

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

REVIEW OF NONPOSTAL SERVICES

Docket No. MC2008-1

INITIAL RESPONSE OF THE UNITED STATES
POSTAL SERVICE TO ORDER NO. 74
(June 9, 2008)

On April 29, 2008, the Commission issued Order No. 74, in response to an earlier motion by the Public Representative to compel the Postal Service to provide additional information on matters alleged to be at issue in this proceeding. In Order No. 74, the Commission agreed with the Public Representative that the scope of this proceeding was broader than apparently contemplated by the Postal Service. Consequently, Order No. 74 directed the Postal Service to provide a variety of additional materials by June 9, 2008. On May 28, 2008, the Commission in Order No. 77 provided additional clarification of Order No. 74.

Broadly speaking, the material requested in Order No. 74 can be split into two categories. The first category is a complete listing and description of, and FY06 and FY07 annual revenue for, each activity that generates revenue and is not currently classified as a postal service, regardless of the statutory authority claimed for such activity. The second category is material intended to support whatever future treatment (e.g., continued as a "grandfathered" nonpostal service, reclassified as a postal service, etc.) the Postal Service proposes for these activities. This initial response to Order No. 74 is intended to provide the first category of materials – identification of the universe,

so to speak, of revenue generating activities that are not postal services. The Postal Service will respond with respect to the second category of materials as soon as it can, hopefully within the next two weeks.

Structure of Presentation

As noted above, this filing is intended to provide a comprehensive listing and description of other-than-postal sources of revenue in FY06 and FY07. In order to ensure that all such revenue is encompassed, the starting point chosen for this presentation is the "Miscellaneous Items" row in the Postal Service's Cost and Revenue Analysis report. In the FY06 CRA, the "Miscellaneous Items" row was above the "Total Mail and Services" row (and thus almost appeared to be under "Special Services"), but in the FY07 CRA, the row was moved below "Total Mail and Services" in order to clarify its status as distinct from all other rows in the report. In any event, within the CRA, the "Miscellaneous Items" row is the only available slot for reporting revenue other than that generated by postal activities reported in the rows above, or that reported in the "Appropriations" and "Investment Income" entries in the rows below. The total revenue reported for Miscellaneous Items in the FY06 CRA was \$877.1 million, and in the FY07 CRA was \$949.0 million.

Attachment One to this filing is a spreadsheet showing the General Ledger (GL) accounts which aggregate to the Miscellaneous Items total for each of those two fiscal years. Examination of this spreadsheet shows that, with the exception of an adjustment for Money Order Float (shown at the end of the spreadsheet), all other-than-postal revenue in those two years was booked into one of 64 GL accounts (and the total of those accounts can be shown to tie back to the CRA). In some sense, therefore, the

objective of this filing is to shed as much light as feasible on what is going on in those accounts. As can be seen, in a number of instances, a particular GL account is essentially self-explanatory. In this pleading, the Postal Service will not attempt to provide further explanation of such accounts, beyond what is included in the attached spreadsheet. Other GL accounts, however, benefit from further explanation, and those are provided starting on page 9 below.

There are also two GL accounts that require further disaggregation, GL 44030.000 (Miscellaneous Revenue) and GL 44030.126 (Miscellaneous Revenue – Other). Very roughly speaking, the practical distinction between these two accounts is that the first (.000) primarily involves programs or activities administered through Headquarters, while the second (.126) primarily involves programs or activities administered in the field.¹ Attachment Two is a spreadsheet which breaks out each of those two Miscellaneous Revenue GL accounts into finer components. The finer components are either Areas, or Headquarters Finance Numbers. Further description of certain programs and entries associated with the revenue figures presented in Attachment Two are also provided below. Because postal policy is to avoid the unnecessary external dissemination of Finance Numbers, for purposes of this exercise, Headquarters Finance Numbers have been replaced by Row Numbers in Attachment Two. The verbal description of the organizational unit to which the Finance Number

¹ Another example of an application of this rough rule of reference is Freedom of Information (FOIA) copying fees. Two GL account for FOIA appear in Attachment One, and the account ending in 000 (GL 43380.000) pertains to FOIA fees collected by Headquarters, while the account not ending in 000 (GL43380.198) pertains to FOIA fees collected in the field.

(and the Row Number) correspond is retained, however, and that is usually more enlightening, for the purpose of this exercise, than the Finance Number would be.

Within Attachments One and Two will be found entries of relatively substantial amounts, and entries of relatively insubstantial amounts. When an entry reflects a relatively substantial amount, the Postal Service has, for purposes of this exercise, endeavored to ascertain what underlying activity or set of activities have caused generation of such an amount. In those instances, a description of the relevant activities is provided, unless the activity is either intuitively obvious, or has been described elsewhere. (An example of an activity which seems relatively intuitive is GL 44036.149 (Sale of Recyclable Products), which is aptly described in Attachment One and about which there is nothing to add at this point.) Past experience demonstrates, however, that certain activities have generated substantial interest in previous proceedings addressing nonpostal matters, even if they do not necessarily generate substantial revenues. As a result, therefore, the Postal Service has not limited more extensive descriptions to those activities that would otherwise be flagged for attention strictly on amount-of-revenue grounds. Activities or programs that have historically been the focus of “nonpostal” discussions, or activities or programs of a similar nature to those, have received the same amount of attention (in terms of seeking to fill in the details) as activities or programs with substantial revenue.

On the other hand, within Attachment Two in particular, there are a number of entries for which no additional information has become available. These circumstances are reasonably understood when one examines the magnitude of these entries, which relate primarily to GL account 44030.000 (Miscellaneous Revenue). Headquarters

finance numbers are responsible for the vast majority of revenue received in this account. There were 219 Headquarters finance numbers which reported revenue in GL account 44030.000 in either FY06 or FY07. Many of those, however, reported some revenue in only one of those two years. Of the 219, 87 showed no revenue in FY07, and 63 showed no revenue in FY06. Overall, including those showing no revenue, 116 showed less than \$100 in revenue in FY07, as did 92 finance numbers in FY06. Similarly, of the 219 finance numbers, 151 showed less than \$1,000 in revenue in FY07, as did 138 in FY06. Reporting less than \$10,000 in revenue were 176 finance numbers in FY07, and 178 in FY06. Reporting less than \$100,000 in revenue were 194 finance numbers in FY07, and 195 in FY06. Of the 219, 208 reported less than \$1 million (actually, less than \$700,000) in FY07, as did 210 in FY06. The ineluctable conclusion is that the vast majority of the HQ finance numbers identified as sources of revenue in this account are reporting non-material amounts of revenue, and many are reporting quite trivial amounts of revenue. It would be difficult to discern a rational basis to attempt to probe the source of each and every one of these entries, with what would inevitably be a labor-intensive manual inquiry process. Instead, the Postal Service has tried to focus on those entries that truly merit attention for one of two reasons explained above – either the amount of revenue seems significant, or the nature of the activity is known to fall within the range of historical interest for “nonpostal” activities. If, however, there are specific entries which are subsequently deemed to warrant particular attention, the Postal Service will seek to obtain whatever additional information can be obtained.

In summary, the Postal Service has adopted for this initial response to Order No. 74 a presentational framework which it believes is faithful to the intent of that Order. The Commission obviously intended to cast the broadest possible net it could in order to capture what it views as all potential nonpostal activities, and the Postal Service has responded accordingly. As should be clear from its earlier pleadings, of course, the Postal Service holds the view that a large portion of the activities caught within this net (*i.e.*, encompassed within the revenues shown in Attachment One) are not actually “nonpostal services” of the type intended to be within the scope of section 404(e) of revised title 39. The Postal Service does not retreat from this view, but recognizes the need to cooperate in the development of a comprehensive factual record that will enable these issues to be addressed and resolved appropriately. This initial response to Order No. 74 is one step in that direction, and the Postal Service’s further response to Order No. 74 will be the next step.

Attachment One

As noted above, the starting point for this exercise is Attachment One, for the purpose of demonstrating that revenue from all other-than-postal activities has been covered. That is not to say, however, that all the GL accounts listed in Attachment One have equal relevance for purposes of meeting the objective set forth in Order No. 74. For example, five of the GL accounts listed in Attachment One actually have far more to do with postal activities than nonpostal activities. They are the following accounts: GL 43330.112 (Six Month Box Rents), GL 43333.141 (Merchandise Return Permit Fees), GL 43341.155 (Misc. Annual Accounting Fees), GL 43383.140 (Permit Imprint Application Fees), and GL 44037.122 (Stnd Mail/Periodical Denied). They are included

in Attachment One for purposes of tying back to the number shown in the CRA, but merit no further attention in a discussion of potential “nonpostal” activities. Similarly, GL 41499.000 (Emergency Preparedness Revenue) seems like it would more naturally fit within the Appropriations line in the CRA, and GL 47001.000 (Mortgage Interest Earned) and GL 47100.000 (Escrow Account Interest Earned) seem more like Investment Income, also a separate CRA line-item. The purpose of this exercise, however, is not to critique whether different treatment for a few minor GL accounts might be warranted in the future in assembling the CRA, but rather to identify accounts which potentially might reflect nonpostal activity, again using that term in the broadest possible sense. The above accounts, involving either postal activity or routine financial activity, fall well outside the scope of this effort.

Another subset of GL accounts in Attachment One requires additional discussion. These are accounts GL 45610 (Gain or Loss on Sale of PP&E), GL 45960.000 (Reimbursement and Cost Reduction Control), GL 45961 (Sale of Land & Buildings), GL 45963.000 (Sale of Equip and Misc Items), and GL 45965.000 (Sale of Vehicles). A perhaps oversimplified hypothetical example is probably the best way to attempt to explain how these accounts were intended to relate. Assume the Postal Service bought land and built a facility on it many years ago, for a total cost of \$800,000. Assume cumulative depreciation over the years on the building was \$500,000. Assume the facility no longer meets the Postal Service’s needs, and the land and building were sold in FY06 for \$1,500,000. The facility was on the Postal Service’s books at initial cost (\$800,000) minus accumulated depreciation (\$500,000), or \$300,000. The Postal Service’s gain on the sale, therefore, was selling price (\$1,500,000) minus book value

(\$300,000), or \$1,200,000. How would this sale be reflected in FY06 in the above GL accounts? The \$1,200,000 gain would be booked into GL 45610 (Gain or Loss), the actual revenue from the sale of \$1,500,000 would be booked into GL 45961 (Sale of Land & Building), but an offsetting entry of negative \$1,500,000 would be entered in GL 45960, the contra control account. Fortunately, for purposes of this exercise, it is not necessary to understand the theoretical rationale behind this somewhat complex series of accounting transactions. What may be more relevant is that, as the text in Attachment One regarding GL 45960 explains, entries to that contra control account essentially offset the entries in GL 45961, GL 45963, and GL 45965. The result is that, in terms of the net effect on the “bottom line” of Miscellaneous Items revenue in the CRA, practically all that matters is the entry in GL 45610 (Gain or Loss on the Sale of PP&E), although the entries in the other accounts certainly shed light on the nature and magnitude of the activities underlying that net effect. As a further digression, FY07 was the last year in which the multi-step “contra control account” procedure was used, and a more direct accounting approach is contemplated for FY08.²

What follows, then, are expanded descriptions of programs or activities which generate the revenues shown in certain of the GL accounts in Attachment One. Since Attachment One is focused on FY07 and FY06, programs or activities which potentially may generate revenue in the future are not necessarily included. For example, new

² The above paragraph is not intended to be a precise explanation of the accounting treatment of these five accounts, which is well beyond the purpose of this exercise. In fact, some of the changes contemplated for FY08 were actually implemented midyear in FY07, which complicates things even further. The above explanation merely tries to give some of the flavor of how and why these accounts are interrelated, but, as noted above, the important points to take away are that revenues in these accounts should not be viewed in isolation, and that what flowed through to the bottom line in FY06 and FY07 were essentially the revenue numbers in GL 45610.

section 3018 of title 39 relates to Hazardous Materials, and includes provisions for the Postal Service to establish procedures to assess penalties for violations, including those which lead to clean up costs or other damages. The Postal Service is still in the process of establishing those procedures, but it seems possible that if and when revenues are generated from this activity, those funds will end up in a GL account likely to be include as Miscellaneous Item revenue in the CRA. A following, separate section will deal with programs or activities that fall largely or entirely within the scope of the Miscellaneous Revenue breakouts shown in Attachment Two.

