

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

Annual Compliance Report, 2014

Docket No. ACR2014

CHAIRMAN'S INFORMATION REQUEST NO. 6

(Issued February 9, 2015)

To clarify the basis of the Postal Service's estimates in its FY 2014 Annual Compliance Report (ACR), filed December 29, 2014,<sup>1</sup> the Postal Service is requested to provide written responses to the following questions and requests. Answers should be provided to individual questions and requests as soon as they are developed, but no later than February 17, 2015.

**Standard Mail**

1. The Postal Service reports that Standard Mail volumes decreased by 9.2 percent in FY 2014 compared to FY 2013. FY 2014 ACR at 19.
  - a. How much of the decline was due to any underlying long-term trend?
  - b. How much of the decline was due to the price increases that went into effect on January 26, 2014?
  - c. How much of the decline was due to other factors?
2. On February 3, 2015, the Postal Service filed Library Reference USPS-FY14-45, which details an adjustment to Standard Mail costs.
  - a. Please update the CRA (Library Reference USPS-FY14-1) to reflect the adjusted Standard Mail costs.

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<sup>1</sup> United States Postal Service FY 2014 Annual Compliance Report, December 29, 2014 (FY 2014 ACR Report).

- b. Please update the Cost Segments and Components Report (Library Reference USPS-FY14-2) to reflect the adjusted Standard Mail costs.
- c. Please update the Mail Processing Costs by Shape Library Reference (Library Reference USPS-FY14-26) to reflect the adjusted Standard Mail costs. Please use the D report (Library Reference USPS-FY14-31) adjustment method currently used in Library Reference USPS-FY14-26 to adjust costs for the Standard Mail High Density and Saturation Letters and the Standard Mail High Density and Saturation Flats and Parcel products.
- d. Please update the Delivery Costs by Shape Library Reference (Library Reference USPS-FY14-19) to reflect the adjusted Standard Mail costs. Please use the D report (Library Reference USPS-FY14-31) adjustment method currently used in Library Reference USPS-FY14-19 to adjust costs for the Standard Mail High Density and Saturation Letters and the Standard Mail High Density and Saturation Flats and Parcel products.
- e. Please update the Standard Mail Flat Worksharing Cost Avoidance Model (Library Reference USPS-FY14-11 file "USPS-FY14-11 STD\_flats.xls") to reflect the adjusted Standard Mail costs.
- f. Please update the Discounts and Passthroughs of Workshare Items Library Reference (Library Reference USPS-FY14-3) to reflect the adjusted Standard Mail costs.
- g. Please update any other library references impacted by the adjusted Standard Mail costs.
- h. If updating Library Reference USPS-FY14-3 causes passthroughs to be further above 100 percent, please provide a statutory justification pursuant to 39 U.S.C. § 3622(e) for all impacted passthroughs.

**Service Performance**

- 3. With respect to First-Class Mail Parcels, the Chicago district reported the lowest annual scores for the Overnight (38.7 percent on-time) and Three-to-Five-Day (61.8 percent on-time) service standards.

- a. Please discuss the factors contributing to these service performance scores.
  - b. The Chicago district also reported substantially lower measured volume than similar districts. Please discuss the factors contributing to the decreased measured volume.
4. With respect to Bound Printed Matter Flats, the volume of measured mailpieces dropped significantly in Q2 and Q3 of FY 2014. Please discuss the factors contributing to the decreased measured volume.

By the Acting Chairman.

Robert G. Taub