

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2014

Docket No. ACR2014

CHAIRMAN'S INFORMATION REQUEST NO. 4

(Issued January 29, 2015)

To clarify the basis of the Postal Service's estimates in its FY 2014 Annual Compliance Report (ACR), filed December 29, 2014, the Postal Service is requested to provide written responses to the following questions. Answers should be provided to individual questions as soon as they are developed, but no later than February 6, 2015.

First-Class Mail

1. For the discount between 3-Digit Automation Flats and 5-Digit Automation Flats, the Postal Service identifies the exception claimed under 39 U.S.C. 3622(e)(2)(B) as justification for the passthrough exceeding 100 percent.
 - a. Please explain how this exception applies to this discount. Provide qualitative description and/or quantitative analysis (e.g., economic damage or disruption to business plans) to support use of this exception.
 - b. Please provide a schedule for phasing out the amount of the discount above costs avoided.

Package Services

2. In Library Reference USPS-FY14-3, Excel file "FY14.3 Worksharing Discount Tables.xlsx," tab "Bound Printed Matter Flats," the Postal Service does not provide workshare discount information for "Drop Ship (dollars / piece), Basic DFSS Flats, Basic Origin Flats." Please file a revised Library Reference USPS-FY14-3, Excel file "FY14.3 Worksharing Discount Tables.xlsx," with discount, avoided cost, and passthrough information for "Drop Ship (dollars / piece), Basic DFSS Flats, Basic Origin Flats."

Postal Service Supplemental Information in Response to Order No. 2313

3. Please refer to the Notice of the United States Postal Service of Filing Partial Supplemental Information in Response to Order No. 2313, January 15, 2015 (Supplemental Response). On page 4 of the Supplemental Response, the Postal Service states that it "continues using an 'FSS scorecard,' which measures critical aspects of FSS performance at each processing location...to develop a list of specific sites with the greatest opportunity for improvement."
 - a. Please provide the FSS scorecards for FY 2014 and FY 2013.
 - b. Please explain how the DPS percentage is calculated for the FSS operation.
 - c. Please explain what "Mail Pieces AT-Risk" measures.
 - d. Please explain how the "Mail Pieces AT-Risk" percentage is calculated.
 - e. In FY 2014 the productivity of the FSS operation decreased. Please describe in detail all reasons for this productivity decline.
4. On page 5 of the Supplemental Response identified in Question No. 3, the Postal Service states that "the percentage of flats processed manually increased to 9.8 percent in FY 2014."

- a. Please confirm that the percentage of manually processed flats increased from 8.5 percent in FY 2012 to 9.4 percent in FY 2013 to 9.8 percent in FY 2014.
 - b. Please identify the data sources used to calculate the percentage of manually processed flats in FY 2014 that are reported in the Supplemental Response.
 - c. Please provide the data used to calculate the percentage of flats processed manually in FY 2014.
 - d. Has the methodology for calculating the percentage of manually processed flats changed since FY 2012? If so, please explain any changes that have been made; state when those changes were made; and provide the reason(s) for each such change.
5. On page 6 of the Supplemental Response identified in Question No. 3, the Postal Service provides a table with the APPS and APBS throughputs for FY 2013 and FY 2014. That table reports FY 2013 throughput of the APPS machine as 6,000 pieces per hour. In the Response of the United States Postal Service to Questions 1-11 Chairman's Information Request No. 2, in Docket No. ACR2013 at 4, the Postal Service states that the FY 2013 throughput of the APPS machine was 5,223 pieces per hour. Please reconcile this difference. Additionally, please provide the data used to develop the table on page 6 of the Supplemental Response and identify the source(s) of these data.
6. On page 6 of the Supplemental Response identified in Question No. 3, the Postal Service discusses the Service Performance Diagnostic Tool.
 - a. Please list the data inputs for the Service Performance Diagnostics tool and explain how these inputs were used to develop this tool.

