

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

ANNUAL COMPLIANCE REPORT, 2011

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RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-17 OF CHAIRMAN'S INFORMATION REQUEST NO. 3
(February 14, 2012)

The United States Postal Service hereby provides its responses to Questions 1 through 17 of Chairman's Information Request No. 3, issued on February 7, 2012. Responses are due today. Each question is stated verbatim and is 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

Laree K. Martin

David H. Rubin

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-7178; Fax -6187
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Question 1

Please refer to Postal Service's Response to Chairman's Information Request No. 1, question 1. For the discounts for Automation AADC Letters, 5-Digit Automation Letters, Mixed AADC Automation Cards, AADC Automation Cards, 5-Digit Automation Cards, ADC Automation Flats, 3-Digit Automation Flats, QBRM Letters and QBRM Cards the Postal Service justifies the above 100 percent passthroughs in FY 2011 by the exception granted in 39 U.S.C. § 3622(e)(2)(B). Please provide qualitative description and/or quantitative analysis (*e.g.*, economic damage or disruption to business plans) to support use of this exception.

RESPONSE:

Please see the revised response to Question 1 of Chairman's Information Request No. 1, filed today.

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Question 2

Please refer to the response to CHIR No. 1, question 29(a-b), which provided the final CY 2010 annual and CY 2011 preliminary year-to-date monthly (January-November) quality of service measurement results for the link to terminal dues. Please explain the causes of the change in the CY 2011 year-to-date on-time percent performance compared with the CY 2010 annual performance for letterpost items.

RESPONSE:

There were several factors that may have contributed to the change in the CY 2011 year-to-date percent performance compared with CY 2010. A notable factor was the relatively high incidence of weather-related disturbances in January, February and August 2011 that affected transportation and service performance. The Postal Service submitted *force majeure* cases (to exclude test items due to *force majeure*) to the appropriate body of the Universal Postal Union, the Validation and Review Committee (VRC). The VRC accepted all Postal Service *force majeure* requests in 2010, but it rejected all but a portion of February in CY 2011.

Additionally, a labor strike of Canada Post Corporation's workforce lasted from June 2 through June 27. During that time all Canadian Offices of Exchange were closed and did not accept or dispatch mail. When Canada Post resumed operations, much larger volumes of mail were dispatched in a shorter period of time.

Also in 2011, the Postal Service relocated international processing operations for First-Class inbound letters and flats from the New York JFK International Service Center to Morgan Processing and Distribution Center in Manhattan, New York. This initiative required changes in facility operating plans and employee reassignments and training, for instance, in handling of international inbound letter post that does not have the same

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address hygiene as domestic mail. Changes of this nature often disrupt usual service performance for some period of time until the new conditions become routine.

Finally, the CY 2011 results include some large-volume countries that did not participate in the Terminal Dues Quality Link, but did participate in the Global Monitoring System (GMS). These GMS countries do not separate and face mail items in trays; instead, they use bundles of mail in bags, which take much more time to process than mail separated by shape and contained in letter trays and flat tubs. Despite the fact that these countries do not adhere to the mail preparation standards necessary to support achieving the targets for the quality link to terminal dues, their volumes were included in the service measurement results.

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Question 3

Please refer to the response to CHIR No. 1, question 31, concerning the Foreign Postal Settlement (FPS) system, where it states that "All of the files in the IAB Files as Provided directory in the Supporting Files folder of USPS-FY11-NP2 were generated using FPS reports and data extracts of the inbound and outbound mailings received and dispatched during FY2011." Given the response above, please explain why the financial results presented FY 2011 ICRA are reported under both the "booked" and "imputed" methodologies, as provided in the Excel files Reports (Booked).xls and Reports.xls, respectively.

RESPONSE:

Although FPS reports and data extracts served as the basis for the calculations described in Chapters 5 and 6 of USPS-FY11-NP5, those calculations were not identical to the calculations used to generate the General Ledger amounts. The ICRA calculations described in NP5 continue the same methodology that preceded the development and implementation of FPS. The General Ledger calculations employed different calculations that evolved during the implementation of FPS. For instance, the ICRA calculations rely on an average quarterly International Monetary Fund (IMF) SDR to U.S. dollar exchange rate and the General Ledger calculations rely on a monthly IMF SDR to U.S. dollar exchange rate established at the beginning of each month. As a result, even though the same volumes and weights are used for both the ICRA and the General Ledger, the different exchange rates yield different results.

