UAA Parcel Select IOCS tallies applies solely to tallies incurred after June 24, 2011, or to all FY 2011 IOCS tallies associated with UAA Parcel Select.

RESPONSE:

This change will apply solely to tallies after June 24, 2011. Please note, however, that, the impacts listed in the Postal Service's Petition were calculated assuming that Proposal Ten was in effect for the entire year of FY 2010. The same is true for the calculations in ChIR1.Q2.Nonpublic.xls, provided in response to Question 2 of this Information Request.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 2 (Proposal Ten)

Please provide an electronic spreadsheet showing how the Postal Service calculated the 5 percent decrease in Parcel Post tallies and the 9 percent increase in Parcel Select tallies. Please include all input data used in the calculation.

RESPONSE:

Please see ChIR1.Q2.Nonpublic.xls, filed under seal in USPS-RM2012-1/NP2.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 3 (Proposal Twelve)

Please refer to Proposal12.xls, tab CRA-PRESORT LETTERS. Confirm that cell G60 should be added to the Total Assigned Fixed Cents cell. If confirmed, please provide an updated version of Proposal12.xls. If not confirmed, please explain.

RESPONSE:

The Postal Service is unable to confirm.

It is the Postal Service's understanding that, absent a 39 C.F.R. § 3050.11 proceeding to change analytical principles that results in Commission approval of a new model, the Postal Service is obligated to use the Commission's latest approved models. The latest Commission-approved Standard Mail presort letters mail processing cost model was furnished by the Commission alongside Order No. 741 (in which the Commission ruled on Proposal Nine from Docket No. RM2011-5).¹ Therefore, as a starting point for the changes proposed in Proposal Twelve, the Postal Service used the Order No. 741 model.²

The Order No. 741 model relies on the Commission's cost pool assignment method, which was introduced without the benefit of the public scrutiny afforded by a notice and comment proceeding, and which the Postal Service has neither supported nor fully understood. Thus, the Postal Service is not well situated to decide whether cell G60 should be included in cell G78.

¹ See PRC-RM2011-5-LR3, Docket No. RM2011-5 (June 3, 2011).

² As alluded to in the Postal Service's description of Proposal Twelve, the Postal Service had reservations regarding the Order No. 741 model, but it was nonetheless obligated to use the model. See Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposals Nine - Fifteen), Docket No. RM2012-1 (Nov. 1, 2011), at 11 (noting that the Order No. 741 model "contained a mixture of 2009 and 2010 input data").

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Nonetheless, the Postal Service is filing with this response an Excel workbook (ChIR1.Q3.xls) that contains a model in which cell G60 is added to the IF/THEN formula in cell G78 in the "CRA – PRESORT LETTERS" tab. If, in fact, cell G60 should be included in cell G78, the Postal Service would appreciate an expeditious statement thereto from the Commission, so that the Postal Service can correct this error in the models it is currently using to prepare the FY 2011 Annual Compliance Report.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 4 (Proposal Fifteen)

Please confirm that the "Return Receipt Unit Cost (Original)" should be \$1.8036 or \$1.804 rounded. See Petition at 24 and Docket No. ACR2010, USPS-FY10-28, Attachment 13, page 5 of 8. If you are unable to confirm, please explain the development of \$1.836 and provide electronic spreadsheets showing its derivation.

RESPONSE:

Confirmed.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 1**

Question 5 (Proposal Fifteen)

The Postal Service proposes to update the methodology used to calculate the unit costs for Return Receipts. However, the Petition did not include the updated Return Receipt cost model. Please provide the updated cost model that incorporates the proposed methodological changes.

RESPONSE:

Please see ChIR1.Q5.xls, filed with this response.