- b. The "Median 5 day WIP Standard Mail Flats" metric decreased from 50.5 to 49 hours from FY 2013 to FY 2014. Does this decrease indicate that Standard Mail Flats spent less time in Postal Service mail processing facilities before being processed and transported to DDU's in FY 2014? If not, please explain the meaning of the decline.
 - c. Please provide the Service Performance Diagnostic Tool weekly results for Periodicals and Standard Mail Flats for FY 2014.
7. The following questions and requests concern the Postal Service's Lean Mail Processing Initiative (LMP) discussed on page 9 of the Supplemental Response identified in Question No. 3.
 - a. How many facilities implemented phase 1 of LMP in FY 2014?
 - b. How many facilities implemented phase 2 of LMP in FY 2014?
 - c. Using LMP, the Postal Service undertook "[o]perational and data reviews to reduce late transportation departing the processing facility." Supplemental Response at 9. Please quantify the reduction in late transportation in FY 2014 and FY 2013.
 - d. Using LMP, the Postal Service sought a reduction of "letters processed on flat sorting equipment." Supplemental Response at 9. Please quantify the reduction in letters processed on flat sorting equipment in FY 2014.
 - e. Please provide any analysis the Postal Service has performed regarding the cost impact of deploying LMP in mail processing facilities. If no such analysis has been performed, please explain why not.
8. On pages 10 and 11 of the Supplemental Response identified in Question No. 3, the Postal Service discusses FSS Scheme bundles and pallets. Regarding FSS Scheme bundles, the Postal Service states that it "experienced a reduction of over 14 million bundles over the same period last year."

- a. Please identify the source data used to estimate the 14 million bundle reduction in quarters 3 and 4 of FY 2014, and provide the workbooks used for this calculation.
 - i. Does the Postal Service attribute the reduction of 14 million bundles in FY 2014 quarters 3 and 4 to the implementation of FSS scheme bundle preparation requirements?
 - ii. Of the 14 million bundle reduction, how many would have been destined for FSS zones?
 - iii. Please provide the total number of bundles in FY 2013 and FY 2014.
 - iv. Please provide the number of pieces per bundle in FY 2013 and FY 2014.
 - b. Please quantify the cost impact of the 14 million bundle reduction.
9. On pages 11 and 12 of the Supplemental Response identified in Question No. 3, the Postal Service discusses bundle breakage.
- a. Please describe the data and methodology used to estimate bundle breakage.
 - b. In FY 2008, the Postal Service performed a facility study to estimate bundle breakage. The results of that study are used in the Periodicals mail processing cost model. See "USPS-FY14-11 PER_OC_flats.xls," tab "BUNDLE DATA." That study resulted in an estimate that 0.61 percent of bundles entered on pallets break upon induction. Can the Postal Service gather IMb data from the APPS and APBS machines to determine whether this estimate is still valid? If so, please provide the workpapers the Postal Service has developed using IMb data to quantify bundle breakage.

- c. On page 12 of the Supplemental Response, the Postal Service states that there is a Lean Six Sigma initiative aimed at reducing the breakage rate. Has the Postal Service quantified the current cost of bundle breakage as part of this initiative? If so, please provide that estimate and the workpapers used to develop the estimate.
 - d. On page 12 of the Supplemental Response, the Postal Service states that there is a Lean Six Sigma initiative aimed at reducing the breakage rate. Has the Postal Service developed a target for reduction in the cost of bundle breakage as part of this initiative? If so, please provide that target.
10. In Docket No. R2010-4, the Postal Service provided Library Reference USPS-R2010-4/9 Operations Plans for Flats (Flats Strategy).
http://www.prc.gov/Docs/68/68779/R10.4.Fldr.9.Flats_Strategies.pdf. The Flats Strategy details four operational changes regarding the transportation of flats:
 - a. The operational change “Improving Handling Unit/Container Density” was scheduled for implementation from 2010 to 2011. Two aspects of this operational change were detailed: Facility Optimization and Equipment Consolidation.
 - i. When was the Facility Optimization “consolidation of outgoing operations” implemented?
 - ii. When was the Equipment Consolidation implemented?
 - iii. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted transportation costs. Please provide the workpapers used to develop this estimate.
 - b. The operational change “Eliminate Periodical and Standard Mail Flown” was scheduled for implementation from 2010 to 2011.