ATTACHMENT ONE ACTIVITY AND PROGRAM DESCRIPTIONS

ASSET FORFEITURE FUND

The Postal Inspection Service's Asset Forfeiture Program began with the Child Protection Act of 1986 and the granting of forfeiture authority to the Postal Service in child exploitation cases with a nexus to the mail. Subsequent amendments to the Money Laundering Control Act of 1984 gave the Postal Service forfeiture authority for the majority of financial crimes we investigate. These amendments enabled the Inspection Service to pursue forfeitures in mail fraud, narcotics, child exploitation, money laundering and most other financial criminal investigations conducted by our agency. The Postal Service is authorized to utilize the civil administrative forfeiture procedure in specific instances, as well as pursue civil judicial or criminal forfeiture through the court. The primary purpose of forfeiture is to punish and deter crime by depriving criminals of their proceeds.

Upon receiving forfeiture authority, the Postal Service designated a pre-existing postal miscellaneous fund under 39 USC 2003 as the Forfeiture Fund. All deposits yielding from Inspection Service administrative forfeitures are deposited into this account. Shares we receive from judicial forfeitures are also deposited into this account. The Fund was modeled after the DOJ Forfeiture Fund. Monies deposited are restricted to a law enforcement use. At the end of each year, the net of the revenue for the Asset Forfeiture Fund less the expenses is closed to an equity account. This allows for tracking and the use of these restricted funds. These funds are reported in GL 44033.000 (Forfeited Property Revenue), in amounts of \$5.532 million in FY07 and \$10.332 million in FY06.

INSPECTION SERVICE REIMBURSEMENTS FROM OTHER LAW ENFORCEMENT AGENCIES

The Postal Inspection Service can be reimbursed if Postal Inspectors are detailed to act on behalf of other law enforcement agencies. In particular, they may provide services to the US Marshall's Service. Revenues from this were \$75 thousand in FY06, but apparently none in FY07. These amounts are reported in GL 44035.000.

PARKING FEES

Parking fee revenue is generally that paid by employees who may be charged to park at the postal facility where they work (such as Headquarters). It is booked in GL 44031.000, and was \$72 thousand in FY07 and \$84 thousand in FY06.

ELECTRONIC POSTMARK

Electronic Postmark (EPM) is a program whereby customers using an authorized EPM provider obtain Postal Service-authorized timestamps for the purpose of substantiating at a later period in time that the original form of the electronic information presented for time-stamping has not been altered. Electronic Postmarks are produced by companies approved under a certification process, then authorized to use Postal Service licensed technology, intellectual property and patents. An Electronic Postmark is generated on a secure server owned and maintained by the authorized EPM licensed provider. The Postal Service issues to each licensee a private signing key used in the generation of Electronic Postmarks on each secure server, which also serves to monitor USPS EPM usage. The Postal Service, through the use of the EPM, provides an important public service as an impartial third-party witness to the event.

Postal Service approved time-date stamp providers are required to meet certified standards prior to receiving a USPS license for creating a secured environment for the auditable time stamps, digital signatures, and hash codes. These encompass the structured transactions for file exchanging and long-term storage of the electronic files. The Postal Service does not retain nor view the contents of these time-stamped files. The Postal Service receives on a regular basis, and maintains, information from each licensee that could be used to build a backup verification service in the event that a licensee no longer performs that service.

The Postal Service first began exploring the offering of a value-added service for digital content files in 1991 and created, through patents and other intellectual property, the term "electronic postmark." This helped lay the ground work for the evolving time-date stamping industry. By 1995, the Postal Service began testing the concept and provided the service commercially until 2001 when the Postal Service decided to restructure the

way this was offered. From 2001 to 2007, a partner was aligned to provide the service to commercial entities, as well as public users and internet consumers. Users of this service were regarded as postal customers. In late 2006, the Postal Service published a Request for Information (RFI) to engage the time-date industry in changing the Electronic Postmark model. Fifteen information technology organizations participated and provided feedback in helping the Postal Service to determine its role in the time-date industry. By August 2007, the former model of a postal-supported service was changed to a licensing model that enabled the time-date industry to utilize our intellectual property and aid in creating a trusted environment for industry users and consumers of Electronic Postmarks – as time-date stamps. The Postal Service now enables certified approved EPM providers to retain customers as their own with specific limitations to how the EPM may be applied. Currently there is one certified provider. The Postal Service is currently considering applications for new providers.

The current revenue model provides for an annual license fee, with additional licensing fees for usage above a threshold.

During 2007, the time-date industry was instrumental in providing the Postal Service with guidance and a current customer view of the public need that made a convincing plea for our continued participation in this industry. Key public need factors were a) the continued existence of a trusted-third party to whom consumers could hold to a higher criterion for legal support against fraud; b) for a certification process that places all licensed providers on a higher but equal technology footing; and c) a rational fee structure that was not burdensome on fledging industry providers and their unique specialties and offerings.

In this increasingly digital age, there is both a public need for a USPS EPM to authenticate digital records, and a unique role for the Postal Service as a disinterested third party. It is for this reason that the Universal Postal Union (UPU) and a number of national posts have adopted standards for such optional services and now offer them. The Postal Service and the American public would be at an extreme disadvantage to member UPU posts in this evolving digital age to be without the capabilities of the USPS EPM and those key industry providers who are enabled to provide this trusted service.

The Postal Service revenue for the Electronic Postmark program is reported in General Ledger Account No. 44043.108, which shows FY 2006 revenue of \$225 thousand and FY 2007 revenue of \$135 thousand.

REAL PROPERTY SALES

Government: The Postal Service enters into sale agreements, taking the form of inter-agency MOUs or MOAs, with GSA or other federal entities to transfer ownership of excess postal property for a negotiated price.

Non-Government: The Postal Service enters into sale agreements with private parties transferring title to excess postal property for a negotiated price.

The FY07 and FY06 revenues for these transactions are cumulatively reflected in GL 45610 (Gain or Loss on Sale of PPE), GL 45960 (Reimbursements & Cost Reduction Control), and GL 45961 (Sale of Land and Buildings) in Attachment One, as explained above.

NON-SALE LEASES AND DISPOSAL OF REAL PROPERTY

Non-sale leases and disposals of Real Property are split into those involving other governmental entities, and those involving non-governmental entities. The Postal Service has nearly a thousand such agreements, and over 200 of those are with GSA.

Government

There are three basic categories of agreements with governmental agencies – parking, office, and antenna.

Parking: The Postal Service enters leases or licenses with GSA, on behalf of various tenant agencies, for parking areas or spaces excess to our own needs, for a negotiated price. These agreements usually take the form of inter-agency memoranda of understanding/agreement (MOUs/MOAs), as opposed to legally enforceable lease or license "contracts." The Postal Service occasionally enters such agreements directly with an agency, without working through GSA. The Postal Service also occasionally enters lease or license contracts with state or local governmental entities for parking.

Office: The Postal Service enters leases or licenses with GSA, on behalf of various tenant agencies, for office/administrative space excess to our own needs, for a negotiated price. These agreements usually take the form of inter-agency MOUs or MOAs, as opposed to legally enforceable lease or license "contracts." The Postal Service occasionally enters such agreements directly with an agency, without working through GSA. The Postal Service also occasionally enters lease or license contracts with state or local governmental entities for office space.

Antenna: The Postal Service enters into inter-agency agreements with other federal entities (usually law enforcement-related) for use of roof space, or excess land, for antenna tower use (for cellular communications).

Revenues from governmental leasing are reported in GL account 44047.000, which shows \$27.070 million in FY07, and \$26.565 million in FY06.

Non-government

There are three basic categories of agreements with non-governmental entities – parking, office, antenna, advertising, storage, and credit unions.

Parking: The Postal Service enters leases or licenses with private party for parking areas or spaces excess to its own needs for a negotiated price.

Office: The Postal Service enters into leases with private party for use of space excess to its own needs for a negotiated price.

Antenna: The Postal Service enters leases for use of roof space, or excess land, for antenna towers for use by cellular providers (aka "carriers").

Advertising: The Postal Service enters leases with private party for use of roof space, or excess land, for erection and display of advertising billboard for a negotiated price .

Storage: The Postal Service enters leases with private party for use of excess storage space for a negotiated price.

Credit Union: The Postal Service enters no-rent or nominal rent (i.e., \$1.00 per year) space leases with postal employee credit unions for excess space.

Retail Lobby Space: The Postal Service has recently negotiated leases of lobby space for use by commercial entities providing print/copy, financial, and other services, via their own retail employees or automated kiosks. These leases are expected to produce revenue in FY08.

Revenues from non-governmental leasing are reported in GL account 44046.000, which shows \$44.972 million in FY07, and \$44.191 million in FY06.

VEHICLE SUPPLIES AND SERVICES TO GOV'T AGENCIES

No structured programs, agreements, or MOUs that would generate revenue from other government agencies have been located. The belief, however, is that the majority of any activity would be other government vehicles seeking fuel from postal facilities. Speculation can be made that, to the extent FY06 showed higher revenues than FY07,

this perhaps could have been due to circumstances in the period following Hurricane Katrina, when there were limited sources of fuel in the areas most affected by the storm. This may have caused other government vehicles to seek fuel from postal sources. The revenue is booked as a separate account in the GL in 44038.000. The amounts reported were \$92,000 in FY06, and \$9,000 in FY07.

READYPOST

ReadyPost® is a USPS-branded line of shipping supplies designed for sale in postal retail locations to support mailing needs of our customers. The program is based on a contract with Hallmark Custom Marketing, Inc. Revenue is booked in GL account 42101.093, and was \$121.793 million in FY07, and \$115.955 million in FY06.

STAMP FULFILLMENT SERVICES SHIPPING AND HANDLING CHARGES

Stamp Fulfillment Services in Kansas City, MO charges shipping and handling charges for all orders submitted, either by phone, or via the internet. The main charge is \$1 for purchases of stamps and philatelic items, such as first-day covers. While many of these purchases are clearly for philatelic purposes, stamp purchases that originate by telephone or internet are also fulfilled in Kansas City and incur the \$1 charge. The Postal Service often cannot distinguish philatelic from regular stamp purchases, and the \$1 charge applies to purchases from products in the USA Philatelic catalog (which includes all current stamps). In addition to the basic \$1 fee, the Postal Service now charges different, higher shipping and handling charges for personalized stamped envelopes, so as to better recover costs incurred to fill such orders. All stamp fulfillment handling charges are reported in GL account 43340.137 (Stamps By Phone – Handling Charges), whether originating by phone or internet. The revenue reported for FY07 was \$4.732 million, and for FY06 was \$4.462 million.

PHILATELIC SALES

The Postal Service sells a wide variety of philatelic items to both established and aspiring stamp collectors. These include first day covers, commemorative stamps, commemorative panels, and related items intended for stamp collectors, which generally are found in the *USA Philatelic* catalog published by the Postal Service, or on the *Postal Store* website. In the GL for FY06 and FY07, there are two accounts in which revenues from these sales appear. The first is GL account 42107.092 (Philatelic Products), which reported revenue of \$17.371 million in FY06, and \$5.441 million in FY07. The second is GL account 43397.164 (SFS Philatelic Sales), which reported revenue of \$0.659 million in FY06, and \$10.633 million in FY07. As can be seen, the trend is to shift sales towards the Stamp Fulfillment Services (SFS) channel in Kansas City.

OFFICIALLY LICENSED RETAIL PRODUCTS (OLRP)

This program provides for the sale of licensed retail merchandise in post offices. Licensees utilize postal trademarks and stamp images to develop products that can be sold in post offices. Postmasters/station managers select OLRP products for resale in their offices. They are usually gift items that represent convenience purchases. The OLRP program involves the actual sale of the merchandise (as distinct from the royalty payments received through the licensing program.) This program was described in detail in the Statement of Tina Lance, filed in this proceeding on March 19, 2008. Revenue from this program is booked in GL 44043.231 (Other Marketing Initiatives – OLRP), which reported \$27.843 million in FY07, and \$28.852 million in FY06. In FY06 and FY07, however, revenue for similar products was also booked into GL 42102.098 (Postal Related Retail Products), which reported \$2.010 million in FY07, and \$1.942 million in FY06.

GREETING CARDS

The Postal Service offered greeting cards and other stationery items at least as early as 1997, when a relationship with American Greetings was formed to acquire products featuring The World of Dinosaurs stamp issue. Since then, note cards, greeting cards, and other stationery items sold in Post Offices have featured stamp designs and other postal intellectual property. Some were sold as philatelic items and others were part of the Official Licensed Retail Product (OLRP) program. Not all such cards, however, necessarily featured Postal Service intellectual property.