The initial ICRA calculations produce the Imputed version as shown in the Reports.xls file. The Imputed results are then benchmarked to the General Ledger results at the total level to produce the Booked version as shown in the Reports (Booked).xls file. The Imputed and Booked versions differ to the extent of the benchmarking.

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The Postal Service is examining how to more closely reflect the FPS and General Ledger results in the FY12 ICRA.

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Question 4

Please refer to the response to CHIR No. 1, question 35(b), where it states that the Postal Service "changed the operating procedures" so that Inbound Registered Mail "pieces would travel in the regular letter and flat mailstream through mail processing plants, rather than the domestic Registered mailstream."

- a. Please identify the fiscal year in which the changed operating procedures were fully implemented.
- b. Please explain how these changed operating procedures, and the effect of "encirclement rules used in the IOCS," caused an increase in mail processing costs for Inbound Registered Mail.

RESPONSE:

- a. The procedures were fully implemented at the International Service Centers in FY2009. However, the degree of compliance with procedures to isolate inbound Registered at delivery units is not known.
- b. Mail processing costs decreased by [redacted] percent and [redacted] percent in FY2009 and FY2010, respectively, with most of the cost reduction in Registry units. The cost increases in FY2011 occurred primarily in customer service finance numbers. While IOCS encirclement rules are not the cause of the increase, these should be updated before concluding that inbound Registered does not cover its costs.

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Question 5

Please refer to the response to CHIR No. 1, question 36(a), concerning the absence of volume data for the IMTS-Inbound product. In Docket No. RM2011-5, the Postal Service stated that for the IMTS-Inbound product the "POS [Point of Sale (POS) System] keeps track of the volume for cashed paper money orders, and can distinguish between domestic and international money orders cashed. The international volume can be retrieved via a specific IT query." Response to CHIR No. 1, question 1. Please discuss the Postal Service's plan to use the POS System to determine volume data for the IMTS-Inbound product.

RESPONSE:

The Inbound IMTS product can be presented at both POS-enabled and non-POS-enabled offices. At this time, the Postal Service has no method for retrieving Inbound IMTS product information from the non-POS-enabled offices. Therefore, volume data for the overall Inbound IMTS product is not available. For this reason, the Postal Service currently has no plans to use the POS System to determine volume data for the IMTS-Inbound product.

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Question 6

Please refer to the response to CHIR No. 1, question 37, concerning Outbound Single-Piece First-Class Mail International to Canada under the "booked" methodology.

- a. Please provide the amount of the Postal Service's "overpayments of prior years' provisional payments" to Canada Post for outbound letterpost by fiscal year.
- b. Please explain why a single prior period adjustment for overpayments in a number of prior years was made in FY 2010 rather than on an annual basis following the year of the overpayment.
- c. Please confirm that during the fiscal years identified in response to subpart (a) above, costs for outbound letterpost to Canada were higher and the cost coverage lower as presented in the ICRA for the identified fiscal years than if those overpayments had not occurred. If not confirmed, please explain.
- d. Please confirm that the FY 2010 prior period adjustment resulted in lower costs for outbound letterpost to Canada and a higher cost coverage presented in the FY 2010 ICRA than if the prior period adjustment for the overpayments had not been made. If not confirmed, please explain.
- e. Please refer to USPS-FY10-NP2, Excel file Reports.xls, worksheet A-Pages (md), Table A-1, which shows that costs exceed revenues for Outbound Single-Piece First-Class Mail International to Canada under the "imputed" methodology. Please provide the amount of the "overpayments of prior years' provisional payments" by fiscal year and the amount of FY 2010 prior period adjustment under the "imputed" methodology.

RESPONSE:

- a. None of the prior year's provisional payments were to Canada Post for Outbound Letterpost. It is important to keep in mind that the Booked version of the ICRA agrees with the Accounting amounts at the total level, not at a country-specific level. The Imputed version of the ICRA is first developed as generally described in part e of this question. The Imputed results are then benchmarked to the Accounting totals. This means that a country, such as Canada, would

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receive the benchmarking impact regardless of whether it actually was part of a particular Accounting effect, such as a provisional payment.

- b. Provisional payments, according to the UPU required formula, in year X are based on the volumes in year X – 1 as an estimate for the volumes that will occur in year X. With declining mail volumes, year X – 1 volumes overestimate the volumes in year X. As a result, the provisional payments in year X are greater than the payments for actual volumes. Additionally, the pre-FPS accounting methodology relieved the provisional payment balance more slowly because it extinguished the net of the receivables and payables processed each month. These combined to cause adjustments for prior periods to extend beyond a single year.