- i. When was the “Do Not Fly” operational change implemented?
 - ii. The Postal Service stated that this was a “small” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted transportation costs. Please provide the workpapers used to develop this estimate.
- c. The operational change “Transportation Utilization” was scheduled for implementation from 2010 to 2011. Three aspects of this operational change were detailed: Redesign NDC Mail Transportation Equipment, Consolidation/Deconsolidation Concept, and Quarterly Reviews
 - i. When was the Redesign of NDC Mail Transportation Equipment implemented?
 - ii. When was the Consolidation/Deconsolidation Concept implemented?
 - iii. When were the Quarterly Reviews implemented?
 - iv. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted transportation costs. Please provide the workpapers used to develop this estimate.
- d. The operational change “Network Optimization” was scheduled for implementation from 2010 to 2012.
 - i. When was the NDC/Surface Transportation Center Integration implemented?
 - ii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted transportation costs. Please provide the workpapers used to develop this estimate.

- e. The following table contains transportation costs, Cost Segment 14, for Standard Mail Flats and Periodicals Outside County for FY 2010 and FY 2014.

Transportation Costs		
	FY 2010	FY 2014
Standard Flats Attributable Cost	187,973,739	167,465,795
Standard Flats Volume	7,067,654,358	5,054,394,637
Standard Flats Unit Attributable Cost	0.027	0.033
Standard Flats Unit Cost Percent Change		24.6%
Periodicals Outside County Attributable Cost	236,150,331	208,923,108
Periodicals Outside County Volume	6,574,014,264	5,458,584,188
Periodicals Outside County Unit Attributable Cost	0.036	0.038
Periodicals Outside County Unit Cost Percent Change		6.5%
Average CPI-U	217.4	236.0
CPI-U Percent Change		8.6%

- i. Please confirm the total attributable transportation costs and unit attributable transportation costs in the table are accurate. If not confirmed, please explain.
- ii. Please explain why the unit attributable transportation costs for Standard Mail Flats have increased nearly 3 times the rate of inflation since FY 2010.
- iii. Please discuss all the factors that account for the difference in the increase in unit attributable transportation cost between Periodicals and Standard Flats.
11. The Flats Strategy identified in Question No. 10 details 18 operational changes regarding the Mail Processing of Flats.
- a. The operational change "Facility Optimization" was scheduled for "ongoing" implementation.
- i. When was the Area Mail Processing initiative implemented?

- ii. When was the Elimination of Annexes initiative implemented?
 - iii. When were the “Other facility optimization initiatives,” such as those regarding Airport Mail Centers implemented?
 - iv. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- b. The operational change “Equipment Optimization” was scheduled for “2011 and beyond” implementation.
- i. When was the Automated Package Processing System (APPS) utilization initiative implemented?
 - ii. When was the Automated Flats Sorting Machine/Upgraded Flats Sorting Machine utilization initiative implemented?
 - iii. The Postal Service stated it “intends to evaluate the feasibility of enhancing excess AFSM 100 equipment to sequence additional flat mail not covered by the initial 100 Flats Sequencing System machines.” What determination has the Postal Service made about the feasibility of using the AFSM to sequence flat mail?
 - iv. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- c. The operational change “Future FSS Enhancements” was scheduled for “2012 and beyond” implementation.

- i. What enhancements to the FSS have been implemented?
 - ii. What determination has the Postal Service made about the “potential of every-other-day sequencing?”
 - iii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation affected mail processing costs. Please provide the workpapers used to develop this estimate.
- d. The operational change “Automated Flats Preparation” was scheduled to begin in “2013.”
 - i. Has Automated Flats Preparation been implemented?
 - ii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- e. The operational change “Automated Package and Bundle Sorter” was scheduled to begin in “Oct 2011.”
 - i. When was the Automated Package and Bundle Sorter initiative implemented?
 - ii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- f. The operational change “Material Handling” was scheduled for “2011-2016” implementation.
 - i. When was this initiative implemented?

