

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

NOTICE OF MARKET-DOMINANT
PRICE ADJUSTMENT

Docket No. R2017-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO COMMISSION INFORMATION REQUEST NO. 1**
(October 31, 2016)

The Postal Service hereby files its response to Commission Information Request No. 1, issued on October 26, 2016. The question is stated verbatim and is followed by the Postal Service's response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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The Postal Service files quarterly Presort Bound Printed Matter Flats Billing Determinants with the Commission. For purposes of this request, please refer to the two Excel files that are attached, "PRC BPM FSS BD Dist.xlsx," and "PRC_CAPCALC-PACKSERV-R2017-1.xlsx." Excel file "PRC BPM FSS BD Dist.xlsx" contains the FY 2015 Quarter 4 and FY 2016 Quarters 1-3 Billing Determinants for Presort Bound Printed Matter Flats previously filed with the Commission and also includes the tab "Hybrid Year & FSS Distribution," which was created by the Commission to distribute FSS volumes to Basic and Carrier Route Presort using the same method that was used in Docket No. R2015-4. In Docket No. R2015-4, the Postal Service used a distribution key of Basic and Carrier Route Presort volumes to calculate FSS volume by rate category.

- a. The tab "Hybrid Year & FSS Distribution" demonstrates step-by-step the process of the distribution of FSS volume using the same method as Docket No. R2015-4. This shows the Hybrid year linked directly to FY 2015 Quarter 4 and FY 2016 Quarters 1-3 Presort Bound Printed Matter Flats Billing Determinants in chart 1, cells D7:T20. This hybrid year has the correct volumes for DFSS Facility and DFSS Scheme Presort. The Non-FSS total volume is combined from the hybrid billing determinants in chart 2, labeled "Non-FSS Total (Basic Presort+ Carrier Route Presort)," cells D28:G40. In chart 3, each Non-FSS rate category total volume is disaggregated into Basic Presort or Carrier Route Presort distribution percentages in a Distribution Key. In chart 4, cells D66:N78, the Basic Presort+ Carrier Route Presort percentages from the Distribution Key in chart 3 are multiplied by the FSS volumes from the hybrid year billing determinants in chart 1. As a result, chart 4 contains a redistribution of FSS volume based on the billing determinants. The volumes from chart 4 are then used for the FSS volumes in Excel file "PRC_CAPCALC-PACKSERV-R2017-1.xlsx," tab "BPM Presort Flats BDs." This changes the BPM Flats aggregate percent rate increase to 0.703 percent, per tab "BPM Flats Rev. @ New Prices," cell I182. Please compare this to the BPM Flats aggregate percent rate increase of 0.832 percent in Library Reference USPS-LR-R2017-1/4, Excel file "CAPCALC-PACKSERV-R2017-1 Rev10-21.xlsx," tab "BPM Flats Rev. @ New Prices," cell I182. Please confirm that this is the same method used in Docket No. R2015-4. If not confirmed, please explain.
- b. Please refer to the FY 2014 Quarter 4 and FY 2015 Quarters 1-2 Presort Bound Printed Matter Flats RPW Data previously filed with the Commission. Please confirm that the RPW data listed for FY 2014 Quarter 4 is the FY 2014 Quarter 1 data. If confirmed, please file the RPW extract data for FY 2014 Quarter 4. If not confirmed, please explain.

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RESPONSE:

- a. Confirmed. Should the Commission prefer this methodology, the Postal Service has no objection to its use in the instant Docket.
- b. Confirmed. The Postal Service is providing the data for FY 2014 Quarter 4 in a revision to USPS-LR-R2017-1/NP2, which is also being filed today.