

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

PERIODIC REPORTING
(PROPOSALS ONE THROUGH TWO)

Docket No. RM2014-4

**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1-3 OF CHAIRMAN'S
INFORMATION REQUEST NO. 1
(May 2, 2014)**

The United States Postal Service hereby provides its responses to Questions 1-3 of Chairman's Information Request No. 1, dated April 25, 2014. The questions are stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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May 2, 2014

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1. Proposal One notes that two new trial balance accounts were created in April, 2013 for the use of reply mail and merchandise return services. Proposal One at 7.
 - a. Please provide the account numbers, any relevant sub-account numbers, and a description of the new trial balance accounts. Please provide this information in the same format as would be used in Handbook F-8, the General Classification of Accounts.
 - b. Please provide the amounts that were recorded for each of the two newly created accounts, disaggregated by month.

RESPONSE:

- a) The account, sub-account and description are:

Product	Account/Sub-Account	Description
Business Reply Mail	41511.274	Postage fees deducted from a trust account for BRM service provided to permit holder to receive First-Class and Priority Mail back from customers. Must use PS Form 3582-P.
Merchandise Return Service	41424.281	Merchandise return service postage fees deducted from a merchants trust account for items that are returned from customers.

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b) The FY2013 revenues for these accounts by month, which began in April 2013 are:

Month	ACCOUNT 41511.274	ACCOUNT 41424.281
April	\$11,594,241.00	\$1,883,813.00
May	\$34,615,139.00	\$6,569,246.00
June	\$21,827,945.00	\$5,708,585.00
July	\$34,028,222.00	\$5,117,115.00
August	\$35,599,878.00	\$5,226,441.00
September	\$40,013,425.00	\$4,792,099.00

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2. The Proposal One table as shown at page 10 indicates that the Postal Service would recognize almost \$8 million in additional revenue from the proposal. Is there a corresponding decline in other Postal Service revenue or are the total revenues reported through quarter three of FY 2013 \$8 million higher than originally reported?

RESPONSE:

If Q1 FY2013 through Q3 FY2013 BRM, MRS and IBRS data would have been used in the RPW report, revenue would have been \$8M higher for these products. However, the total RPW reported revenue for this time period would not be changed because the total revenue in RPW is controlled by the total revenue from all Accounting Trial Balance or General Ledger (GL) accounts. The \$8M would have been redistributed within the RPW report through the Book Revenue Adjustment Factor (BRAAF) process and the below formula. See also Docket Number RM2011-11 for a description of the BRAAF process.

$$\text{BRAAF} = \frac{\text{Total Accounting USPS Revenue} - \text{Total RPW Census Revenue}}{\text{Total ODIS-RPW Single Piece Sampling Revenue}}$$

We use the BRAAF to adjust the ODIS-RPW single piece products identified in the denominator of the BRAAF where there is no available Census source. These three products identified in this filing are moved from being estimated by the ODIS-RPW system and included in the denominator of the BRAAF to a census source tied to GL accounts and included in the numerator of the BRAAF. The application of a revised BRAAF to the remaining single-piece products would ensure that revenue is 'tied out' to the total Accounting revenue.

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3. The Postal Service proposes to use census data collected from the PostalOne system in lieu of data provided by probability sampling via the Origin-Destination Information System - Revenue, Pieces, and Weight (ODIS-RPW) for Business Reply Mail (BRM), Merchandise Return Service (MRS), and International Business Reply Mail Service (IBRS) products and applying an adjustment factor to estimate transactions in non-PostalOne post offices.
 - a. Please provide an approximate percentage of total IBRS volume originating from non-PostalOne offices.
 - b. Please explain the PostalOne interface used to tabulate data collected on IBRS transactions, specifically differentiating these transactions from BRM transactions.
 - c. Please provide a brief explanation of other data points collected in PostalOne on IBRS transactions.

RESPONSE:

- a) Based on the data shown in the table the approximate percentage of total IBRS volume originating from non-PostalOne offices is less than 0.1 percent.

Estimated Non-PostalOne Volume By Product Type

Product Type	April	May	June	July
Non-PostalOne IBRS	159	148	46	70
Total Volume (Non-PostalOne)	173,116	236,869	92,074	160,414
% IBRS (Non-PostalOne)	0.09%	0.06%	0.05%	0.04%

Please note that the above calculation did not consider the promotion credit (June).

- b) We use unique Volume Information Profile (VIP) codes to identify IBRSs. Every product in PostalOne system has its own VIP code. Every product VIP code is recorded at each transaction along with its revenue, piece, and weight. These records then are stored in the PostalOne database. Therefore, we are able to

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identify each product and are able to separate IBRS from BRM using their unique
VIP codes.

c) Please see the response to part b of this question