

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

ANNUAL COMPLIANCE REVIEW, 2015

Docket No. ACR2015

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO  
QUESTIONS 1-3 OF CHAIRMAN'S INFORMATION REQUEST NO. 8

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 8, issued on February 3, 2016. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 10, 2016

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1. The following questions pertain to the mail fee revenue provided in Library Reference USPS-FY15-NP28, Revenue, Pieces, and Weight Report (Nonpublic Version).
  - a. Please confirm the fee revenue by mail class provided in Excel file CHIR\_No. 8\_Attachment\_A.xls, worksheet "MD Fees." If not confirmed, please provide the correct amounts and any additional fee categories needed to reconcile total market dominant fees.
  - b. Please confirm the fee revenue by mail class provided in Excel file CHIR\_No.8\_Attachment\_B.xls, worksheet "COMP Fees" filed under seal. If not confirmed, please provide the correct amounts and any additional fee categories needed to reconcile total competitive fees.
  - c. Please provide a distribution breakdown of FY 2015 market dominant mail fees for each product in each of the mail categories shown in Excel file CHIR\_No.8\_Attachment\_A.xls, worksheet "MD Distribution CHIR Q." Include with your response all underlying calculations and source workpapers.
  - d. Please provide a distribution breakdown of FY 2015 competitive mail fees for each product in each of the mail categories shown in Excel file CHIR\_No.8\_Attachment\_B.xls, worksheet "Comp Distribution CHIR Q" filed under seal. Include with your response all underlying calculations and source workpapers.

**RESPONSE:**

- a. Not Confirmed. There are several errors in Attachment A to the question resulting from the use of the Summary Categories from the RPW rather than the rate level revenues as reported in the Billing Determinants. Cells containing errors are identified in the attached Excel spreadsheets through the use of yellow highlights. Those errors are described below:
  - First-Class Mail Fees - The value reported as "First-Class Services and Fees" (Cell B11 on the "MD Fees" tab in the "CHIR\_No. 8\_Attachment\_A.xls" worksheet) is from the summary code in the

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RPW. The summary data lack adequate detail to be appropriately allocated to specific First-Class Mail fees. This Summary category includes two different items, Picture Permit and Business Reply Mail. Picture Permit is not a special service, but rather is part of First-Class Mail, and is already reported in the Billing Determinants for First-Class Mail. It accounts for \$26,256 of the total. The revenue for Business Reply Mail (\$84,679,047) should be reported in cell B9 under "Business Reply Services", which refers to the "Business Reply Mail" service in MCS 1505.3. Since both of its components are handled elsewhere, the "First-Class Services and Fees" line should be removed from the list of fees in Attachment A.

- Standard Mail Fees – Standard Mail Permit (row 28 in the "MD Fees" tab in the "CHIR\_No. 8\_Attachment\_A.xls" worksheet) actually refers to Picture Permit, when used with Standard Mail. Picture Permit is not a special service, and is already presented in the Standard Mail Billing Determinants. This is also the result of using the Summary Category rather than the Rate Category from the RPW. This item should not be included in the list of fees in Attachment A.
- Package Services Fees – The revenue reported as "Application and Mailing Permits" includes the revenue for permits for Bound Printed Matter, Media Mail, and Parcel Select. Parcel Select is not part of the Package Services class, so its Permit revenue should not be included

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in Package Services fees. The resulting revenue value is \$377,525, which should be presented as two separate lines -- Media Mail Permits with a revenue of \$31,610, and Bound Printed Matter Permits with a revenue of \$345,915.

- b. Confirmed.
  
- c. Please see the Excel file attached to this response electronically. The worksheet identified in part c of the question, "MD Distribution CHIR Q" does not exist in the Excel file "CHIR\_No.8\_Attachment\_A.xls." However the requested data are provided in the other worksheets in the file. The tabs in the worksheets are modified to reflect the corrections identified in response to part a. of this question. The modifications are identified through the use of yellow highlights.
  
- d. Please see the Excel file provided under seal as part of USPS-FY15-NP36. The worksheet identified in part d of the question, "Comp Distribution CHIR Q" does not exist in the Excel file "CHIR\_No.8\_Attachment\_B.xls." However the requested data are provided in the other worksheets in the file.

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2. Filed under seal.

**RESPONSE:**

The question and the response are both provided under seal as part of  
USPS-FY15-NP36.

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**3.** Filed under seal.

**RESPONSE:**

The question and the response are both provided under seal as part of USPS-FY15-NP36.