

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 1 OF CHAIRMAN'S INFORMATION REQUEST NO. 14**  
(February 25, 2015)

The United States Postal Service hereby provides its response to the above-listed question from Chairman's Information Request No. 14, issued on February 23, 2015. The question is stated verbatim and is followed by the response. The responses to Questions 2 thru 7 are still being prepared.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 14**

1. In response to Chairman's Information Request No. 6 question 18,<sup>1</sup> the Postal Service confirmed that the proposed Periodicals FSS prices and mail preparation requirements necessitate adjustments to the billing determinants for bundles. As detailed in that question and response, Periodicals pieces entered at Carrier Route piece and Carrier Route bundle prices for FSS zones in FY 2014 will be required, after the implementation of this proceeding's planned prices, to pay FSS piece and bundle prices. The following question concerns the impact of the Periodicals FSS prices and mail preparation requirements on pallet and sack billing determinants.
  - a. Please confirm that, as detailed in Docket No. ACR2014 Library Reference USPS-LR-FY14-04, Excel file "FY 2014 Periodicals.xls," in FY 2014 2,326,510 Periodicals Outside County Sacks were entered at 5-digit/Carrier Route presorted prices. If not confirmed, please explain.
  - b. In Excel file "CAPCALC-PER-R2105.xls," the Postal Service modifies the FY 2014 Periodicals Outside County sack volume to account for the new preparation options implemented pursuant to the Docket Nos. R2013-10 and R2013-11 pricing and classification changes. Please confirm that the Postal Service estimates that 2,293,502 Periodicals Outside County Sacks would have entered at 5-digit/Carrier Route presorted prices if the Docket Nos. R2013-10 and R2013-11 prices had been implemented for all of FY 2014. If not confirmed, please explain.
  - c. Please confirm that the Carrier Route, 5-digit, and 3-digit presorted pieces that are required to be entered at FSS piece prices will also be required to be entered at FSS sack prices instead of Carrier Route, 5-digit, and 3-digit sack prices. If not confirmed, please explain.
  - d. Please estimate the number of Periodicals Outside County sacks that will be required to be entered at FSS presorted sack prices under this proceeding's planned prices and mail preparation requirements.
  - e. Please confirm that, as detailed in Docket No. ACR2014 Library Reference USPS-LR-FY14-04, Excel file "FY 2014 Periodicals.xls," in FY 2014 227,716 Periodicals Outside County Pallets were entered at 5-digit presorted prices. If not confirmed, please explain.
  - f. In Excel file "CAPCALC-PER-R2105.xls," the Postal Service modifies the FY 2014 Periodicals Outside County pallet volume to account for the new preparation options implemented pursuant to the Docket Nos. R2013-10

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<sup>1</sup> Response of the United States Postal Service to Questions 1, 4-16, and 18-19 of Chairman's Information Request No. 6, February 11, 2015, question 18.

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and R2013-11 pricing and classification changes. Additionally, pallet volume is adjusted to account for the new Carrier Route pallet price. Please confirm that the Postal Service estimates that 208,618 Periodicals Outside County pallets would have been entered at 5-digit and Carrier Route presorted prices if the Docket Nos. R2013-10 and R2013-11 prices had been implemented for all of FY 2014, and if the Carrier Route pallet option had been available. If not confirmed, please explain.

- g. Please confirm that the Carrier Route, 5-digit, and 3-digit presorted pieces that are required to be entered at FSS piece prices will also be required to be entered at FSS pallet prices instead of Carrier Route, 5-digit, and 3-digit pallet prices. If not confirmed, please explain.
- h. Please estimate the number of Periodicals Outside County pallets that will be required to be entered at FSS presorted pallet prices under this proceeding's planned prices and mail preparation requirements.
- i. Please revise the Periodicals price cap calculation workpapers to reflect the adjusted bundle, sack, and pallet billing determinants.

**RESPONSE:**

- a. Confirmed.
- b. Confirmed.
- c. Confirmed, unless there is insufficient volume to meet the preparation requirements for the FSS containers.
- d. The adjusted volumes as originally filed held constant the number of sacks, and distributed these sack volumes based on the distribution of sacks after FSS preparation requirements were implemented. This methodology does not capture changes to sack quantities that will arise due to combining CR, 5-Digit and 3-Digit sacks into FSS Scheme or FSS Facility sacks. While it is not possible to determine with certainty how sacks presented prior to FSS preparation requirements would have been prepared under those requirements,

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a reasonable estimation methodology is to use the Q3 and Q4 sack volumes multiplied by the ratio of Total FY14 piece volume to the sum of Q3 and Q4 piece volume. This assumes that the Q1 and Q2 preparation would have been similar to the Q3 and Q4 preparation. This methodology is appropriate, as Periodicals lacks a seasonal component, and volumes are similarly distributed across presort tiers. The distribution of pieces across presort tiers is generally indicative of preparation. The revised sack estimates total to 167,706 sacks. See

*Resp.ChIR14.Que1.Spreadsheet.xlsx*, Tab: Outside County

- e. Confirmed.
- f. Confirmed.
- g. Confirmed, unless there is insufficient volume to meet the preparation requirements for the FSS containers.
- h. The adjusted volumes as originally filed held constant the number of pallets and distributed these pallet volumes based on the distribution of pallets after FSS preparation requirements were implemented. This methodology does not capture changes to pallet quantities that will arise due to the new required minimum for FSS Scheme pallets, and migration of pieces across pallet levels resulting from new FSS preparation rules. While it is not possible to determine with certainty how pallets presented prior to FSS preparation requirements would have been prepared under those requirements, a reasonable estimation methodology is to use the Q3 and Q4 pallet volumes multiplied by the ratio of Total FY14 piece volume to the sum of Q3 and Q4 piece volume. This assumes

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that the Q1 and Q2 preparation would have been similar to the Q3 and Q4 preparation. This methodology is appropriate, as Periodicals lacks a seasonal component, and volumes are similarly distributed across presort tiers. The distribution of pieces across presort tiers is generally indicative of preparation.

The revised pallet estimates sum to 359,029 pallets. See  
Resp.ChIR14.Qu1.Spreadsheet.xls, Tab Outside County

- i. See *Resp.ChIR14.Que1.Spreadsheet.xlsx*.