Although the Postal Service has no current plan to offer a full line of greeting cards in its retail lobbies, cards and stationery remain an important part of the retail product mix. For example, in the current integrated retail promotion featuring the Frank Sinatra commemorative stamp, various products are being offered in targeted Post Offices and online. These included two Sinatra-themed song cards (greeting cards with a musical chip). Unlike most of the other products offered in this integrated retail campaign, these cards do not feature any Postal Service intellectual property. In the first three weeks of the promotion, more than 12,000 of the song cards were sold at \$5.95 each.

In FY07, known revenue from the sale of greeting cards was approximately \$27,300, and in FY06, was approximately \$35,900. These amounts reflect only sales through POS terminals, but that would be the large majority of greeting card sales. These revenues would most likely have been included in the amounts shown in GL 42102.098 (Postal Related Retail Products), but some conceivably might have also been included in GL 44043.231 (Other Marketing Initiatives – OLRP).

MIGRATORY BIRD STAMPS

An agreement with the United States Fish and Wildlife service provides for the distribution and sale of the Migratory Bird Hunting and Conservation (Duck) Stamp to the general public through Postal Service retail outlets. Revenues for this program appear in GL 42341.000 (Migratory Bird Stamps), and were \$210,000 in FY07 and \$218,000 in FY06.

PASSPORT APPLICATION ACCEPTANCE

The Postal Service receives a fee for processing Passport Applications through an agreement with the State Department. Currently, the Postal Service handles about two-thirds of all passport applications. A passport application is completed by a postal customer, the form is reviewed for completeness, an ID is verified, and then the completed application is sent to the State Department. Revenues for this program appear in GL 43420.264 (USPS Passport Execution Fees), and were \$295.197 million in FY07, and \$179.670 million in FY06.

PASSPORT PHOTOS

In conjunction with its passport acceptance program, in some retail locations, the Postal Service also offers customers the ability to obtain passport photos for an additional fee. This program was described in detail in the Statement of Tina Lance, filed in this proceeding on March 19, 2008. Revenues for this program appear in GL 43420.241 (Passport Photo Services), and were \$64.767 million in FY07, and \$39.377 million in FY06.

FEDEX DROPBOXES

As part of a non-exclusive contract between FedEx and the Postal Service, FedEx pays fees to the Postal Service to allow it to locate its express drop boxes outside or in proximity to post offices. The Postal Service provides no services in connection with these drop boxes, currently installed at about 5,000 post offices. All responsibilities related to installation, maintenance, collection, and removal are FedEx's. Revenues for this program appear in GL 42105.000 (Drop Box Alliance Revenue), and were \$27.283 million in FY07, and \$26.173 million in FY06.

METER MANUFACTURERS MARKETING PROGRAM

Pitney Bowes and the Postal Service entered into a non-exclusive test-marketing relationship whereby the Postal Service would make space available in selected retail lobbies for exhibits promoting the use of PB postage meters and scales. The purpose

of the test is to determine the economic and practical feasibility of a longer term marketing relationship for the marketing of PB products in Post Office retail lobbies. For FY07, revenues were \$77 thousand, which appear in GL 43350.000 (Retail Services Revenue). For FY06, revenues were \$107 thousand, which for some reason are reported in two places -- \$20 thousand in GL 43350.000 (Retail Services Revenue) which appears in Attachment One, and \$87 thousand in GL 44030.000 (Miscellaneous Revenue), which appears within Attachment Two as Row 166 (Meter Manuf Mktg Agr).

PHOTOCOPYING SERVICE

In some retail locations, the Postal Service provides photocopy machines for customers to use to make photocopies. This program was described in detail in the Statement of Tina Lance, filed in this proceeding on March 19, 2008. Within Attachment One, it might be expected that revenues from this program would appear in GL 43350.248 (Copy Machine Revenue), offset by the amount in GL 43350.548 (Servicing Vendor Copy Machine Reimbursements). (Although the description of the latter account includes the term "refunds," in fact, this account is for payments made by the Postal Service to the owner of the copy machine, if the Postal Service has collected the money out of the machine.) If this were so, copy machine revenue in, for example, FY 07, would be \$1.77 million, offset by \$1.24 million in reimbursements. Unfortunately, the separate GL account for copy machine revenue (43350.248) was only recently introduced (in FY06), and it does not appear that the field has yet adjusted its reporting practices appropriately. An unknown amount of copy machine revenue is still believed to be reported in GL 43350.123 (Lobby Service Revenue), which is where copy machine revenue previously was reported. This belief is based, in part, on an examination of finance number entries, which show some offices recording reimbursements under the reimbursement account (43350.548), but no revenue under 43350.248. Presumably, such offices must be recording the revenue somewhere else, most likely GL 43350.123. As a result, the Postal Service has no firm estimate of photocopy revenue for FY06 and FY07. In Docket No. R2006-1, on page 17 of Attachment F to the Request (filed on May 3, 2006), the Postal Service estimated FY 2005 photocopy revenue at \$14.8 million. GL 43350 (Lobby Service Revenue) remained well above that figure in FY06 and FY07. Therefore, an estimate for photocopying revenue in the neighborhood of the Docket No. R2006-1 figure (i.e., \$15 million) seems more reasonable than the much lower figures being recorded in the new GL account created expressly for copy machine revenue.

NOTARY PUBLIC SERVICE

The Statement of Tina Lance, filed in this proceeding on March 19, 2008, described notary public service as it currently relates to the Postal Service. The Postal Service has not identified any of the FY06 and FY07 revenues shown in Attachment One as relating to notary services.

STORED VALUE CARDS

The Statement of Tina Lance, filed in this proceeding on March 19, 2008, described the history of stored value cards within the Postal Service's set of retail products. Within Attachment One, four GL accounts relate to the Postal Service's most recent stored value card – the First-Class Phone Card. That program was terminated shortly after the start of FY07. The four accounts are GL 44043.099 (Phone Cards, Non-Vending), GL 44043.199 (Phone Cards, Vending), GL 44043.499 (Phone Cards, Refunds), and GL 44043.000 (Test Products). The latter account shows a one-time payment to the Postal Service in FY07 relating to the termination of the program. In total, these four GL accounts reflect FY07 revenue from phone cards of \$2.385 million, and FY06 revenue of \$10.777 million. These figures, however, represent gross revenue to the Postal Service and its alliance partner, against which certain alliance expenses would need to be offset in order to determine net revenue to the Postal Service.

DINERO SEGURO®/SURE MONEY™

Sure Money™ or Dinero Seguro® is the Postal Service's international funds transfer program offered through 2,800 postal retail units in areas with high concentration of Hispanic immigrants. The program, which provides service to 10 countries in Latin America and the Caribbean, operates through a strategic alliance with Bancomer Transfer Service. The Postal Service collects the name of the recipient and sender, the amount of funds to be sent, and the funds and service fee (shared between the Postal Service and Bancomer); generates a receipt showing the amount of currency to be paid to the recipient; and provides the data to Bancomer to complete the transaction.

Dinero Seguro has been listed in the proposed MCS under the heading of International Money Transfer Service (IMTS). The Postal Service intends to expand the number and types of service offerings under this heading to include both inbound and outbound services to other countries, under any one of a number of platforms and structures. The Postal Service is examining options to partner with both private sector partners and foreign postal administrations that are signatories to the Universal Postal Union Postal Payment Services Agreement. The Postal Service's ultimate aim is to offer broader reach in terms of territories served, as well as an array of service options to customers.

Within Attachment One, Dinero Seguro revenues of \$2.106 million for FY07 and \$2.524 million for FY06 reflect the combination of GL accounts 44032.106 (Sure Money Fees) and 44032.646 (Sure Money Fees – Refunds).

TRAINING FACILITIES

The Postal Service maintains two training facilities, one in Norman OK, and one at the Bolger facility in suburban Maryland, outside of Washington DC. The facility at Norman focuses on technical training, while the Bolger center is used by the Inspection Service

and for leadership development. The Postal Service, however, is unable to make full use of these facilities every day of the week and every week of the year. Therefore, to try to offset some of the costs of operating these facilities, the Postal Service allows use by outside entities – either private, or other governmental. This generates revenue, both from overnight use of rooms, and from day use of meeting and dining facilities. Occasionally, non-employees are also allowed to pay to attend postal training sessions (e.g., elevator repair training sessions in Norman). The revenue generated by such shared training is a miniscule part of the overall revenue generated at Norman. At Bolger, the Postal Service has been willing to allow outside entities to pay to use the video production facilities, but apparently that offer has yet to generate any revenue. The facility at Bolger is actively marketed as a conference site, but there is no current marketing effort to promote its use for social engagements on weekends. At neither training facility is the total revenue generated by these activities sufficient to cover the Postal Service's costs of operating the facilities for its own uses. Revenue at Norman was \$95 thousand in FY07 and \$262 thousand in FY06, as reported in Attachment One in GL 44030.262 (Misc Revenue – Norman Training Center). Revenue at Bolger was \$2.660 million in FY07, and \$3.215 million in FY06, as shown in Attachment Two at Row 89 (WFB Center for Leadership Development).

Attachment Two

The following descriptions pertain to programs or activities for which there is no separate GL account shown in Attachment One, but which have their revenue reflected in Attachment One as part of Miscellaneous Revenue under either GL 44030.000 or GL 44030.126. Their revenue is further broken out by Finance Number in Attachment Two. As explained before, because the actual Finance Numbers add no value to this exercise, they have been replaced in Attachment Two by Row Numbers. Each Row Number represents a Finance Number.

ATTACHMENT TWO ACTIVITY AND PROGRAM DESCRIPTIONS

LICENSING PROGRAMS

Managing and protecting intellectual property assets (patents, trademarks, copyrights) are important to the economic health of a business entity. The U.S. Postal Service, like its business competitors, must be able to identify its evolving intellectual property assets on an ongoing basis and file with the U.S. Patent and Trademark Office applications to protect that property for defensive purposes. For example, failing to apply for and obtain a U.S. Patent for a Postal Service invention could ultimately result in the loss of Postal Service rights in the invention to another business entity who applies for and receives a U.S. Patent for the invention. The Postal Service could subsequently be prohibited from using its invention unless it pays a licensing fee (sometimes exorbitant) to the owner of the U.S. Patent.

Managing and protecting intellectual property assets are also important to the economic health of a business entity in that intellectual property assets can be leveraged for revenue. For example, the Postal Service's well-known brand, its corporate signature, as represented by the Sonic Eagle (a trademark) can be licensed to third parties for use in connection with products or services sold by the third parties. This requires the Postal Service to exert quality control over the products or services to assure that consumers receive the quality they have come to expect when purchasing Postal Service products or services. The Postal Service would receive compensation in the form of royalty payments or a flat fee.

That being said, the Postal Service actively manages and protects its intellectual property assets for defensive purposes as well as for purposes of leveraging those assets for revenue. The subject matter of the Postal Service's intellectual property licenses to third parties can be broken down into three categories. These are: 1) USPS inventions; 2) USPS trademarks used on third party consumer goods; 3) USPS trademarks or copyrighted materials used by third parties for noncommercial purposes or limited commercial purposes.

1. USPS Inventions

USPS Inventions Owned by USPS and Documented in U.S. Patents

The Postal Service owns sixty-seven U.S. Patents, of which two have been licensed by the Postal Service to third parties. These relate to the design of cluster box units, and locks for cluster box units. The licensing agreements involving these two patents were implemented only this fiscal year, and thus did not generate revenue in FY06 and FY07, but presumably will going forward. For example, revenue generated in February and March of 2008 was \$118 thousand.

USPS Inventions Owned by Assignees of USPS

Three inventions developed by suppliers under contract with the Postal Service have been sold by the Postal Service to the suppliers with a royalty-free license back to the Postal Service to use the inventions. By written agreement, the Postal Service also retains the right to royalty payments from the suppliers' sales of the inventions. These suppliers and inventions are:

Northrop Grumman – Flats Sequencing System
I.D. Systems – Forecasting Module Software
SMI Ltd. – Stamp Affixer

To date, the Postal Service has received no royalty payments from the suppliers' sales of the inventions.

2. USPS Trademarks Used on Third Party Consumer Goods

This program licenses use of intellectual property owned by the Postal Service, including stamp images, copyrighted material, the Postal Service corporate signature, other trademarks, service marks and trade dress. Licensees can pay specific fees for usage in the commercial marketplace, but in most cases pay a royalty for each item that contains Postal Service intellectual property. The licensed items are commercially available consumer products sold in various marketplaces and territories.

