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UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Ten)

Docket No. RM2015-19

CHAIRMAN'S INFORMATION REQUEST NO. 2

(Issued September 8, 2015)

To clarify the Postal Service's petition to consider a change in analytical principles (Proposal Ten), filed August 12, 2015,[1] the Postal Service is requested to provide written responses to the following questions. Answers to each question should be provided as soon as they are developed, but no later than September 16, 2015.

1. The Postal Service states in its petition that "the separate Cost Segment 4 analysis is based on much more limited IOCS sample data, with the effect that some products (which are undoubtedly present at the offices in some amounts) have no Cost Segment 4 tallies and hence zero costs in a given year." *Id* at 5. Proposal Ten, if approved, would place Cost Segment 4 in Cost Segment 3. Please explain the impact on data validity of a modified IOCS distribution after combining Cost Segments 3 and 4.

2. The Postal Service states in its Errata that "the newly implemented POStPlan, focused on small offices, has had potentially confusing impacts in both Cost Segments 3 and 4."[2] There is an implication clerk costs recorded in two different segments (Cost Segment 3 and Cost Segment 4) complicates the analysis of the effects of POStPlan.

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[1] Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Ten), August 12, 2015 (Petition).

[2] Notice of the United States Postal Service of Revisions in the Attachment to the Proposal Ten Petition – Errata, August 27, 2015, at 2 (Errata).

a. Please explain how clerk costs accounted for in two distinct Cost Segments complicates analysis of the effects of POStPlan. Please specify the improvements in the analysis arising from the combination, if approved, of the two segments.

b. Assuming implementation of Proposal Ten, how will the Postal Service utilize the merged Cost Segment 3 and Cost Segment 4 costs in analyzing the effects of POStPlan?

3. The Postal Service states that "the separate Cost Segment 4 analysis is based on much more limited IOCS sample data, with the effect that some products (which are undoubtedly present at the offices in some amounts) have no Cost Segment 4 tallies and hence zero measured costs in a given year." Petition at 5. From FY 2008 through FY 2013 a portion of Cost Segment 4 costs were assigned to Periodicals.[3] However, these costs assigned to Periodicals declined from $642,000 in FY 2013 to zero in FY 2014.

a. Please confirm that the limited IOCS data set as noted above was the reason that there were no Cost Segment 4 costs allocated to Periodicals in FY 2014.[4]

b. If confirmed, please describe how any changes in the sample strata or IOCS processes would explain the sudden drop-off in costs assigned to Periodicals in FY 2014 in Cost Segment 4.

By the Acting Chairman.

Robert G. Taub

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[3] Docket ACR2008, Library Reference USPS-FY08-32, December 29, 2008; Docket ACR2009, Library Reference USPS-FY09-32, December 29, 2009; Docket ACR2010, Library Reference USPS-FY10-32, December 29, 2010; Docket ACR2011, Library Reference USPS-FY11-32, December 29, 2011; Docket ACR2012, Library Reference USPS-FY12-32, December 28, 2012; Docket ACR2013, Library Reference USPS-FY13-32, December 27, 2013.

[4] Docket ACR2014, Library Reference USPS-FY14-32, December 29, 2014.