FPS improves on this by offsetting the provisional payment against the payables balance only; thus, it extinguishes the provisional payment more quickly. If the provisional payment balance is not extinguished by the end of the calendar year for which it was issued, the receivables will be established immediately.

- c. Confirmed for the Booked version shown in the Reports (Booked).xls file.
- d. Confirmed for the Imputed version shown in the Reports.xls file.
- e. There were no overpayments of prior years' provisional payments in USPS-FY10-NP2 under the Imputed methodology. The Imputed methodology uses the volume and weight activities during a fiscal year, the average quarterly IMF exchange rate and the applicable country settlement rates to calculate the fiscal year settlements reported in the ICRA. The goal is to reflect only the

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activity within a fiscal year; thus, there are no adjustments for prior periods in the Imputed version of the ICRA.

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Question 7

Please refer to USPS-FY11-NP2, Excel files NSA Summary (Booked).xls and NSA Summary (Imputed).xls.

- a. In the worksheet tab Summary, costs exceeded revenues for the Global Plus 2A product based upon both the "booked" and "imputed" methodologies. Please explain why costs exceed revenues for the product and describe what steps the Postal Service will take to ensure that revenues exceed costs for this product in the future.
- b. The worksheet tab Summary does not provide any financial performance data for the Global Plus 1 or 2 products. Please explain, and include any applicable data.
- c. Please reconcile the booked and imputed pieces for the Global Plus 1A, 1B, 2A, and 2B products shown in USPS-FY11-NP2, Excel files NSA Summary (Booked).xls and NSA Summary (Imputed).xls, and the worksheet tabs Summary to the booked and imputed pieces provided for such products in USPS-FY11-NP2, Excel files Reports (Booked).xls and Reports.xls, worksheet tabs A Pages (c), Table A-2, respectively.
- d. The worksheet tab Summary does not provide any financial performance data for Inbound Surface Parcel Post (at non-UPU rates). Instead, a single line entry for Inbound Surface Parcel Post (at non-UPU rates), indicates that "Products are included in Group (Agreements)." Please provide the revenue, volume variable cost, product specific costs (if any), pieces, and net/gross pounds for each agreement/contract (identified by docket number, name of company/operator and, if applicable, agreement/contract number) for Inbound Surface Parcel Post (at non-UPU rates) that is "included in Groups (Agreements)."
- e. In worksheet tab IBRS, cell A9 consists of the word "Agreement" instead of a docket number. Please explain the absence of a docket number.

RESPONSE:

- a. The GBE portion of the product showed costs exceeding revenues. The financial models were based on the FY09 ICRA. Costs exceeded the projected costs because international transportation and settlement expenses were greater than expected. GBE rates have been raised by [redacted] percent for Calendar Year 2012. The financial models filed with the Global Plus 2C agreements

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project total cost coverage of [redacted] percent for the agreement filed in PRC Docket No. CP2012-10 and [redacted] percent for the agreement filed in PRC Docket No. CP2012-11.

- b. There were no Global Plus 1 or 2 products during FY11.
- c. The total pieces shown in USPS-FY11-NP2, Excel files Reports (Booked).xls and Reports.xls, worksheet tabs A Pages(c), Table A-2 are the sum of the Global Plus 1A, Global Plus 2A, Global Plus 1B and Global Plus 2B pieces shown in column F of USPS-FY11-NP2, Excel files NSA Summary (Booked).xls and NSA Summary (Imputed).xls, respectively. Specifically, summing the amounts shown on lines 151, 156, 161 and 166 of column F yields the totals shown on the A Pages.
- d. Reports (Booked).xls shows the performance data for Inbound Surface Parcel Post at non-UPU rates on line 98 of the A Pages (c) tab. The note that "Products are included in Group (Agreements)" explains that the Inbound Surface Parcel Post (at non-UPU rates) is included with the appropriate agreement, in this case as part of the Canada bilateral agreement as Expedited Parcel data.
- e. At the time, the docket number had not been assigned. The total revenue is [redacted].

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Question 8

The following questions concern outbound competitive international negotiated service agreements (NSAs) for Global Expedited Package Services (GEPS) Contracts.