Commercial Trademark Licenses

Currently, the Postal Service licenses its trademarks to 40 third-party vendors for use on consumer goods. By category of consumer goods, these are: *Apparel (5), Art (1), Cards & Stationary (1), Fabric (1), Fashion Accessories (8), Food (2), Gifts & Collectibles (4), Mailing & Shipping (5), Pet Products (2), Toys & Games (11).*
Premium Trademark Licenses

Currently, the Postal Service licenses its trademarks to 18 third-party vendors for use on consumer goods to be sold to Postal Service employees.

Affinity Card Agreement – Chase Bank USA

The Postal Service entered into an agreement in 2002 for providing affinity credit cards to Postal employees (done by a predecessor to Chase), whereby Postal employees would enjoy credit card benefits from the issuing bank, the Postal Service obtained a guaranteed payment for the use of the Postal Service's intellectual property, and Chase was provided the ability to solicit postal employees. Chase parties can use the intellectual property of the Postal Service (e.g., its eagle logo, stamp designs, the Mr. ZIP logo, trade dress, etc.) in marketing and servicing, including displaying on marketing materials, the card, and statements, relating to the credit cards issued under this program. Similarly, the Postal Service can use Chase's intellectual property (its logo, trade dress, etc) in connection with Postal Service marketing of the program to its employees. The guaranteed amount is offset by royalties that are generated based upon employees signing up for the credit card. The previous contract expired in the summer of 2007 and was replaced by another agreement (also with Chase), to be in effect for a 5 year period (through June 2012), whereby the Postal Service obtained a guaranteed payment for its intellectual property and the ability to solicit its employees of \$4,500,000 (payable in July of 2007 of \$3,500,000 and annual payments thereafter of \$250,000) That \$4,500,000 amount would be offset to the extent that royalties for sign ups and card usage are due to the Postal Service. However, in the event that the amounts due for sign ups and card usage exceed the guaranteed amount, those amount would be due (over and above the guaranteed amount). It should be noted in the five year contract 2002-2007, the Postal Service only received the guaranteed amount. As such, the Postal Service makes its money from the guarantee provided by Chase.

3. USPS Trademarks or Copyrighted Materials Used by Third Parties for Noncommercial Purposes or Limited Commercial Purposes

Limited Licensing: The Postal Service does the following types of limited licenses, for rights and permissions:

- 1 Copyrighted Materials in Print
- 2 Copyrighted Materials on Website

- 3 Trademarks in Publications
- 4 Non-Profit Use of Trademarks
- 5 Trademark Use in Advertising
- 6 Trademark Use on Website
- 7 Stamp Use in Publication
- 8 Non-Profit Use of Stamp
- 9 Stamp Use in Advertising
- 10 Stamp Use on Website
- 11 Location Agreement (Permission to film or take still photography on Postal Service premises)
- 12 Entertainment Agreement (Generally trademark usage, but some stamps)
- 13 Mural Agreement (Permission to photograph and publish)

The Postal Service charges an application fee of \$25 for each application, and in some instances charges a small royalty or location fee. Annual revenue was \$38,422 in FY07 and \$34,371 in FY06, and we execute approximately 150 – 200 licenses a year. All of the requests come from the public and customers – the Postal Service does not solicit business or actively market the program. Commonly requested uses are: the use of stamp images in textbooks, and the use of the logo on an internet website to show the Postal Service as a shipping option.

Revenue Reporting

The revenue for Licensing is booked in the GL as part of Misc Rev, 44030.000, and shows up as Row 67 (Licensing Programs) of Attachment Two. Note that, currently, licensing agreements of the type covered by this program do not include agreements made by the Postal Service to procure materials using its own intellectual property for its own use (such as for subsequent sale by the Postal Service to consumers). Thus, the licensing program does not extend to the procurement of philatelic or OLRP products sold at Postal Service retail locations or online at www.usps.com. In the past, however, including in FY06 and FY07, a portion of OLRP was booked into Row 67 of Attachment Two. In addition to the amounts shown above from Limited Licensing, the FY06 and FY07 revenues from other types of Licensing programs are shown below.

Affinity Card Program
 FY2006 – \$ 250,000
 FY2007 – \$4,250,000

Commercial Licenses
 FY2006 – \$1,763,761
 FY2007 – \$1,490,788

Premiums Licenses
 FY2006 – \$ 216,489
 FY2007 – \$ 262,022

EEO PROCESSING

Because of the Postal Service's experience and proficiency in handling EEO matters, certain other federal government agencies request its assistance in processing EEO complaints. Those agencies reimburse the Postal Service pursuant to agreements made under section 411 of title 39. The revenue shows up in the GL as part of Misc Rev, 44030.000, and appears in Attachment Two at Row 159 (EEO Investigation). Revenue was \$243 thousand in FY07 and \$167 thousand in FY06,

CONSUMER FRAUD FUND

In 1997, the U.S. Postal Inspection Service created the CFF that was initially funded from an Inspection Service mail fraud investigation in the Southern District of Iowa. As a result of the investigation, approximately \$3 million was ordered by the court, pursuant to a settlement agreement, to be used for fraud prevention, consumer awareness campaigns and to support fraud investigations.

The CFF was created to receive proceeds recovered from fraudulent promotions and/or promoters when it is not feasible or practical to return recovered proceeds to the victims. The CFF is a designated fund to supplement Inspection Service consumer education programs, consumer awareness initiatives, and consumer fraud investigations.

In concurrence with the Department of Justice, our agency administers and maintains the Fund. The Chief Postal Inspector or designee (generally a Deputy Chief Inspector and/or the Inspector in Charge, Financial Crimes) acts as the administrator of the Fund. Proceeds deposited into the Fund are related to civil and criminal actions as a result of a court order or the concurrence of the Department of Justice. At the end of each year, the net of the revenue for the Consumer Fraud Fund less the expenses is closed to an equity account. This allows for tracking and the use of these restricted funds.

The Consumer Fraud Fund revenue shows up in Row 188 of Attachment Two, and was \$4.8 million in FY07, and \$60.7 million in FY06.

SERVICE WIDE COSTS

A very wide variety of miscellaneous revenue is booked under the Service Wide Costs finance number. Examples include revenue escheated for stale checks, unclaimed meter deposits, unused flexible spending, unidentified cash receipts, reimbursements, etc. The Service Wide Cost account is the default account for revenue to which no other GL account or finance number has been assigned. Much of the miscellaneous revenue each year can be classified as one-time non-routine transactions, and therefore by definition can occur at anytime and can potentially have a material impact on the

total for the year. An example in FY06 was \$10 million for settlement of the Emery contract agreement. Other than that, the more routine types of revenue are listed below as approximate percentages per year of total Service Wide Cost revenue.

<u>Percentage</u>	<u>Type of Service Wide Revenue</u>
25%	Unused FSA contributions
15%	Unclaimed meter refunds and old inactive accounts
10%	Uncashed checks (including payroll)

Overall, Service Wide Cost revenue was \$59.7 million in FY07, and \$58.0 million in FY06. It appears in Row 63 (Service Wide Costs) in Attachment Two.

CMC TRANSPORTATION ASSET MANAGEMENT

The Postal Service's Fleet Card System, which provides electronic management of expenses for USPS's large fleet of over 220,000 vehicles, has been recognized as one of the top five for excellence in e-government innovation. Through electronic processing of invoices, payments, and reconciliations, the card system enables postal fleet managers to better manage costs. The amounts associated with this program that are reported as "revenue" in the General Ledger (\$11.845 million in FY06 and \$9.977 million in FY07, appearing in Row 40 of Attachment Two) come from two sources.

1. Rebates for Voyager card purchases. The Voyager payment card program is administered by GSA for federal government entities that buy large amounts of fuel. Preferable prices for fuel (in the form of rebates) are negotiated with participating fuel providers. Based on the amount spent and the timeliness of payments, the Postal Service gets rebates for using the Voyager payment card for fuel purchases associated with the Postal vehicle fleet and HCR fleet.
2. Recoupment of State Excise Taxes on fuel purchases. For postal-owned vehicles only, the Postal Service, as a Federal entity, is exempt by state law from state excise tax on fuel in certain states. The exemption does not include contractors. Where not exempt at the pump, the Postal Service must manually submit recoupment filings to the state. Based on the data generated for purchases of fuel using the Voyager card, Supply Management determines the amount of excise tax paid and prepares requests to the states to recoup the excise taxes.

CUSTOMIZED POSTAGE

Customized Postage is a program whereby customers, dealing with an authorized customized postage vendor, can obtain Postal Service-authorized postage consisting of customer-specific, customer-supplied images aligned with Postal Service-approved indicia of postage payment. Customized Postage is not a postage stamp; it is produced by private companies authorized by the Postal Service using PC Postage technology. The design of Customized Postage includes a customer-supplied image and a state-of-

the-art secure barcode that helps ensure protection of Postal Service revenue. The typical postage meter or PC Postage indicia design consists of two elements: a postage block and a distinctly separate block typically called an “ad plate.” The historical use of ad plates consists of printed advertising messages authorized, enabled, and controlled by the postage meter or PC Postage provider. Customized Postage utilizes the “ad plate” area to print the graphic image supplied by the customer. Unlike an ad plate, the customer supplied image may be placed within the required 1/2 –inch clear zone to the left of and below the postage block.

The Customized Postage concept has been offered under a market test for the past five years. To become an authorized provider of Customized Postage, the company must be an authorized PC Postage provider, authorized postage meter manufacturer or distributor, or a company affiliated with an authorized postage provider under conditions respecting postage revenue security approved by the Postal Service in accordance with 39 CFR part 501.1 and subject to all procedures and regulations set forth throughout 39 CFR Chapter 501. The Postal Service has entered into agreements with such providers (currently Stamps.com, Endicia, Pitney Bowes, and Zazzle.com—offering the customized postage product powered by Pitney Bowes); the most recent agreement was an extension for the period commencing on May 16, 2008 and running for a one-year period. As a condition for the providers to participate in the program, the Postal Service has issued content guidelines for submitted images; these guidelines are incorporated into the authorization letter granting authority entered into with each provider. The Postal Service has received payments from each of the providers in the form of a participation fee which enables the Postal Service to monitor compliance with the Agreement, including policing of image control and review, inspection of the provider’s printing facilities, and Postal Service trademark usage. In addition, to the extent that the provider conducts printing in more than two facilities, an additional charge to permit inspection and monitor compliance is also assessed. Under the Customized Postage program, the providers’ customers pay an amount which is greater than the face amount of the postage required for the sending of the mailpiece. This price to the customer is set by each vendor, and is not controlled by the Postal Service. The face amount of the postage is remitted to the Postal Service by the provider. Fee revenue is reported in General Ledger Account 44030.000 in Row 219 (Pstg Meter Admin&Cntrl), and fee revenue and postage revenue for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Fee Revenue</u>	<u>Postage Revenue</u>
2007	\$1.45 million	\$15.5 million
2006	\$0.9 million	\$10.8 million

IMAGITAS (MOVERSOURCE)

In 1995, the Postal Service and Imagitas formed a strategic alliance designed to add value to the change of address process, and help defray the Postal Service's costs of

annually processing 46 million change of address orders. The MoverSource Strategic Alliance includes the following programs:

- Mover's Guide - Includes PS Form 3575, Change of Address Order, Catalog Request Card (CRC), Magazine Request Card, and move-related tips and advertising. Also produced in the Mover's Guide program are the La Mudanza, Form 3576, and Form 3575Z.
- Welcome Kit - Contains the official USPS Confirmation Notification Letter sent to the new address of change of address filers along with information about the mover's new community and move-related advertising. Move Validation Letter (MVL) and Change of Notification Letter (CNL) have been added to the Welcome Kit family of products.
- MoversGuide Online (MGO) - This website, located on usps.com, allows a mover to file an electronic change of address order online. Similar to the hardcopy Mover's Guide, the online version provides move-related coupon savings, tips, and information as well as the Internet Catalogs Request Card (iCRC) that allows movers to keep or order new catalogs during their move. The product also includes "Weblinks", the official confirmation of your change of address email.

Revenue

Within Attachment Two, revenue from MoversSource shows up in two places. On the last page of Attachment Two, breaking out GL 44030.126, the revenue appears on Row 12 (Movers Source Support). Apparently, however, one payment in FY07 into the same finance number (Movers Source Support) was booked, perhaps inadvertently, into GL 44030.000, and appears under that GL account in Attachment Two as Row 187. After summing the figures for FY07 from the two accounts, the revenue for FY07 was \$45.843 million, and for FY06 was \$40.579 million. Those amounts, however, include \$5.2 million in Internet Change of Address fee revenue (from the \$1 fee) and \$14.0 million in postage revenue in FY06, and \$6.2 million in Internet Change of Address fee revenue and \$12.6 million in postage revenue in FY07. Since the Internet Change of Address Fee was added in Docket No. R2006-1 as a Miscellaneous Fee under Fee Schedule 1000, however, both that revenue and the postage revenue would seem to fall outside the "non-postal" penumbra upon which this proceeding is focused. Subtracting revenue from these two sources from the total revenue shown in Attachment Two would yield FY07 revenue of approximately \$27 million in FY07, and approximately \$21 million in FY06.