- ii. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- g. The operational change “Flat Recognition Improvements” was scheduled for “2011 and beyond” implementation.
 - i. When was this initiative implemented?
 - ii. The Postal Service stated that this was a “small” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- h. The operational change “Electronic Condition-Based Maintenance” was scheduled for “2011 and beyond” implementation.
 - i. When was this software implemented?
 - ii. The Postal Service stated that this was a “small” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- i. The operational change “Utilize a single Incoming Secondary run for all flats” was scheduled for “2011 and beyond” implementation.
 - i. When was this initiative implemented?
 - ii. Please provide the percentage of mail processing facilities that combined Standard Mail Flats, Periodicals, and First Class Flats for Incoming Secondary runs as part of standard operating procedure for the AFSM in FY 2014.

- iii. The Postal Service stated that this was a “small” cost savings opportunity. Please provide the estimate of how the implementation of this operation affected mail processing costs. Please provide the workpapers used to develop this estimate.
- j. The operational change “Monthly Periodicals – merge with Standard Mail service standards” was scheduled for “2011 and beyond” implementation.
 - i. When was this initiative implemented?
 - ii. The Postal Service stated that this was a “small to medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- k. The operational change “Distribution compression” was scheduled for “2011 and beyond” implementation.
 - i. When was this initiative implemented?
 - ii. The Flats Strategy describes the facility specific modeling as an important aspect of “Distribution Compression.” How frequently does the Postal Service perform facility specific operational modeling?
 - iii. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- l. The operational change “Reduce mixed-states consolidation processing locations (L009) and optimize mixed states flow” was scheduled for “2010-2011” implementation.
 - i. When was this initiative implemented?

- ii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- m. The operational change “Realign operating and transportation plan to improve utilization” was scheduled for “ongoing” implementation.
 - i. When was this initiative implemented?
 - ii. How many L009 sites were in operation in FY 2014 compared with FY 2009?
 - iii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate.
- n. The operational change “Periodicals Lean Six Sigma (LSS) end-to-end value stream mapping project” was scheduled for “ongoing” implementation.
 - i. When was this initiative implemented?
 - ii. The Postal Service stated that the cost savings opportunity for this initiative was not yet defined. Please describe the operational impact of this project.
- o. The operational change “Refine work methods to improve Business Mail Entry Unit (BMEU) / Plant load handoff to mail processing” was scheduled for “2010-2011” implementation.
 - i. When was this initiative implemented?

- ii. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate
- p. The operational change “Sort Plan Optimization (SPO) for flats” was scheduled for “2010-2011” implementation.
 - i. When was this initiative implemented?
 - ii. The Postal Service stated that this was a “small” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted mail processing costs. Please provide the workpapers used to develop this estimate
- q. The operational change “Continuous Improvement” was scheduled for “ongoing” implementation.
 - i. How has changeover time on APPS machines changed from FY 2010 to FY 2014?
 - ii. How has APPS throughput changed from FY 2010 to FY 2014?
 - iii. How has flat tray density changed from FY 2010 to FY 2014?
 - iv. How have AFSM double-feeds changed from FY 2010 to FY 2014?
 - v. Please provide a cost savings estimate for the “Continuous Improvement” initiative.
 - vi. Please describe any other components of the “Continuous Improvement” initiative identified since FY 2010.
- r. The following table contains Mail Processing costs, Cost Segment 3, for Standard Mail Flats and Periodicals Outside County for FY 2010 and FY 2014.