- a. In USPS-FY11-NP2, Excel file Reports (Booked).xls, worksheet tab A Pages (c), Table A-2, the Postal Service reports the financial results for the GEPS products in a single entry, Global Expedited Package Services (GEPS) Contracts. The competitive product list identifies three products under the heading Global Expedited Package Services (GEPS) Contracts: GEPS1, GEPS2, and GEPS3. For the GEPS1, GEPS2, and GEPS3 products, please provide the revenue, volume variable cost, product specific costs (if any), pieces, and net/gross pounds for each agreement/contract (identified by docket number, name of company/operator and, if applicable, agreement/contract number) used to derive the revenue, cost, volume, and weight figures for GEPS Contracts shown in Table A-2.
- b. Please reconcile the revenue, pieces, pounds, volume variable cost, and contribution for the GEPS1, GEPS2, and GEPS3 products shown in USPS-FY11-NP2, Excel file NSA Summary (Booked).xls, worksheet tab Summary with the revenue, pieces, pounds, volume variable cost, and contribution provided for such products in response to subpart (a), above.
- c. Please respond to subparts (a)-(b), above, with reference to the Excel file Reports.xls, worksheet tab A Pages (c), Table A-2 and the Excel file NSA Summary (Imputed).xls, worksheet tab Summary.

RESPONSE:

- a. Please see the Booked tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34.
- b. Please see the Booked tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34, particularly the notes in lines 5 and 6.
- c. Please see the Imputed tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34, and the reconciliation explained in lines 5 and 6.

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Question 9

The following questions concern outbound competitive international negotiated service agreements for Global Reseller Expedited Package (GREPS) Contracts.

- a. In USPS-FY11-NP2, Excel file Reports (Booked).xls, worksheet tab A Pages (c), Table A-2, the Postal Service reports the financial results for the GREPS product in the entry Global Reseller Expedited Package Contracts. Please provide the revenue, volume variable cost, product specific costs (if any), pieces, and net/gross pounds for each agreement/contract (identified by docket number, name of company/operator and, if applicable, agreement/contract number) used to derive the revenue, cost, volume, and weight figures for GREPS Contracts shown in Table A-2.
- b. Please reconcile the revenue, pieces, pounds, volume variable cost, and contribution for the GREPS Contracts product shown in USPS-FY11-NP2, Excel file NSA Summary (Booked).xls, worksheet tab Summary with the revenue, pieces, pounds, volume variable cost, and contribution provided for this product in response to subpart (a), above.
- c. Please respond to subparts (a)-(b), above, with reference to the Excel file Reports.xls, worksheet tab A Pages (c), Table A-2, and the Excel file NSA Summary (Imputed).xls, worksheet tab Summary.

RESPONSE:

- a. Please see the Booked tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34.
- b. Please see the Booked tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34, particularly the notes in lines 5 and 6.
- c. Please see the Imputed tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34, and the reconciliation explained in lines 5 and 6.

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Question 10

The following questions concern outbound competitive international negotiated service agreements for Global Expedited Package Services (GEPS)—Non-Published Rates (GEPS—NPR) Contracts.

- a. In USPS-FY11-NP2, Excel file Reports (Booked).xls, worksheet tab A Pages (c), Table A-2, the Postal Service reports the financial results for the GEPS-NPR product in the entry Global Expedited Package Services (GEPS)—Non-Published Rates. Please provide the revenue, volume variable cost, product specific costs (if any), pieces, and net/gross pounds for each agreement/contract (identified by docket number, name of company/operator and, if applicable, agreement/contract number) used to derive the revenue, cost, volume, and weight figures for Global Expedited Package Services (GEPS)—Non-Published Rates shown in Table A-2.
- b. Please reconcile the revenue, pieces, pounds, volume variable cost, and contribution for the Global Expedited Package Services (GEPS)—Non-Published Rates product shown in USPS-FY11-NP2, Excel file NSA Summary (Booked).xls, worksheet tab Summary with the revenue, pieces, pounds, volume variable cost, and contribution provided for this product in response to subpart (a), above.
- c. Please respond to subparts (a)-(b), above, with reference to the Excel file Reports.xls, worksheet tab A Pages (c), Table A-2, and the Excel file NSA Summary (Imputed).xls, worksheet tab Summary.

RESPONSE:

- a. Please see the Booked tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34.
- b. Please see the Booked tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34, particularly the notes in lines 5 and 6.
- c. Please see the Imputed tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34, and the reconciliation explained in lines 5 and 6.

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Question 11

The following questions concern inbound competitive international negotiated service agreements for Inbound International Expedited Services.