SEXUALLY ORIENTED ADVERTISING (SOA) LIST

Pursuant to 39 USC § 3010(b), the Postal Service is required to maintain a list of persons who desire to receive no sexually oriented advertisements through the mails, and to make that list available to persons or firms that may wish to mail such

advertisements to some or all persons whose names do not appear on the list. The Postal Service is authorized to impose a service charge on those seeking a copy of the SOA list in order to defray the costs of compiling and maintaining the list. Administration of this function is handled through the Pricing and Classification Center in New York. Revenues associated with this function were \$12,000 in FY07, and \$6,900 in FY06. In the General Ledger, those funds are reported in account 44030.000, and should appear in Row No. 109 (New York Pric & Class Svc Ctr) in Attachment Two. Unfortunately, as discovered in preparation of this filing, when records were originally being communicated to the Accounting Center in Eagan regarding a significant portion of these transactions, two digits in the Finance Number were apparently transposed, such that some of these funds were inadvertently credited to an unrelated post office. As a result, the figures shown in Row 109 of Attachment Two reflect only a portion of the actual FY06 and FY07 revenue from this function.

WARRANTY REPAIRS

The Warranty Repairs program resulted from the Postal Service's on-going business contacts with the Original Equipment Manufacturers (OEMs) of postal automation equipment. The OEMs expressed interest in what became this program because they have an obligation to repair equipment (or equipment parts) they have manufactured which are still under warranty. Therefore, the OEMs have a commercial interest in seeking the most efficient means of having such repair services provided. In some instances, that means that the OEMs are willing to pay a premium to have the Postal Service perform the required repairs itself. The prime example of the type of OEM whose parts are being repaired under the program is Imaje Printer. Imaje is a French firm dedicated to the manufacture of ink jet printers. Imaje printers are used extensively on currently deployed Postal Service automation platforms for the labeling of mail. Imaje has no external repair centers in North America. Previously, all damaged or inoperable Imaje equipment had to be returned to France, repaired, and then re-routed back to the United States for delivery to the Postal Service. This repair cycle burdened both Imaje and the Postal Service with increased costs, delays, longer lead times for the repair cycle of spare parts, increased float stock requirements, and significantly increased transportation costs. The alternative that evolved is an arrangement by which Imaje equipment is repaired on site at the Central Repair Facility (CRF) under the Warranty Repair program. Since inception in 2004, the program focus has been centered on the repair of a limited number of identical and/or similar Postal Service spare parts items. Like all of our non-warranty repairs for spare parts, repairs are performed at the Central Repair Facility located in Topeka KS by Northrop Grumman Technical Services. Northrop Grumman Technical Services is currently under contract to the Postal Service to provide for the repair of parts and equipment. All repairs under this program are charged a straight pass-through price, based on actual time and materials needed for these repairs, plus a 25 percent premium. In other words, an OEM participating in the program reimburses the Postal Service for the time and materials charges paid by the Postal Service to Northrop Grumman Technical Services, and pays an additional 25 percent markup above those charges which is retained by the Postal Service. The markup revenues generated from the Fee for Service program are used to

offset the costs of running the Central Repair Facility. In essence, this program has allowed the Postal Service and the OEMs to share jointly the cost savings generated by the creation of a more efficient warranty repair process. The Postal Service is interested in expanding the Warranty Program, and thus, for example, currently allows Imaje to compensate the Postal Service under this program for conducting repairs on equipment still under warranty, but owned by non-postal entities (*i.e.*, other American customers of Imaje). Revenue from the Warranty Repair program was \$5,502 in FY06, and \$27,484 in FY07. That revenue is reported in GL account 44030, and appears in Row 199 (Central Repair Fac) of Attachment Two.

AFFILIATES

The Postal Service first established affiliate marketing relationships in 2001. Under this program, Postal Service customers visiting the Postal Service web pages can learn about the various services offered by third parties and travel to these third party web sites through links appearing on the Postal Service's web pages. In general, affiliate marketing — using one site to drive traffic to another — is a common form of online marketing. It is a web-based marketing practice in which a business rewards one or more affiliates for each visitor or customer brought about by the affiliate's marketing efforts.

Today the Postal Service has more than 70 such affiliate marketing relationships with third parties. Most are basic linking agreements which generate no revenue. Of the more than 70 affiliate relationships as of May 2008, four are based on a revenue share model. The Postal Service expects to convert two other revenue sharing supply chain agreements (CardStore and Premium Postcard) to affiliate linking-type agreements in the near future for a total of six such relationships. These six affiliates enable potential customers to create mail such as greeting cards, to locate post offices, and to purchase labels to use with Click-N-Ship and maps for targeting direct mail. Following is a brief description of each relationship:

1 - Name of Affiliate: *Label Universe Inc.*

Label Universe is an affiliate partner that provides Click-N-Ship® and Shipping Assistant customers the ability to buy labels online, whereby postal customers can click on a link from USPS.com to be directed to LabelUniverse.com where the customers can choose from a variety of label products that are compatible with, and meet, Postal Service mailing standards for use in online shipping-label printing.

This affiliate relationship began in December of 2002, and continues through the end of this calendar year. Label Universe provides the fulfillment from its facility directly to the customer's residence or business using Postal Service mailing and shipping services. The Postal Service provides a co-branded flat rate Priority Mail box to Label Universe due to their shipment volume through the Postal Service. Under the agreement, the Postal Service receives a royalty on each sale.

2 - Name of Affiliate: *Maponics LLC*.

Maponics LLC is an affiliate partner selling maps online to postal business customers and companies targeting direct mail campaigns. Those maps serve a multitude of those business needs: optimizing and targeting a direct mail campaign to increase awareness and sales, sales territory creation, demographic analysis, direct marketing, web display and local search, to name a few.

This affiliate relationship started in September 2006, and will continue through September 2009. Under the agreement, the Postal Service receives a revenue share for each map that is purchased by a customer who landed on the Maponics website from the usps.com website.

3 - Name of Affiliate: *Idearc Media Corp. (as successor to Switchboard Incorporated)*.

This affiliate relationship started in 2001, and is currently in a wind-down period. Idearc hosts and operates an online, interactive directory accessible via the Internet providing potential customers with various types of interactive services and corresponding searchable proprietary databases including: a directory of business listings and display advertisements ("Yellow Pages"), a directory of residential listings ("White Pages"), a directory of email address listings ("Email Directory"), a directory of World Wide Web sites organized by topic ("SideClick"), an online interactive software tool for the creation of advertisements and web pages ("Ad Studio"), and an online mapping and direction service ("Map Point").

This application allows customers to enter an address or ZIP Code in order to locate the closest Post Office based on the customers' input. Along with the location of postal facilities, interactive maps and turn-by-turn directions are provided as well. In addition, customers utilize this tool to locate Automated Postal Centers (APCs), post offices that process passport acceptance, alternate locations (such as grocery store) to purchase stamps, and available post office boxes within a post office.

Under the agreement, the Postal Service guarantees Idearc a payment of fifty thousand dollars (\$50,000) per contract year, derived from revenues that are generated from users accessing the Idearc Directories via the Post Office/Retail Locator. Over that amount, the parties receive a revenue share.

4. Name of Affiliate: *Click2Mail(PosteDigital) (formerly Mailing Online provided through RGC Communications)*.

The agreement for Mailing Online (now Click2Mail) was first entered into in 2003. The agreement term will come up for renewal at the end of June 2008, and thereafter the Postal Service expects to enter into a new, standard affiliate linking agreement with Click2Mail. Click2Mail provides potential customers with a web based solution to create and send mail from a desktop computer. Mail formats include letters, flyers, brochures and postcards as well as certified mail. The Postal Service earns revenue through a revenue share arrangement with this third party provider based on a percentage of sales (not including amounts paid by customers for postage or shipping or amounts paid as taxes).

Other Affiliate-Like relationships:

1 - *Premium Postcard (Amazing Mail)* – Premium Postcard provides customers with a web based solution to create and send mail from a desktop computer. The primary format is a high-gloss postcard in a variety of sizes. This is an existing relationship through a supply chain contract which has been in place since 2001. The agreement term was recently extended until July 31, 2008. As noted above, however, the Postal Service expects to convert the agreement to a linking-type agreement from the existing outdated supply chain agreement in the near future. The Postal Service earns revenue through a revenue share arrangement with this third party provider based on a percentage of sales (not including amounts paid by customers for postage or shipping or amounts paid as taxes).

2 - *CardStore (Ink2/Touchpoint Inc.)* – Cardstore provides customers with a web based solution to create and send mail from a desktop computer. The primary format is high-gloss postcards and 5x7 greeting cards. As an additional option, CardStore can also provide retail gift cards to include with a greeting card. This is an existing relationship through a supply chain contract which has been in place since 2001. The agreement term was recently extended until July 31, 2008. As noted above, however, the Postal Service expects to convert the agreement to a linking-type agreement from the existing outdated supply chain agreement in the near future. The Postal Service earns revenue through a revenue share arrangement with this third party provider based on a percentage of sales (not including amounts paid by customers for postage or shipping or amounts paid as taxes).

Affiliate Revenue

Revenue for all of the above agreements was reported in GL account 44030.000. With respect to Label Universe, for FY07 and FY06, the Postal Service received \$115,360 and \$113,129 respectively, in royalty amounts from the sale of labels. Within Attachment Two, those amounts are shown in Row 154 (Clicknship). With respect to Maponics, the agreement essentially started at the beginning of FY07, and within Attachment Two, its FY07 revenue of \$47,583 is included in Row 151 (Internet Channel). With respect to Idearc, revenue-share revenue appears to have been approximately \$27 thousand in FY06 and \$148 thousand in FY07, although the FY07 figure could have been offset by the Postal Service's share of certain development costs. Within Attachment Two, revenues from this agreement would be subsumed within those shown on Row 63 (Service Wide Costs).

The revenue reporting arrangement for the remaining three agreements is more complicated. In the past (e.g., in the Compliance Statement accompanying the Request in Docket No. R2006-1 as Attachment F, page 17), these three agreements were aggregated into a reporting category called "Hybrid Mail." Over the last two years, the three agreements generated total revenue share amounts of \$1,142,883 in FY06, and \$1,305,746 in FY07. Within Attachment Two, one might expect to find these revenues

reported in Row 184 (Hybrid Mail Services). In fact, however, these revenues have largely been redistributed back to the Field for accounting purposes. As a result, although these amounts are included in the total shown for GL account 44030.000, it is not easily feasible to identify the rows in Attachment Two in which they are specifically reflected. Presumably, it is in the Field rows at the top of the first page of Attachment Two.

Other Affiliates

The Mail Service Providers (MSP) Program is an adjunct to the affiliate linking program and assists new and existing customers in finding vendors who supply mail related services at a local and at a national level to help them grow their business and improve their mail operations. Currently, the MSP program offers six categories of service providers: mail preparation, mailing lists, mail printing, mailing support, mailing supplies, and mailing equipment. Postal Service customers visiting the MSP Postal Service web pages can learn about the various services offered by mail service providers listed there (as a result of a visit using the search function) and travel to the web sites of those MSPs having a nation-wide presence through links appearing on these Postal Service's web pages. Each nationally linked vendor signs a basic form of linking agreement and pays a flat fee for a term during which their link will appear on these Postal Service web pages. Currently there are only two nation-wide MSP linked vendors. For FY 06 and FY 07, the Postal Service received \$10,000 and \$10,001, respectively, in flat fee revenue from these MSP linked vendors. This revenue is booked in GL 44030.000 and appears in Attachment Two as part of Row 153 (Customer Events).

ADDRESS MANAGEMENT

There are two basic types of Address Management programs. Essentially, one set focuses on "where" issues, the other set on "who" issues. The purpose of Address Quality and Support programs is to aid mailers in getting their mailpieces to the physical destinations where they are intended to be delivered. The purpose of Move Update programs is to aid mailers in getting their mailpieces delivered to the recipients to whom they are intended to be delivered.

Address Quality and Support

The Postal Service delivers mail to more than 300 million people at 148 million homes, businesses and Post Office boxes in the United States, and in Puerto Rico, Guam, the American Virgin Islands and American Samoa. Also, the Postal Service adds over 1.8 million new addresses each year to its delivery network — equivalent to the number of addresses in a city the size of Chicago. With such a dynamic environment, business mailers need the tools to standardize and validate delivery point and ZIP Code[®] information, as well as the essential information to make informed decisions for the proper preparation of their mailings.