Mail Processing Costs		
	FY 2010	FY 2014
Standard Flats Attributable Cost	1,067,251,262	867,075,545
Standard Flats Volume	7,067,654,358	5,054,394,637
Standard Flats Unit Attributable Cost	0.151	0.172
Standard Flats Unit Cost Percent Change		13.6%
Periodicals Outside County Attributable Cost	790,094,048	668,849,932
Periodicals Outside County Volume	6,574,014,264	5,458,584,188
Periodicals Outside County Unit Attributable Cost	0.120	0.123
Periodicals Outside County Unit Cost Percent Change		2.0%
Average CPI-U	217.4	236.0
CPI-U Percent Change		8.6%

- i. Please confirm the total attributable mail processing costs and unit attributable mail processing costs in the table are accurate. If not confirmed, please explain.
 - ii. Please explain why unit attributable mail processing costs for Standard Mail Flats have increased at 1.5 times the rate of inflation since FY 2010.
 - iii. Please discuss all the factors that account for the difference in the increase in unit attributable mail processing cost between Periodicals and Standard Flats.
12. The Flats Strategy identified in Question No. 10 details 7 operational changes regarding the Post Office and Delivery Operations for Flats.
 - a. The operational change “Business Plan Staffing and Scheduling Reviews” was scheduled for “2010-11” implementation.
 - i. When were the automated tools for staffing and schedule reviews implemented?

- ii. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted delivery costs. Please provide the workpapers used to develop this estimate.
- b. The operational change “Shifting distribution from Post Office Operations (Function 4) to Mail Processing Operations (Function 1)” was scheduled for “2010 and beyond” implementation.
 - i. When was the shift in distribution for Function 4 to Function 1 implemented?
 - ii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted delivery costs. Please provide the workpapers used to develop this estimate.
- c. The operational change “Customer Service Unit Optimization” was scheduled for “2011-2012” implementation.
 - i. When was this initiative implemented?
 - ii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted delivery costs. Please provide the workpapers used to develop this estimate.
- d. The operational change “FSS work methods” was scheduled for “2010 and beyond” implementation.
 - i. When was this initiative implemented?

- ii. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted delivery costs. Please provide the workpapers used to develop this estimate.
- e. The operational change “Route Adjustments Joint Alternate Route Assessment Process (JARAP) / Carrier Optimal Routing (COR)” did not have a schedule for implementation.
 - i. When was the JARAP/COR implemented?
 - ii. The Postal Service stated that this was a “medium” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted delivery costs. Please provide the workpapers used to develop this estimate.
- f. The operational change “Route Optimization 100 Percent Street routes” was scheduled for “2011 and beyond” implementation.
 - i. Has the Postal Service implemented 100 percent street routes?
 - ii. If so, how many 100 percent street routes were in use in FY 2014?
 - iii. The Postal Service stated that this was a “large” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted delivery costs. Please provide the workpapers used to develop this estimate.
- g. The operational change “Facility Optimization” was scheduled for “2010 and beyond” implementation.
 - i. When was this initiative implemented?

- ii. How has the “number of facilities under USPS ownership or obligation” changed since FY 2010?
- iii. The Postal Service stated that this was a “small” cost savings opportunity. Please provide the estimate of how the implementation of this operation impacted delivery costs. Please provide the workpapers used to develop this estimate.
- h. The following table contains Delivery costs, Cost Segments 6, 7, and 10, for Standard Mail Flats and Periodicals Outside County for FY 2010 and FY 2014.

Delivery Total Costs		
	FY 2010	FY 2014
Standard Flats Attributable Cost	863,688,580	639,648,236
Standard Flats Volume	7,067,654,358	5,054,394,637
Standard Flats Unit Attributable Cost	0.122	0.127
Standard Flats Unit Cost Percent Change		3.6%
Periodicals Outside County Attributable Cost	636,260,202	525,603,936
Periodicals Outside County Volume	6,574,014,264	5,458,584,188
Periodicals Outside County Unit Attributable Cost	0.097	0.096
Periodicals Outside County Unit Cost Percent Change		-0.5%
Average CPI-U	217.4	236.0
CPI-U Percent Change		8.6%

- i. Please confirm the total attributable delivery costs and unit attributable delivery costs in the table are accurate. If not confirmed, please explain.
- ii. Please explain why unit delivery costs for Periodicals Outside County have decreased since FY 2010.

