

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

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2015-4

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
QUESTION 2 OF CHAIRMAN'S INFORMATION REQUEST NO. 6

The United States Postal Service hereby provides its response to question 2 of Chairman's Information Request No. 6, issued on February 4, 2015. The question is stated verbatim and followed by the response. The other questions were answered earlier.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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TO CHAIRMAN'S INFORMATION REQUEST NO. 6, QUESTION 2**

2. 39 C.F.R. § 3010.12(c) states “[w]henver the Postal Service establishes a new workshare discount rate, it must include with its filing: (1) A statement explaining its reasons for establishing the discount; (2) All data, economic analyses, and other information relied on to justify the discount; and (3) A certification based on comprehensive, competent analyses that the discount will not adversely affect either the rates or the service levels of users of postal services who do not take advantage of the discount.”
- a. Please provide a list of all new worksharing discounts included in the proposed MCS language.
 - b. Please provide information responsive to 39 C.F.R. § 3010.12(c) for each of the new worksharing discounts.

RESPONSE:

- a. At the time of the filing of this docket, the Postal Service did not consider that establishing a price structure to reflect Flats Sequencing System (FSS) preparation would also create multiple workshare discount rates. Nonetheless, the Postal Service is filing with this response an Excel file listing what could be considered new worksharing discounts included in the proposed MCS language.
- b. (1) The Flats Sequencing System (FSS) is a critical element in the Postal Service's Strategic Operations Plan. The Postal Service began to align flats pricing with the FSS operational priorities last year. In order to further maximize the efficiency gains from FSS processing, the Postal Service has proposed additional pricing changes in this Docket. The most efficient preparation within the FSS environment is scheme bundles on scheme containers. The pricing proposed by the Postal Service in this

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Docket is designed to encourage this preparation. We have also added FSS prices for both scheme and facility pallets at all entry levels, which will allow for the quick identification of FSS mail so that it can be made available for FSS processing without delay.

(2) In general terms, FSS is a presort level finer than the 3-Digit presort. In FSS zones there is no value added resulting from 5-Digit or Carrier Route presort for the Postal Service. Therefore, a logical benchmark for sorting mail to FSS scheme bundles is the 3-Digit presort level.

The Postal Service has also provided price differences for FSS sorted pieces based on the type of containers, i.e., scheme containers and non-scheme (or facility) containers. In this instance the pieces on non-scheme containers become a benchmark for pieces on scheme containers. The rationale for these benchmarks is the cost avoidance resulting from bundle sortation. Bundles entered on scheme containers avoid bundle sorting that has to be done for bundles that are entered on non-scheme or facility containers.

The third general type of discount offered in this area is for mail entered at the destination FSS facility. From the perspective of handling and processing mail, DFSS is similar to DSCF. In most instances the FSS and the SCF are in the same physical building. A reasonable benchmark

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in this instance is the DNDC dropship price, which is also used for the destination SCF price.

(3) The Postal Service certifies that these new discounts will not adversely affect either the rates or the service levels of users of postal services who do not take advantage of the discounts.