The Postal Service has made available an Address Quality and Support product consisting of several services. The primary function of the product is to aid mailers in the reduction of costs associated with their undeliverable-as-addressed (UAA) mail due to the physical address (rather than the linkage between the addressee and the address). The product thereby aids in reducing the approximate annual cost of \$158.3 million that the Postal Service incurs in processing over 1.2 billion pieces of mail that is UAA (undeliverable as addressed) because of a bad address (without reference to the addressee). The primary services are directed at providing correct and properly formatted address information, without reference to the individuals or businesses associated with the address. Other services in this product help mailers use the mail more efficiently and enhance their mailing results. Some services also help mailers prepare mailings for entry into the Postal Service at discounted rates.

The following services within the Address Quality and Support product provide mailers with the ability to obtain detailed address information to enhance the address quality of their mailing lists: AIS (Address Information System) Viewer, AMS API (Address Management System Application Program Interface), Carrier Route File, City State File, Delivery Statistics File, Delivery Type File, Five Digit File, LACS^{LINK}® (Locatable Address Conversion System) File, RDITM (Residential Delivery Indicator) File, SUITE^{LINK}TM, and the ZIP + 4[®] File.

These services within the product provide mailers with the means to identify and/or correct inaccurate, incomplete, or outdated addresses: AEC (Address Element Correction), AEC II[®], DPV[®] (Delivery Point Validation) File, Z4Change File, and the ZIPMove File.

The following services within the Address Quality and Support product supply mailers with the capability to sequence their addresses for proper mail preparation and to facilitate speedier carrier delivery: CDS (Computerized Delivery Sequence), DSF²TM (Delivery Sequence File), EAS (Electronic Address Sequence), and the eLOT[®] (Enhanced Line of Travel) File.

The following services within the Address Quality and Support product support mailers with the capacity to explore new mailing markets by ZIP Code[®] and determine postal zones for use in mail preparation: TIGER/ZIP + 4 (Topological Integrated Geographic Encoding and Referencing) File, and the National Zone Charts.

The following services within the Address Quality and Support product provide mailers with the ability to assure the quality of commercial vendor products used within their mail preparation process: CASSTM (Coding Accuracy Support System) Certification Program, MASSTM (Multi-Line Optical Character Reader Accuracy Support System) Certification Program, and POSTNETTM Barcode Certification.

In FY2006, Address Quality and Support programs in the aggregate generated \$8,050,723, and in FY2007, \$8,577,525. These revenues are reported in GL account 44030.126, and, on the last page of Attachment Two, are included in the revenue shown for Row 10 (Address Management).

Move Update

Over 44 million Americans change their addresses annually, creating formidable challenges for business mailers to maintain high-quality mailing lists that are up to date. In fact, the Postal Service receives over 7.5 billion pieces of mail annually that are undeliverable as addressed because of customer change-of-address (COA) situations, and incurs an additional handling cost of \$1.2 billion to either forward the mailpieces to the recipients' new addresses, return them to the sender, or treat them as waste.

Therefore, the Postal Service has developed and offers a product that includes several services designed to help mailers identify and update their mailing lists with the new addresses of their relocated customers. Unlike the Address Quality and Support product, this product is focused on providing the correct address for a particular individual, family, or business.

The Move Update product, which is similar to the ancillary Address Correction Service already listed in the MCS, provides the process by which individual address records from a mailer's electronic mailing list are matched with permanent COA orders sent to the Postal Service by individuals, families, or businesses. When a COA record is matched to a mailer's existing customer record, the new address is provided and the mailer updates the individual address record on the electronic list. The key difference from Address Correction Service is that the Move Update product is applied to individual address records on mailing lists before a mailing (and thus is not ancillary to any particular piece of mail), while the Address Correction Service provides customer COA information for a particular piece after it has been mailed.

NCOA^{LINK®} (National Change of Address) service allows mailers to electronically process their mailing list against either the Postal Service National Change of Address 18-month or 48-month database, to obtain current addresses for their customers who have filed a change of address order with the Postal Service prior to their mailing. The *FASTforward®* MLOCR service allows mailers who use multi-line optical character readers within their operations to obtain new address information, and apply that information directly onto their mailpieces prior to mailing. The ANK^{Link™} (Addressee Not Known) service is an enhancement to the existing 18-month NCOA^{Link} service. ANK^{Link} provides an additional 30 months of COA information. The ANK^{Link} data will not return the new address, but will inform mailers of customer moves that occurred in months 19-48, along with the move effective date. In addition to the three previously described services, the Postal Service offers Alternative Move Update Methods, a service that certifies mailers' processes by which they obtain COA information directly from their customers.

The Move Update product provides business mailers the versatility to choose the appropriate offering that best suits their operations, to avoid mailing to the old address if the recipient has filed a change-of-address order with the Postal Service. By avoiding delays in the delivery of the mail to recipients, mailers can be confident that their mail will reach the intended recipient by the target delivery date. As a result, the Postal Service mitigates potential move-related undeliverable-as-addressed (UAA) mail handling and cost.

In FY2006, Move Update programs generated \$8,862,673, and in FY2007, \$10,068,312. These revenues are reported in GL account 44030.126, and, on the last page of Attachment Two, are included in the revenue shown for Row 10 (Address Management).

NASCAR

The Postal Service has a sponsorship agreement with Baker Curb Racing, Inc. (formerly Brewco Motorsports, Inc.), owner and manager of NASCAR Nationwide series race teams, to display selected Postal Service trademarks on racecars, uniforms, and the like. This agreement includes a division of royalties from the sale of items displaying both Postal Service and Baker Curb Racing trademarks (e.g., jackets, shirts, and die-cast toy vehicles). The estimate of revenue proceeds from this portion of the agreement is \$22 thousand in FY06, and \$22 thousand again in FY07. Unless they were designated to be recorded somewhere else, these revenues would appear in Attachment Two as part of Row 63 (Service Wide Costs).

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Richard T. Cooper
Chief Counsel, Business & Finance Law

Walter C. Alesevich
Isabelle Dorlan
Kenneth N. Hollies
Eric P. Koetting
Nan K. McKenzie
Mary Helen Ratchford
Elizabeth A. Reed
Deborah M. Regan
David H. Rubin
William J. Trumpbour
Joseph F. Wackerman
Keith E. Weidner

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX -5402
June 9, 2008

ATTACHMENT ONE

GL Account Number	GL ACCOUNT AND DESCRIPTION	\$ IN THOUSANDS	
		FY 2007	FY 2006
41499.000	EMERGENCY PREPAREDNESS REVENUE ----- Emergency Preparedness (EPP) Appropriation taken into Revenue (for HQ use only). To report the revenue for EPP nationally on Line 08 the Unexpended Appropriations liability account is debited when this account is credited based on applicable expenses. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$75,820	\$85,075
42101.093	PACKAGING PRODUCTS ----- Revenue from nationally authorized retail products such as padded mailing bags mailing tubes corrugated boxes clasp envelopes cassette mailers postage stamp affixers and strapping. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$121,793	\$115,955
42102.098	POSTAL RELATED RETAIL PRODUCTS ----- Revenue from field-generated products such as stationery assorted paper products apparel items and other approved items that bear an official stamp or USPS image. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$2,010	\$1,942
42105.000	DROP BOX ALLIANCE REVENUE ----- Revenue from retail alliance with FedEx for drop boxes at post offices. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$27,283	\$26,173
42107.092	PHILATELIC PRODUCTS ----- Revenue from the sale of philatelic products (items 8800 thru 9999 only). Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$5,441	\$17,371
42199.000	COGS - PACKAGING PRODS - CONTROL ACCT ----- This account is used by HQ to adjust COGS at the national level from the contra revenue account for packaging products.	(\$95)	\$0
42341.000	MIGRATORY BIRD STAMPS ----- Revenue from Migratory Bird Hunting and Conservation Stamps from the Department of Interior for the expense incurred in the sale of migratory bird stamps. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$210	\$218
43330.112	SIX-MONTH BOX RENT AND CALLER SERVICE FEES ----- Revenue from six-month (semi-annual rental) PO Box Rent and Caller Service Fees. Normal balance is credit. 1. Credit entries recognize revenue from deferred revenue account 25220.000. 2. Debit entries are adjustments.	\$0	\$2
43333.141	MERCHANDISE RETURN SERVICE - PERMIT FEES ----- Revenue received as Permit fees to qualify for Merchandise Return Service where permit holders pay postage for items returned by the permit holders' customers. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$207	\$172
43340.137	STAMPS BY PHONE - HANDLING CHARGES ----- Revenue from handling charges assessed to credit card customers who purchase postage by the 800 phone numbers. Restricted to Philatelic Fulfillment. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$4,732	\$4,462
43341.155	MISCELLANEOUS ANNUAL ACCOUNTING FEES ----- Revenue received as annual accounting fees for Bulk Parcel Return Merchandise Return Service and Shipper-Paid forwarding service. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$691	\$448
43350.000	RETAIL SERVICES REVENUE ----- Revenue from retail services or vendors that provide services within post office lobbies not classified under other accounts and reported by entities other than post offices. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$77	\$20
43350.123	LOBBY SERVICES REVENUE ----- Miscellaneous revenue from Post Office Box keys (refundable and non-refundable fees) PO Box lock replacement fees unresolved overages from employee stamp credits (more than 1-year old) unresolved overages from cash credits (more than 90 days old) and revenue from vendors that provide services within post office lobbies. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$21,988	\$20,584
43350.248	COPY MACHINE REVENUE ----- This account is used to record revenues generated from Photo Copy Machines in postal lobbies. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$1,767	\$125
43350.535	REFUND OF FEES - RETAIL SERVICES ----- Refunds and adjustments of miscellaneous fees for refundable Post Office Box keys and Post Office Box/Caller service. Normal balance is debit. 1. Debit entries are refunds and adjustments. 2. Credit entries are adjustments.	(\$8,670)	(\$9,501)
43350.548	SERVICING VENDOR COPY MACHINE REIMBURSEMENTS ----- This account is used to record Copy Machine Refunds issued to servicing contractor. Normal balance is debit. 1. Debit entries decrease revenue. 2. Credit entries are adjustments.	(\$1,238)	(\$64)
43360.000	PHILATELIC MAIL ORDER - SERVICE FEE ----- Revenue from Annual Membership Fees collected for subscription service to the Commemorative Stamp Club. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$1,952	\$1,393
43370.129	CHANGE OF ADDRESS INFORMATION FEES ----- Revenue for furnishing change of address information to customers. Normal balance is credit. 1. Credit entries are revenue 2. Debit entries are adjustments.	\$52	\$43
43380.127	PRIVACY ACT COPYING FEES ----- Revenue from the collection of fees for providing copies of Postal Service records in response to Privacy Act requests. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$18	\$25
43381.120	CORRECTION OF MAILING LISTS FEES ----- Revenue from collection of fees for correction of mailing lists. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$20	\$23
43383.140	PERMIT IMPRINT - APPLICATION FEES ----- Revenue received as application fees to qualify for mailing with permit imprints. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$5,748	\$5,830
43388.000	FREEDOM OF INFORMATION ACT FEES ----- Revenue from Search and Copying Fees collected for supplying information under the Freedom of Information Act. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$18	\$54