- iii. Please discuss all the factors that account for the difference in the rate of change in unit attributable delivery cost between Periodicals and Standard Flats.

Management Operating Data System (MODS)

- 13. Please provide the FY 2014 daily MODS volumes and workhours by plant, operation and tour. For each record, please include the following information: Finance number–(plant finance number, 6 digits), Date–(YYYYMMDD format), MODS tour–(1, 2, or 3), Operation–(3-digit MODS operation), FHP–(MODS First-Handling Pieces), TPH–(MODS Total Pieces Handled), TPF–(MODS Total Pieces Fed), Nonaddtph–MODS Non-Add TPH, Hours–MODS workhours, and Facility type, e.g., MODS, NDC, REC, ISC, etc.

Standard Mail Product Costing

- 14. The following questions and requests concern Library Reference USPS-FY14-37, specifically program “ALB103” and the data file “SPLTPARM.dat”. One of the purposes of the program ALB103 is to “split costs related to pieces with ‘FSS’ markings.” Library Reference USPS-FY14-37 at 12 (preface).
 - a. Page 16 of program “ALB103” contains the following SAS Code:

```

data SpltFSS;
set spltparm;
if Attribut3='FSS';
drop Value1 Value2 Value3;
length Action $12.;
TotVal=Value1+Value2+Value3;
Pct=Value1/TotVal;
Action='NoChange';    *Standard Regular;
output;
Pct=Value2/TotVal;
Action='ChangeTo2312'; *ECR Basic;
output;
Pct=Value3/TotVal;
Action='ChangeTo2317'; *ECR High Density;

```

```
output;  
format TotVal comma12.0;  
format Pct percent8.1;  
run;  
proc print data=SplitFSS;  
title SplitFSS summary;
```

- i. Please confirm that the observation “FSS” in USPS-FY14-37 data file “SPLTPARM.dat” is used as a distribution key for IOCS tallies for mailpieces with FSS markings. If not confirmed, please explain.
 - ii. Please provide the source data for the file “SPLTPARM.dat”.
- b. Page 17 of program “ALB103” contains the following SAS code:

```
if f251='2340' & q23j05='Y' then  
output FSS;
```

- i. Please confirm that “f251” is the variable for “Encircled” Activity codes. If not confirmed, please explain.
- ii. Please confirm that “q23j05” is the variable for identifying mailpieces with “FSS” markings. If not confirmed, please explain.
- iii. Please confirm that the code “2340” is used to identify Standard Mail Regular Flats. If not confirmed, please explain.
- iv. Please confirm that the purpose of this SAS code is to isolate IOCS tallies for Standard Mail Regular Flats with “FSS” markings and then redistribute the costs between Standard Mail Flats, Carrier Route, and Saturation/High Density Flats and Parcels. If not confirmed, please explain.

- v. Please confirm that, in the program “ALB103,” there is no SAS code for identifying the following categories with “FSS” markings: Standard Mail Letters (code 1340), First Class Flats (code 2060), Postal Service Mail Flats (code 2510), Standard Parcels (code 3340), Mixed Mail Flat Size (code 5620), or Mixed Mail all Shapes (code 5750). If not confirmed, please explain.
 - vi. Please confirm that IOCS tallies were recorded in FY 2014 for the following categories with “FSS” markings: Standard Mail Letters (code 1340), First Class Flats (code 2060), Postal Service Mail Flats (code 2510), Standard Parcels (code 3340), Mixed Mail Flat Size (code 5620), and Mixed Mail all Shapes (code 5750). If confirmed, please explain why the program does not include these tallies for redistribution and quantify the number of tallies and IOCS dollar weights for these types of mail. If not confirmed, please explain and provide a list of all mail codes for which tallies with “FSS” markings were recorded.
- c. Library Reference USPS-FY14-37, program “ALB103” is used to “split costs related to pieces with “FSS” markings.”
- i. Please provide the total number of IOCS tallies for mail with “FSS” markings, disaggregated by mail type code for the following: mail processing operations tallies, in office carrier operations tallies, and other operations tallies.
 - ii. Please provide the dollar weights of IOCS tallies for mail with “FSS” markings, disaggregated by mail type code for the following: mail processing operations tallies, in office carrier operations tallies, and other operations tallies.

