

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

Annual Compliance Report, 2015

Docket No. ACR2015

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued January 6, 2016)

To clarify the basis of the Postal Service's estimates in its FY 2015 Annual Report on Form 10-K, filed November 13, 2015,¹ the Postal Service is requested to provide written responses to the following questions. Answers should be provided to individual questions as soon as they are developed, but no later than January 13, 2016.

1. The table below highlights significant variances in the total liability amounts reported for Compensation and Benefits, Retiree Health Benefits, and Noncurrent Employees' Accumulated Leave reported on page 38 of the FY 2015 Form 10-K and reported in the National Trial Balance.² The table below also shows smaller variances in the total liability amounts reported for Payables and Accrued Expenses, and Customer Deposit Accounts.

¹ United States Postal Service Annual Report on Form 10-K, November 13, 2015 (FY 2015 Form 10-K).

² National Trial Balance - Redacted, September, 2015 (FY 2015), November 13, 2015 (Trial Balance).

FY 2015 10-K & Trial Balance Reconciliation			
(\$ in millions)	FY 2015 10-K	September 2015 Trial Balance	Difference
Current Liabilities:			
Compensation and Benefits	\$1,899	\$1,526	(\$373)
Retiree Health Benefits	\$28,100	\$28,347	\$247
Workers' Compensation Costs	\$1,401	\$1,401	\$0
Payables and Accrued Expenses	\$1,853	\$1,884	\$31
Deferred Revenue-Prepaid Postage	\$3,304	\$3,304	\$0
Customer Deposit Accounts	\$1,201	\$1,186	(\$15)
Other Current Liabilities	\$1,053	\$1,043	(\$10)
Current Portion of Debt	\$10,100	\$10,100	\$0
Total Current Liabilities	\$48,911	\$48,791	(\$120)
Workers' Compensation Costs, Noncurrent	\$17,410	\$17,410	\$0
Employees' Accumulated Leave, Noncurrent	\$1,951	\$2,074	\$123
Other Noncurrent Liabilities	\$1,233	\$1,233	\$0
Noncurrent Portion of Debt	\$4,900	\$4,900	\$0
Total Liabilities	\$74,405	\$74,408	\$3

Please reconcile the variances for each category listed in the table above and provide a list of any audited adjustments made after the filing of the Trial Balance.

2. Please provide the spreadsheets used to calculate the workyears and the workyear conversion factors shown in Library Reference USPS-FY15-7, Part 8, tab FY15 Productive Hourly Rate, including all data (and data sources) used to compute the workyears and the conversion factors.
3. On page 20 of its FY 2015 Form 10-K, the Postal Service states that “[t]otal work hours increased by approximately 21 million, or 1.9%, from 2014 to 2015. This increase was in part due to the increase in work hours for city delivery and customer service operations.” Please provide all data (and data sources)

showing the workhour measurements by Labor Distribution Code for FY 2014 and FY 2015.

4. On pages 47 and 48 of Library Reference USPS-FY15-17, the Postal Service discusses Total Factor Productivity (TFP). Please provide all supporting workpapers for the derivation of FY 2015 TFP.
5. On page 42 of the FY 2015 Form 10-K, the Postal Service states that “[d]ue to the absence of a market for most types of mailing equipment, impaired equipment assets are typically assigned a fair value of zero.” Please explain how impairment losses are determined on long-lived assets which are not fully depreciated but assigned a fair value of zero.

By the Acting Chairman.

Robert G. Taub