ATTACHMENT ONE

43388.198	FREEDOM OF INFORMATION ACT FEES ----- Revenue from Search and Copying Fees collected for supplying information under the Freedom of Information Act. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$28	\$37
43397.164	SFS PHILATELIC SALES ----- This account is used to record philatelic sales from the Kansas City Stamp Fulfillment Services. Normal balance is credit. 1. Credit entries are revenue from philatelic sales. 2. Debit entries are adjustments.	\$10,633	\$659
43420.241	PASSPORT PHOTO SERVICES ----- Revenue collected from customers by post offices for passport photo services. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$64,767	\$39,377
43420.264	USPS PASSPORT EXECUTION FEES ----- Revenue from the State Department to cover the expenses of processing passport applications at authorized passport retail units. Normal balance is Credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$295,197	\$179,670
44028.146	MAIL RECOVERY CENTER - REVENUE ----- Revenue associated with unclaimed monies found in letters and parcels at Mail Recovery Centers. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$508	\$452
44028.549	MAIL RECOVERY CENTER - REIMBURSEMENTS ----- Disbursements associated with claimed monies found in letters and parcels at Mail Recovery Centers. Normal balance is debit. 1. Debit entries are reimbursements. 2. Credit entries are adjustments.	(\$390)	(\$354)
44029.145	REV-OTH AUCTION OF UNCLAIMED MERCHANDISE ----- Primary Account: Other Auction of Unclaimed Merchandise This account is used to record revenue received from auctions held by the dead letter and dead parcel offices to dispose of unclaimed merchandise found in the mails. 1. Balance (credit) represents year-to-date revenue received from items as described above. 2. Credit entries include revenue received from items as described above. Use AIC 145 for Statement of Account Reporting. 3. Debit entries include refunds and adjustments. Note: This account is reserved for use by the five dead letter and dead parcel offices. Auction of unclaimed merchandise revenue will no longer be recorded in account 44030. All other miscellaneous non-postal revenue will continue to be reported in account 44030 (AIC 126). Subaccount Usage: Auction of Unclaimed Merchandise	\$8,228	\$8,201
44030.000	MISCELLANEOUS REVENUE ----- Revenue not associated with post offices transactions and reported by other entities. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$109,430	\$152,183
44030.126	MISCELLANEOUS REVENUE - OTHER ----- Revenue associated with all other types of revenue streams. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$80,648	\$77,842
44030.262	MISCELLANEOUS REVENUE-NORMAN TRAINING CENTER ----- Revenue associated with the training centers. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$95	\$262
44030.624	MISCELLANEOUS REVENUE - REFUND ----- Adjustments for refunds associated with miscellaneous revenue. Normal balance is credit. 1. Debit entries are refunds. 2. Credit entries are adjustments.	(\$6,646)	(\$15)
44031.000	PARKING FEES ----- Revenue associated with parking fees paid by employees and others. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$72	\$84
44032.106	SURE MONEY FEES ----- Revenue from fees collected for Sure Money (Dinero Seguro) service: electronic wire transfer of funds. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$2,106	\$2,542
44032.646	SURE MONEY FEES - REFUNDS ----- Refund of Sure Money (Dinero Seguro) fees for electronic wire transfer of funds. Normal balance is debit. 1. Debit entries are refunds. 2. Credit entries are adjustments.	(\$0)	(\$18)
44033.000	FORFEITED PROPERTY REVENUE ----- Revenue from forfeited property as a result of unlawful activities investigated and determined by the Inspection Service. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$5,532	\$10,332
44035.000	US MARSHAL REIMBURSEMENTS ----- Revenue from reimbursements from the US Marshal service for Inspection Service personnel. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$0	\$75
44036.000	SALE OF SUPPLY CENTER INVENTORIES ----- Revenue from the sale of goods by a postal supply center facility. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$770	\$1,170
44036.149	SALE OF RECYCLABLE PRODUCTS ----- Revenue from the sale of newspaper plastic aluminum batteries (non-vehicle) cardboard florescent bulbs glass printed materials from mail recovery centers and twine. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$6,605	\$3,911
44036.156	SALE OF MISC ITEMS AND NON-CAPITAL EQUIP ----- Revenue from the sale of non-capital equipment deemed unserviceable building supplies not used undeliverable dead parcels and scrap metals. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$1,098	\$897
44036.157	SALE OF POSTAL ANTIQUES ----- Revenue from the sale of postal antiques and memorabilia. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$10	\$35
44037.122	PERMIT IMPRINT - STD MAIL-PERIODICALS DENIED ----- Standard Mail revenue received via Permit Imprint collected and pending when the application for Periodicals mailing permit is denied. Revenue is the difference between the Standard Mail rate and the Periodicals rate. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$719	\$2,175
44038.000	VEHICLE SUPPLIES & SERVICES TO GOV AGENCIES ----- Revenue associated with vehicle supplies and services related to other US government agencies. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$9	\$92

ATTACHMENT ONE

44039.000	REFUNDS RELATED TO MISCELLANEOUS REVENUE ----- Funds collected from weighted average BRM monthly fees reimbursement from loss of postal property reimbursement from lost postal badges money found loose in the mail jury service and witness fees collected while on court leave and collection of all other fines and penalties due to USPS. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are refunds or adjustments.	(\$959)	(\$5,004)
44041.083	LOCAL COMMEMORATIVE ENVELOPES ----- Revenue from the sale of local commemorative envelopes. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$778	\$786
44041.524	REFUND - LOCAL COMMEMORATIVE ENVELOPES ----- Refunds for local commemorative envelopes non-personnel expenses and offset to postage stamp purchases. Normal balance is debit. 1. Debit entries are refunds. 2. Credit entries are adjustments.	(\$14)	(\$23)
44043.000	TEST PRODUCTS ----- Revenue from the sale of Test Products. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments and refunds.	\$1,600	\$0
44043.099	PHONE CARDS - NON VENDING - No longer active account	\$783	\$10,762
44043.108	ELECTRONIC POSTMARK (EPM) ----- Revenue from Electronic Postmark sales. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments and refunds.	\$135	\$225
44043.199	PHONE CARDS - VENDING - No longer active account	\$2	\$20
44043.231	OTHER MARKETING INITIATIVES - OLRP ----- Revenue from the sale of Official Licensed Retail Products (OLRP) including Warner Brothers products authorized by Retail/Marketing. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$27,843	\$28,852
44043.499	PHONE CARDS - REFUNDS - No longer active account	(\$0)	(\$5)
44043.608	REFUNDS - OTHER MARKETING INITIATIVES ----- Refunds of field-generated product sales such as pins and clothing etc. which bear an official postage stamp image. Normal balance is debit. 1. Debit balance represents refunds. 2. Credit balance represents adjustments.	(\$56)	(\$132)
44046.000	RENT FUEL UTILITIES INCOME-PRIVATE CONCERNS ----- Revenue associated with rent fuel and utility income payments made by private companies for occupying building space controlled by the postal service. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$44,972	\$44,191
44047.000	RENT FUEL UTILITIES INCOME-US GOVT AGENCIES ----- Revenue associated with rent fuel and utility income payments made by government agencies for occupying building space controlled by the postal service. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$26,070	\$26,565
44051.000	RESTITUTION - INSPECTION SERVICE CASES ----- Revenue associated with the restitution from criminal & civil cases by Inspection Service. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$1	\$8
45610.000	GAIN OR LOSS ON SALE OF PP&E ----- This is an offset account associated with the gain or loss from the sale or trade of property plant and equipment (PP&E). 1. Credit entries are gains. 2. Debit entries are losses.	\$48,844	\$58,478
45960.000	REIMBURSEMENT & COST REDUCTION CONTROL ----- Contra control account for reimbursements of the Sale of Property Plant and Equipment. Normal balance is debit. 1. Debit entries are the net of balances in accounts GL 54961 54963 54965. 2. Credit entries are adjustments.	(\$28,900)	(\$99,932)
45961.000	SALE OF LAND & BUILDINGS ----- Funds received from the sale and trade of land or buildings. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$23,082	\$91,305
45963.000	SALE OF EQUIP AND MISC ITEMS ----- Funds received from the sale trade retirement (salvage) of equipment and miscellaneous items. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$1,801	\$10
45965.000	SALE OF VEHICLES ----- Funds from the sale trade or retirement (salvage) of motor vehicles. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$5,130	\$7,805
47001.000	MORTGAGE INTEREST EARNED ----- Revenue from interest earned from mortgaged property. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$444	\$426
47100.000	ESCROW ACCOUNT INTEREST EARNED ----- Revenue from interest earned on escrow accounts. Normal balance is credit. 1. Credit entries are revenue. 2. Debit entries are adjustments.	\$102	\$0
		\$990,893	\$914,296

CRA: Reduction of Miscellaneous Items for Money Order Float:

(\$41,852) (\$37,234)

CRA TOTAL MISCELLANEOUS ITEMS as reported in CRA Report

\$949,041 877,062

ACCOUNT 44030.000 Miscellaneous Revenue

	FY 2007 Actual	FY 2006 Actual
FIELD		
CAPITAL METRO	\$69,043	\$99,311
EASTERN	\$116,360	\$109,564
GREAT LAKES	\$122,572	\$276,536
NEW YORK METRO	\$3,841,618	\$415,893
NORTHEAST	\$10,012	\$96,236
PACIFIC	\$286,551	\$1,263,703
SOUTHEAST	\$199,900	\$449,675
SOUTHWEST	\$157,928	\$245,972
WESTERN	<u>\$202,153</u>	<u>\$313,379</u>
Subtotal Field	\$5,006,137	\$3,270,269
HQ Finance Numbers		
1 PACIFIC FSO	\$104	\$3,708
2 WESTERN SVCS CMC-SAN FRANCISCO	\$0	\$950
3 SAN FRAN INTL SVC CTR	\$0	\$215,105
4 MAINFRAME COMPUTER OPERATIONS SAN MATEO	\$1,105	\$0
5 ACCTG SVC CTR/SMPDC	\$0	\$246
6 LOS ANGELES INSP SVC DIVISION	\$11	\$1,257
7 SAN FRANCISCO INSP SVC DIVISION	\$10,209	\$246
8 PACIFIC AREA LAW OFFICE	\$22	\$222
9 CMC TRAVEL RETAIL & TEMP SVCS	\$0	\$403
10 WESTERN FSO	\$15,567	\$4,026
11 SALES - DENVER CO	\$0	(\$650)
12 DENVER INSP SVC DIVISION	\$0	\$26
13 NORTHEAST FSO	\$3,600	\$8,488
14 SALES - WINDSOR CT	\$0	(\$113)
15 BOARD OF GOVERNORS	\$0	\$600
16 PM GENERAL/CEO	\$0	\$1,100
17 HEALTH & RESOURCE MGT	\$60,690	\$56,332
18 COMPENSATION	\$0	\$11
19 ORGANIZATIONAL DESIGN & MANAGEMENT	\$80	
20 HR MGMT INFO SERVICES & ADMIN	\$0	\$28
21 LABOR RELATNS SYSTEMS	\$58,460	\$66,154
22 LABOR NEGOTIATIONS	\$919	\$24
23 EEO COMPLIANCE & APPEALS (B)	\$0	\$15
24 SPEECHWRITING AND PUBLICATIONS	\$0	\$45
25 PUBLIC AFFAIRS	\$0	(\$3,129)
26 HQTRS FACILITY SVCS	\$0	\$1,882
27 VEHICLE OPERATIONS	\$1,334,114	
28 VP SUPPLY MANAGEMENT	\$0	\$420
29 SUPPLY MATERIAL MGMT	\$1,692	\$0
30 TRANSPORTATION PORTFOLIO	\$0	\$598
31 SUPPLY MGMT INFRASTRUCTURE	\$2,359,796	\$915
32 CMC INFORMATION TECHNOLOGY	\$0	\$100
33 CMC MTE & SPARES	\$0	\$51
34 CMC AIR TRANSPORTATION	\$0	\$4
35 NATL SUPPLY MGMT PROG	\$558,314	\$2,445,584
36 SCM SOLUTIONS	\$0	(\$173)
37 LEGAL POLICY & RATES	\$40	
38 CIVIL PRACTICE	\$0	(\$1,135)
39 CMC SURFACE TRANSPORTATION	\$196	\$969
40 CMC TRANSPORTATION ASSET MGMT	\$9,977,223	\$11,845,310
41 BUSINESS SERVICES	\$0	(\$6,500)
42 CHIEF POSTAL INSPECTOR	\$20	
43 DEP CH INSP HQ OPERTN	\$1,968,572	\$2,427,890
44 SPECIAL INVESTIGATIONS	\$208	
45 SEGMENT ADVERTISING	\$0	\$15
46 BUDGET & ADMINISTRATION	\$1,873	\$0
47 MAILING STANDARDS	\$10	
48 CORRESPONDENCE & TRANSACTIONS	\$294,542	\$229,067