- a. In USPS-FY11-NP2, Excel file Reports (Booked).xls, worksheet tab A Pages (c), Table A-2, the Postal Service reports the financial results for Inbound International Expedited Services in a single entry, Inbound International Expedited Services. The competitive product list identifies three current products under the heading Inbound International Expedited Services: Inbound International Expedited Services 2, Inbound International Expedited Services 3, and Inbound International Expedited Services 4. Please provide the revenue, volume variable cost, product specific costs (if any), pieces, and net/gross pounds separately for the EMS Cooperative and other agreement/contract (identified by docket number, name of company/operator and, if applicable, agreement/contract number) used to derive the revenue, cost, volume, and weight figures for Inbound International Expedited Services shown in Table A-2.
- b. Please reconcile the revenue, pieces, pounds, volume variable cost, and contribution for the Inbound International Expedited Services 2, Inbound International Expedited Services 3, and Inbound International Expedited Services 4 products shown in USPS-FY11-NP2, Excel file NSA Summary (Booked).xls, worksheet tab Summary with the revenue, pieces, pounds, volume variable cost, and contribution for such products provided in response to subpart (a), above.
- c. Please respond to subparts (a) and (b), above, with reference to the Excel file Reports.xls, worksheet tab A Pages (c), Table A-2 and the Excel file NSA Summary (Imputed).xls, worksheet tab Summary.

RESPONSE:

- a. Please see USPS-FY11-NP2, Core Files, Reports (Booked).xls, Pivot3, columns AO to AZ.
- b. Please see USPS-FY11-NP2, Core Files, Reports (Booked).xls, Pivot3, columns AS to AZ, lines 10, 17, 23 and 28. The sum of these lines equals the amounts shown USPS-FY11-NP2, Excel file NSA Summary (Booked).xls.

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- c. Please see USPS-FY11-NP2, Core Files, Reports.xls, Pivot3, columns AO to AZ.
From columns AS to AZ, the sum of lines 10, 17, 23 and 28 equal the amounts
shown in USPS-FY11-NP2, Excel file NSA Summary.xls.

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Question 12

Please refer to USPS-FY11-NP2, Excel file Reports (Booked).xls, worksheet A Pages (md). Table A-2 references Global Direct Entry with Foreign Postal Administrations, which consists of arrangements with a number of countries for the entry of inbound mail. In Docket No. ACR2010, the Postal Service stated that it “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” as part of the market dominant product list. Response to CHIR No. 5, question 7(a)-(b). Please discuss the status of bilateral agreements with each country entering mail reported under Global Direct Entry with Foreign Postal Administrations and the likely addition of these agreements to the market dominant product list.

RESPONSE:

In response to Chairman's Information Request No. 2, Question 7, in this docket, the Postal Service provided revenue, volume-variable costs, pieces and net/gross pound for the arrangements that the Postal Service has with a few foreign postal administrations for the entry of inbound mail. In FY2011, such mail was received from the postal operators of five countries: Belgium, France, Germany, Singapore, and Switzerland. As the Postal Service stated in response to Chairman's Information Request No. 5, Question 7, in ACR2010 (which the Commission acknowledged on page 134 of its 2010 Annual Compliance Determination), these arrangements predate 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. During FY2011, the Postal Service worked on updating the arrangements and considered including some of the arrangements in broader bilateral agreements with the foreign operators. The Postal Service plans to continue its efforts to formalize

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these arrangements in the coming fiscal year and request to add the resulting bilateral agreements to the Mail Classification Schedule.

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Question 13

Please refer to USPS-FY11-NP2, and the Excel file Reports (Booked).xls, worksheet tabs A-Pages (md) and A-Pages (c). Also, please refer to USPS-FY11-NP30, and the Excel file Fy2011_RPWsummaryreport_restricted.xls, worksheet tab FY 2011. In worksheet tab FY 2011, the sum of revenue for Inbound Surface Parcel Post (at UPU rates) and Inbound Surface Parcel Post (at Non-UPU rates) does not equal the sum of revenue for these two products reported in worksheet tabs A-Pages (md) and A-Pages (c). Please reconcile the revenue figures for Inbound Surface Parcel Post (at UPU rates) and Inbound Surface Parcel Post (at Non-UPU rates), and in total.