International Mail

15. The following request concerns the Global Expedited Package Services—Non-Published Rates (GEPS—NPR) product. Refer to Library Reference USPS-FY14-NP2, Excel files NSA Summary (Booked).xls and NSA Summary (Imputed).xls, and the worksheet tabs Merged ICM Data in each file.
 - a. GEPS—NPR contract, Serial No. NPR2-FY13-OCT12-N-T5-0109, is included in the GEPS—NPR 3 product. Please confirm that this contract is part of the GEPS—NPR 3 product. If not confirmed, please explain.
 - b. GEPS—NPR contract, Serial No. NPR4.2-FY14-JAN14-N-T7-0002, is included in the GEPS—NPR 4 product. Please confirm that this contract is part of the GEPS—NPR 4 product. If not confirmed, please explain.
 - c. For Docket No. CP2014-18, the GEPS—NPR 4.2 contract named Cont250 is not identified with a serial number. Please provide the serial number for Cont250 or explain why Cont250 has no serial number.

16. This request concerns the number of Outbound International Negotiated Service Agreements (NSAs) in FY 2014. Please confirm that Table 1, below, lists the correct number of NSAs for the corresponding Outbound International product (e.g., GEPS 3, Global Plus 1c). If not confirmed, please provide the correct number(s).

Table 1
Number of NSAs by Outbound International Product

Global Expedited Package Services (GEPS) Contracts 3 GEPS 3	16
Global Plus Contracts	
Global Plus 1C	6
Global Plus 2C	1
Subtotal	<u>7</u>
Global Reseller Expedited Package Contracts	
Global Reseller Expedited Package Services 1	5
Global Reseller Expedited Package Services 2	3
Global Reseller Expedited Package Services 4	2
Subtotal	<u>10</u>
Global Expedited Package Services—Non-Published Rates	
Global Expedited Package Services—Non-Published Rates 3	24
Global Expedited Package Services—Non-Published Rates 4	205
Subtotal	<u>229</u>
TOTAL	262

17. This request concerns the final Calendar Year (CY) 2013 and CY 2014 preliminary year-to-date monthly (January-November) quality of service measurement results for the link to terminal dues for Inbound Letter Post. Refer to Responses of the United States Postal Service to Questions 1-2, 3a-b, 3d, 4, 6, 7a-e, 8-9, and 11-21 of Chairman's Information Request No. 1, January 16, 2015, question 1(a)-(b). The preliminary service performance scores for January through November 2014 show, with exception of one month, a decrease in the monthly on-time performance scores compared to the same monthly scores reported in CY 2013. Also, none of the available monthly scores for CY 2014 meet or exceed the Universal Postal Union (UPU) quality of service target.

- a. Please explain the causes of the overall decrease in the CY 2014 preliminary year-to-date on-time service performance percentages compared with the CY 2013 annual performance for Inbound Letter Post items presented in the “FINAL 2013 UPU Quality Link to Terminal Dues” report.
- b. Please explain why the CY 2013 final on-time service performance scores for Inbound Letter Post, which includes the first quarter (October-December 2013) of FY 2014, did not exceed the UPU quality of service target in CY 2013. Also, please provide the additional revenue the Postal Service would have received if its on-time service performance scores equaled or exceeded the UPU quality of service target by quarter (if possible) for CY 2013.

By the Acting Chairman.

Robert G. Taub