ATTACHMENT TWO -- ACCOUNT 44030.000

ACCOUNT 44030.000 Miscellaneous Revenue

	FY 2007 Actual	FY 2006 Actual
49 NEW BUSINESS OPERATNS	\$0	\$110
50 BSN INTEGRATION	\$400	
51 SVP INTEL MAIL & ADD	\$212	
52 IT VALUE	\$49,548	
53 CHIEF FINANCIAL OFFICER EVP	\$0	\$710
54 CORPORATE ACCOUNTING	\$363,934	\$622,005
55 CORP FINANCIAL PLNG	\$0	\$145
56 VP/CONTROLLER	\$15	
57 INTERNATIONAL & FIELD SUPPORT	\$0	\$160
58 STATISTICAL PROGRAMS	\$43	
59 INTERNAL BUDGET DIV	(\$642)	(\$1,268)
60 DEBIT/CREDIT CARD ACT	\$175,852	\$0
61 FOREIGN POSTAL TRANSACTIONS - CURRENT YEAR	\$333,548	
62 RESTRUCTURING HDQTRS	\$788	\$161,455
63 SERVICE WIDE COSTS	\$59,619,375	\$57,975,517
64 EXPEDITED PACKAGING SUPPLIES	\$253,080	\$174,435
65 HEADQUARTERS DISASTER	\$0	\$51,931
66 CPO CONSUMER POLICY & STRATEGY	\$0	\$426
67 LICENSING PROGRAMS	\$6,704,078	\$3,602,943
68 SHARED NETWORKS	\$0	\$28
69 FIN & BUS ANALYSIS	\$299	\$0
70 SVP GLOBAL BUSINESS	\$42	\$62
71 MAIL EQUIP SHOP -WASH	\$480	\$32
72 WASHINGTON DC INSP SVC DIVISION	\$269	\$3,696
73 GAINLOS-SALE LANDBLDG	(\$1,960)	\$0
74 MAJOR MP PROC FACS	\$23,116	
75 DEV REAL ESTATE	\$1,214	\$243,482
76 EEO SERVICES	\$0	(\$35)
77 MIAMI INSP SVC DIVISION	\$0	\$110
78 ATLANTA MRC	(\$271)	
79 SALES - ATLANTA GA	\$66	
80 ATLANTA INSP SVC DIVISION	\$370	\$101
81 CHICAGO INTL SVC CTR	\$26	
82 GREAT LAKES FSO	\$47	\$9,079
83 WESTERN SERVICES CMC-CHICAGO	\$0	\$107
84 CHICAGO INSP SVC DIVISION	\$0	\$2,000
85 GREAT LAKES AREA LAW OFFICE	\$1,181	
86 MATL DIST CTR -TOPEKA	\$144	\$61,135
87 STOCK FUND WAMDC	\$7,937	\$0
88 SALES - WASHINGTON DC	\$54	\$0
89 WFB CENTER FOR LEADERSHIP DEVELOPMENT	\$2,659,833	\$3,215,358
90 CAREER DEVELOPMENT DIVISION	\$897	\$25
91 CAPITAL METRO LAW OFFICE	\$204,320	\$194,382
92 SALES - BOSTON MA	(\$69)	
93 BOSTON INSP SVC DIVISION	\$40	\$0
94 OIG DETROIT MI	\$0	\$2
95 DETROIT INSP SVC DIVISION	\$45	\$160
96 SALES - MINNEAPOLIS MN	\$67	
97 EAGAN ASC	\$503	\$13,808
98 EAGAN MSSC	\$9,327	\$7,567
99 USPS STAMP FLMNT SVCS	\$122	\$340
100 IBSSC (ST LOUIS)	\$0	\$4
101 ACCTG SVC CTR/STLPDC	\$0	\$184,578
102 ST LOUIS INSP SVC DIVISION	\$50	\$57
103 GENERAL LAW SVC CTR	\$336	\$515
104 NEW YORK FSO	\$0	\$1,328
105 ISOSG - NEWARK	\$168	\$0
106 FIELD FINANCIAL EAST-NEW YORK	\$60	
107 NEWARK INSP SVC	\$9	\$15,154
108 NEW YORK INTL SVC CTR	\$42,262	
109 NEW YORK PRIC & CLASS SVC CTR	\$9,600	\$1,800

ATTACHMENT TWO -- ACCOUNT 44030.000

ACCOUNT 44030.000 Miscellaneous Revenue

	FY 2007	FY 2006
	Actual	Actual
110 NEW YORK INSP SVC DIVISION	\$50,006	
111 NY METRO COMMUNICATIONS SVC CTR	\$0	\$195
112 NEW YORK METRO LAW	(\$561)	\$136
113 EASTERN FSO	\$96	\$138,036
114 CMC DELY INDUST EQUIP & TELECOM	\$218,618	\$150,114
115 HUMAN RESOURCES SHARED SERVICE CENTER	\$128	
116 IT ENGINEERING & ARCHITECTURE	\$66	\$40
117 BUS DATA MGMT	\$27	
118 CHARLOTTE INSP SVC DIVISION	\$32	\$12
119 NATIONAL CENTER FOR EMPLOYEE DEVELOPMENT	\$2	\$7
120 MAINT TECH SUP CENTER	\$83	\$24
121 ISOSG - BALA CYNWYD	\$0	\$123
122 CMC - VEHICLES	\$336	\$23
123 PHILADELPHIA INSP SVC DIVISION	\$12,600	\$0
124 PITTSBURGH INSP SVC DIVISION	\$0	\$441
125 ADDRESS MANAGEMENT	\$43,443	\$54,674
126 ISOSG - MEMPHIS	\$17	
127 SALES - MEMPHIS TN	\$438	\$323
128 MSC - MEMPHIS	\$0	\$989
129 SOUTHEAST COMMUNICATIONS SVC CTR	\$0	\$144
130 SOUTHWEST FSO	\$195	\$0
131 SALES - HOUSTON TX	\$10	
132 HOUSTON INSP SVC DIVISION	\$25,030	\$770
133 FT WORTH INSP SVC DIVISION	\$12	\$476
134 SOUTHWEST LAW	\$1,442	\$90
135 WESTERN AREA LAW OFFICE	\$243	(\$1,175)
136 COMPUTER ASSISTED ASSESSMENT TECHNIQUES	\$0	\$5
137 OFFICE OF INSPECTOR GENERAL	\$53,514	\$53,399
138 ADMIN & BUILDING SPRT	\$1,296	\$3
139 ENGRNG DEL & RET SYS	\$366	
140 SYSTEM/PROCESS INTEGR	\$0	\$520
141 FACILITIES PORTFOLIO	\$0	\$14,818
142 CYBER INTELLIGENCE	\$0	\$3,266
143 INFORMATION SYS DIV	\$70	\$0
144 STRTGC PLNG & MGMT PR	\$0	\$56
145 ADMINISTRATIVE SERVICES	\$0	\$22,600
146 SALES PERFORMANCE MANAGEMENT	\$0	\$30
147 SALES STRATEGY DEV & DEPLOYMENT	\$38	
148 JUDICIAL OFFICER	\$360	\$367
149 DULLES STAMP DIST NET	\$5	
150 SEATTLE INSP SVC DIVISION	\$10	\$25
151 INTERNET CHANNEL	\$129,938	
152 REDRESS	\$0	\$492
153 CUSTOMER EVENTS	\$25,807	\$59,257
154 CLICKNSHIP	\$115,360	\$113,129
155 MTE SUPPORT SYSTEM	\$2,575	\$148,118
156 SPLY PGMS-PROD DEV	\$2,219	\$250
157 SPLY PGMS-NTWKOPS	\$0	\$450
158 NOM TRANSPORT SYSTEMS	\$0	\$269
159 EEO INVESTIGATION	\$243,316	\$166,710
160 ADV COMPUTING ENVMT	\$34	
161 POSTALONE BCSS	\$0	\$121
162 AOL CD'S	\$0	\$1,827,399
163 ERGORISKREDUCTPROCES	\$1,222	
164 MAIL IRRADIATION/SANITATION	\$100	
165 HUMAN CAP ENTERPRISE	\$0	\$4,305
166 MH NETWORK CTRL POINT	\$1,545	
167 MTEC WASTE MANAGEMENT	\$11,227	
168 METER MANUF MKTG AGR	\$0	\$86,900
169 EMERGENCY COMMUNICATION-NOTIFICATION	(\$15,340)	
170 SCM PROJECTS SUPPORT	\$0	\$7,377

ACCOUNT 44030.000 Miscellaneous Revenue

	FY 2007 Actual	FY 2006 Actual
171 EBAY ALLIANCE	\$0	(\$26)
172 READY POST	\$0	\$21,092
173 ACQ-MAIL PROC INFR II	\$1,398	
174 MOA-CITY READINSS INT	\$125,662	
175 HI-SECURITY CBU	\$0	\$4,019
176 PPO TRANSFORMATION	\$1,000	\$3,168
177 ACQ-MPI PHASE III	\$16	
178 MH QWL FIELD ADMIN	\$348	
179 PAYROLL SYSTEM MAINT	\$7,140	\$0
180 ACQ-CARGO VANS	\$0	\$494
181 GLOBAL BUSINESS SVCS	\$0	(\$4,727)
182 PRICING	\$27,103	
183 DIRECT MAIL	\$0	\$1,929
184 HYBRID MAIL SERVICES	\$270	\$166,910
185 FIRST CLSS PHONE CARD	\$135	\$245,948
186 BUSINESS INFO ACCESS	\$715	\$7
187 MOVERS SOURCE SUPPORT	\$9,743,886	
188 CONSUMER FRAUD FUND	\$4,823,075	\$60,671,420
189 INTER AREA PLANT	\$1,020,191	
190 RETAIL PRODUCTS	\$0	\$698
191 WESTERN R&A	\$72,700	
192 PACIFIC R&A	\$47,122	
193 SOUTHEAST R&A	\$4,121	
194 GREAT LAKES R&A	\$1,618	
195 L'ENFANT BLDG SUPPORT	\$596	
196 NON-MAIL FREIGHT	\$2,690	\$5,184
197 MDC INVENTORY ADJ	\$0	\$2,925
198 POINT OF SERVICE	(\$623,280)	\$210
199 CENTRAL REPAIR FAC	\$27,484	\$5,502
200 FIELD TECH SUPPORT	\$1,700	
201 PURCHASED MTE	\$2,088	\$26,633
202 SURE MONEY	(\$350,000)	
203 EXPRES&PRORTYMAIL SUP	\$1,420	\$6,546
204 CLASSIFICATION	\$0	\$43,292
205 FRONT ROYAL MTEC	\$0	\$5,392
206 SEATTLE MTEC	\$0	\$728
207 LOS ANGELES MTEC	\$0	\$11,125
208 SAN FRANCISCO MTEC	\$0	\$1,503
209 ST LOUIS MTEC	\$0	\$1,093
210 CINCINNATI MTEC	\$0	\$7,427
211 PHILADELPHIA MTEC	\$0	\$1,768
212 NEW JERSEY MTEC	\$0	\$15,544
213 MEMPHIS MTEC	\$0	\$2,313
214 JACKSONVILLE MTEC	\$0	\$7,689
215 GREENSBORO MTEC	\$0	\$1,041
216 CHICAGO MTEC	\$0	\$3,891
217 DES MOINES MTEC	\$0	\$3,096
218 ATLANTA MTEC	\$0	\$48,733
219 PSTG METER ADMIN&CNTL	\$1,450,160	\$901,820
Subtotal HQ Finance Numbers	\$104,423,465	\$148,913,230
Grand Total	\$109,429,602	\$152,183,499
(Ties to Summary Spreadsheet)		

ATTACHMENT TWO -- ACCOUNT 44040.126

ACCOUNT 44030.126 Miscellaneous Revenue - Other

	FY 2007 Actual	FY 2006 Actual
FIELD		
CAPITAL METRO	\$2,375,480	\$1,742,133
EASTERN	\$3,179,043	\$2,003,843
GREAT LAKES	\$3,087,646	\$1,836,621
NEW YORK METRO	\$3,023,168	\$1,941,224
NORTHEAST	\$826,647	\$695,856
PACIFIC	\$3,964,318	\$3,861,407
SOUTHEAST	\$2,566,763	\$1,842,361
SOUTHWEST	\$1,874,278	\$1,895,428
WESTERN	<u>\$3,376,603</u>	<u>\$2,879,133</u>
Subtotal Field	\$24,273,946	\$18,698,008
HQ Finance Numbers		
1 CENTRAL NAT TRUST ACC	\$0	\$5,540
2 CONTRACT ADMIN (NRLCA)	\$5,443	\$3,168
3 DEP CH INSP HQ OPERTN	\$20	
4 BSN INTEGRATION	\$30	
5 SERVICE WIDE COSTS	\$23	\$0
6 ATLANTA MRC	\$664,827	\$683,457
7 MATL DIST CTR -TOPEKA	\$283	
8 ST PAUL MRC	\$32,063	\$17,421
9 USPS STAMP FLMNT SVCS	\$754,312	\$354,766
10 ADDRESS MANAGEMENT	\$18,748,951	\$17,499,887
11 USPS-NALC DISPUTE PRC	\$67,690	
12 MOVERS SOURCE SUPPORT	<u>\$36,099,975</u>	<u>\$40,579,274</u>
Subtotal HQ	\$56,373,617	\$59,143,513

GRAND TOTAL	\$80,647,563	\$77,841,521
(Ties to Summary Spreadsheet)		

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
June 9, 2008