

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

Notice of Market Dominant
Price Adjustment

Docket No. R2015-4

CHAIRMAN'S INFORMATION REQUEST NO. 15

(Issued February 25, 2015)

To clarify the issues raised by the Postal Service's Notice of Market Dominant Price Adjustment in Docket No. R2015-4,¹ the Postal Service is requested to provide a written response to the following request. Answers to the request should be provided as soon as they are developed, but no later than February 27, 2015.

Package Services

1. In the Notice, the Postal Service states that it plans to offer DFSS prices to FSS Scheme Bundles entered on scheme containers at the DFSS. *Id.* Attachment A, Part I, at 73, n.2. For FSS Scheme Bundles entered on non-scheme containers at the DFSS, the Postal Service proposes applying DSCF prices. *Id.* The Postal Service explains that the FSS pricing is set to encourage mailers to create FSS scheme bundles within FSS zones. Notice at 30. Additionally, the Postal Service proposes to eliminate the option for DFSS pricing for flats that are not destined for FSS zones. *Id.* Attachment A, Part I at 73.
 - a. Please confirm that mailers were not required to presort FSS scheme bundles into FSS scheme containers to qualify for DFSS prices in FY 2014. If not confirmed, please explain.

¹ United States Postal Service Notice of Market-Dominant Price Adjustment, January 15, 2015 (Notice).

- b. Please confirm that because DSCF prices and DFSS prices were the same in FY 2014, mailers had no price incentive to identify DFSS presorted flats separately from DSCF presorted flats. If not confirmed, please explain.
 - c. Please confirm that the BPM Flats billing determinants do not disaggregate DFSS presorted flats from DSCF presorted flats for FY 2014. If not confirmed, please explain.
 - d. Please provide the volume of BPM Flats entered at DFSS prices in FSS scheme containers after the implementation of Docket Nos. R2013-10 and R2013-11 price adjustments.
 - e. Please revise the Package Services cap calculation workpapers to account for the volume of BPM Flats entered at DFSS prices in FSS scheme containers for all of FY 2014.
2. In the Notice, the Postal Service details its plan to eliminate the option for DFSS pricing for BPM Flats that are not destined for FSS zones. Notice, Attachment A, Part I at 70-73.
- a. Please confirm that BPM Flats mailed at DFSS prices in FY 2014 that were not destined for FSS zones will be required to pay DSCF prices after the implementation of the planned Docket No. R2015-4 prices. If not confirmed, please explain.
 - b. If part a. is confirmed, please confirm that the adjustments have been accounted for in the Postal Service's Package Services price cap calculation workpapers. If not accounted for, please explain, and if necessary, provide revised workpapers.

Special Services

3. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "F-2 COD," cell H23, the existing revenue per transaction for Bulk Collect-On-Delivery is calculated by dividing the revenue in FY 2014 by the total volume of transactions for FY 2014.
 - a. Please confirm that in FY 2014, Docket No. R2013-1 and Docket No. R2013-11 prices were in effect. If not confirmed, please explain.
 - b. Please provide the average revenue per transaction for Bulk Collect-On-Delivery for the portion of FY 2014 that Docket No. R2013-1 prices were in effect.
 - c. Please provide the average revenue per transaction for Bulk Collect-On-Delivery for the portion of FY 2014 that Docket No. R2013-11 prices were in effect.
 - d. Please provide the Docket No. R2013-11 price increase for Bulk Collect-On-Delivery as compared to the Docket No. R2013-10 prices.
 - e. Please provide the Bulk Collect-On-Delivery revenue per transaction at Docket No. R2013-10 price in FY 2014.
 - f. Please explain why the fractional value of 9.717615 is appropriate for the price of Bulk Collect-On-Delivery at Docket No. R2013-10 prices instead of a price with 2 or 3 decimal places.
4. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "H-4 First Class Presort Permits," cell F7, the Postal Service uses a volume of 26,334.6062 paid First-Class Mail Presort Permits to calculate the price increase for this Special Service.
 - a. Please confirm that the FY 2014 Special Services billing determinants detail a total of 7,610 paid First-Class Mail Presort Permits for FY 2014. If not confirmed, please explain.

- b. Please provide the rationale for using the volume of 26,334.6062 for paid First-Class Mail Presort Permits to calculate the price increase for this Special Service.
 - c. Please explain why the volume of First-Class Mail Presort Permits is not a whole number.
 - d. If the Postal Service believes that the volume of 26,334.6062 for paid First-Class Mail Presort Permits is the appropriate volume for the calculation of the price increase for this Special Service, please provide the source of this volume and supporting documentation.
5. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "F-3 Insurance," cell G62, the existing revenue per transaction for Merchandise Return Service (MRS) Insurance is calculated by dividing the total revenue in FY 2014 by the volume of transactions for FY 2014.
 - a. Please confirm that in FY 2014, Docket No. R2013-1 and Docket No. R2013-11 prices were in effect. If not confirmed, please explain.
 - b. Please provide the average revenue per transaction for MRS Insurance for the portion of FY 2014 that Docket No. R2013-1 prices were in effect.
 - c. Please provide the average revenue per transaction for MRS Insurance for the portion of FY 2014 that Docket No. R2013-11 prices were in effect.
 - d. Please provide the Docket No. R2013-11 price increase for MRS Insurance as compared to the Docket No. R2013-10 prices.
 - e. Please provide the MRS Insurance revenue per transaction at the Docket No. R2013-10 price.
 - f. Please explain why a fractional value of 3.7753 for the price of MRS Insurance at Docket No. R2013-10 prices instead of a price with 2 or 3 decimal places is appropriate.

6. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "F-3 Insurance," cell G63, the existing revenue per transaction for Bulk Insurance is calculated by dividing the total revenue in FY 2014 by the volume of transactions for FY 2014.
 - a. Please confirm that in FY 2014, Docket No. R2013-1 and Docket No. R2013-11 prices were in effect. If not confirmed, please explain.
 - b. Please provide the average revenue per transaction for Bulk Insurance for the portion of FY 2014 that Docket No. R2013-1 prices were in effect.
 - c. Please provide the average revenue per transaction for Bulk Insurance for the portion of FY 2014 that Docket No. R2013-11 prices were in effect.
 - d. Please provide the Docket No. R2013-11 price increase for Bulk Insurance as compared to the Docket No. R2013-10 prices.
 - e. Please provide the Bulk Insurance revenue per transaction at the Docket No. R2013-10 price.
 - f. Please explain why the fractional value of 5.0731 is appropriate for the price of Bulk Insurance at Docket No. R2013-10 prices instead of a price with 2 or 3 decimal places.
7. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "G-4 Merchandise Return," cell G10, the volume of paid Merchandise Return Accounting Fees for FY 2014 is 704.587. Please explain why the fractional value of 704.587 versus using a whole number is the Postal Service's best estimate of volume of paid Merchandise Return Accounting Fees for FY 2014.
8. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "F-6 Registered Mail," cell G41, the existing revenue per transaction for Merchandise Return Service (MRS) Registered Mail is calculated by dividing the volume of transactions in FY 2014 by the total revenue for FY 2014.

- a. Please confirm that in FY 2014, Docket No. R2013-1 and Docket No. R2013-11 prices were in effect. If not confirmed, please explain.
 - b. Please provide the average revenue per transaction for MRS Registered Mail for the portion of FY 2014 that Docket No. R2013-1 prices were in effect.
 - c. Please provide the average revenue per transaction for MRS Registered Mail for the portion of FY 2014 that Docket No. R2013-11 prices were in effect.
 - d. Please provide the Docket No. R2013-11 price increase for MRS Registered Mail as compared to the Docket No. R2013-10 prices.
 - e. Please provide the MRS Registered Mail revenue per transaction at the Docket No. R2013-10 price.
 - f. Please explain why the fractional value of 12.67494 is appropriate for the price of MRS Registered Mail at Docket No. R2013-10 prices instead of a price with 2 or 3 decimal places.
9. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "F-6 Registered Mail," cell G42, the existing revenue per transaction for Bulk Registered Mail is calculated by dividing the total revenue in FY 2014 by the volume of transactions for FY 2014.
- a. Please confirm that in FY 2014, Docket No. R2013-1 and Docket No. R2013-11 prices were in effect. If not confirmed, please explain.
 - b. Please provide the average revenue per transaction for Bulk Registered Mail for the portion of FY 2014 that Docket No. R2013-1 prices were in effect.

- c. Please provide the average revenue per transaction for Bulk Registered Mail for the portion of FY 2014 that Docket No. R2013-11 prices were in effect.
 - d. Please provide the Docket No. R2013-11 price increase for Bulk Registered Mail as compared to the Docket No. R2013-10 prices.
 - e. Please provide the Bulk Registered Mail revenue per transaction at the Docket No. R2013-10 price.
 - f. Please explain why the fractional value of 24.06513 is appropriate for the price of Bulk Registered Mail at Docket No. R2013-10 prices instead of a price with 2 or 3 decimal places.
10. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "F-12 Signature Confirmation," cell I11, the existing revenue per piece for NSA Signature Confirmation of 1.950004 is calculated by dividing the total revenue in FY 2014 by the volume of transactions for FY 2014. Please confirm the value of cell I11 should be 1.95. If not confirmed, please explain.
11. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "G-6 Standard Mail Weighted Fee," cell D12, the existing revenue for Standard Mail Weighted for FY 2014 is detailed as \$3,525,802. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "Change Calc," cell C43, the existing revenue for Standard Mail Weighted for FY 2014 is detailed as \$4,360,820. Please reconcile this apparent discrepancy.
12. In Excel file "CAPCALC-SpecServ-R2015-4 Rev 2-13," tab "Computerized Delivery Sequence," cell F9, the volume of Computerized Delivery Sequence for FY 2014 is detailed as 281,089,981.25.
 - a. Please explain why the volume of Computerized Delivery Sequence is not a whole number.

- b. Please provide a source for this volume estimate of Computerized Delivery Sequence.

By the Acting Chairman.

Robert G. Taub