RESPONSE:

Please see rows 24 through 27 of the "Revenue Reconciliation with RPW" tab of the Reports (Booked).xls file. Column C shows the RPW amounts for USPS-FY11-NP30, Column E shows the Imputed Reports.xls amounts and Column K shows the Reports (Booked).xls amounts. The total Inbound Parcel Post amounts for RPW and the Booked ICRA are reconciled by being equal, but differences arise when benchmarking the Imputed results to achieve that equality. For instance, RPW had no Inbound Air Parcel Post at non-UPU rates because RPW relied on last year's Booked ICRA as its revenue distribution key. During FY11 though, there was Inbound Air Parcel Post at non-UPU rates and TNT Inbound Air Parcel Post under Inbound Competitive Multi-Service Agreements with Foreign Postal Operators. Thus, it was necessary to include all of the parcel products shown in Column E when benchmarking to the RPW sum of rows 24 through 27 in Column C. The benchmarking results and reconciliation can be seen on the Question 13 tab of ChIR3.Q8-10.13.Nonpublic.xls, filed under seal in USPS-FY11-NP34.

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Question 14

In RM2011-12 (Order No. 658, January 28, 2011), the Commission accepted the Postal Service's Proposal Five to establish a separate FSS cost pool. At that time, the Postal Service reported the FSS cost pool would consist of MODS operations 530 (Stand Alone Mail Prep) and 538 (FSS DPS Mode). In USPS-FY11-7 (MOD1Pool.txt and MODS11.txt programs), the IOCS FSS-related tallies are mapped into MODS cost pools based on MODS operation codes 530 and 531-538. Please provide the MODS operation definitions for MODS operation codes 531 through 537.

RESPONSE:

MODS operation 531 is defined as "FSS DPS Mode," which is the same definition as MODS operation 538. As indicated in USPS-FY11-7, Table I-2B, there were 427 workhours associated with MODS operation 531 in FY2011, which is 0.016 percent of the workhours associated with the FSS cost pool. MODS operations 532 through 537 were reserved for undefined 'FSS operations' (see USPS-FY11-7, part 2) but were deactivated in March 2011 with no reported workhours.

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Question 15

Please provide the spreadsheets which calculate the workyears and the workyear conversion factor found in USPS-FY11-7 Part VIII, Productive Hourly Rates. Include all data sources and data used to compute the workyears and conversion factors.

RESPONSE:

The three linked Excel files included in ChIR3.Q15.zip, filed in USPS-FY11-47, contain the data sources and calculations required to calculate FY 2011 workyears and workhour conversion factors. To avoid any error messages, the three Excel files should either be opened simultaneously or in the following order: 1) RealTB11.xls; 2) Input_12.xls; 3) Wkyrcalc_11.xls.

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Question 16

Please describe the Postal Service's current plans regarding its collection box network and its improvement.

RESPONSE:

The Postal Service is taking a more active top-down management approach to its collection box network. The aim is to ensure convenient customer access to collection boxes, which may require relocation of boxes to higher traffic areas (grocery stores, shopping centers and public gathering locations) while minimizing unwarranted collection box removals. In particular, Area offices are examining collection box schedules and locations, and must approve local collection system changes. The need for a time decal box (last collection 5:00 p.m. or later) is now defined in terms of a threshold number of average daily pieces. A business requirement for making a pickup time earlier must justify any such changes; this has stabilized last pickup times (less than one percent changed in the last year). Use of high density boxes in locations with multiple boxes help reduce cost without impacting customer convenience. The number of minutes between nominal (posted) and actual pickup times has been narrowed to twenty. These active Postal Service plans improve management of the collection box network.

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Question 17

Please provide a list of the locations and start dates for the Village Post Offices currently in operation.

RESPONSE:

Supplier	Address	City	ST	ZIP	Open Date
Red's Hop N Market – Malone	PO Box 897	Malone	WA	98559-9897	8/12/11
Nixons Grocery – Brant	15998 Brandt Rd	Brant	MI	48614-2502	10/21/11
Twining Market LLC – Twining Market	105 N State Rd	Twining	MI	48766-9664	10/21/11
Black River Party Store – Onaway	7951 Black River Ave	Onaway	MI	49765-8516	10/28/11
Star Market – Star Tannery	2523 Gravel Springs Rd	Star Tannery	VA	22654-2213	10/28/11
Glenn Hardware – Glenn	5023 Hickory Hill Ln	Kalamazoo	MI	49009-9557	11/16/11
Sherry's Quickmart – Doe Run	3229 Hwy 221	Doe Run	MO	63637-3219	11/22/11
Valley Check Cashing Plus – Meniffee	23971 Newport Dr	Meniffee	CA	92587-9015	11/22/11
Macdonough's Valley Hardware – Keene Valley	1901 Nys Rt 73	Keene Valley	NY	12943-9998	12/5/11