

2012 NOV 27 P 3 24

November 27, 2012

Hon. Shoshana M. Grove, Secretary
Postal Regulatory Commission
901 New York Avenue NW, Suite 200
Washington, D.C. 20268-0001

Dear Ms. Grove:

In connection with the Commission's rules pertaining to periodic reports, I have enclosed copies of the reports of Revenue, Pieces and Weight (RPW) by rate category and special service for Quarters 1-3 (revised), and Quarter 4 of Fiscal Year (FY) 2012, and a summary annual RPW report for FY 2012. Each of these reports consists of two parts:

1. Market Dominant Products Revenue, Pieces and Weight by Classes of Mail and Special Services for [Quarters 1, 2, 3, 4, annual Summary], Fiscal Year 2012, Compared with the Corresponding Period of Fiscal Year 2011, **Public Report**; and
2. Competitive Products Revenue, Pieces and Weight by Classes of Mail and Special Services for [Quarters 1, 2, 3, 4, annual Summary], Fiscal Year 2012, Compared with the Corresponding Period of Fiscal Year 2011, **Public Report**.

As in previous years, Quarters 1, 2, and 3 of FY 2012 have been revised. The corresponding FY2011 period was also revised in the SPLY column in the reports for each quarter and the fiscal year to properly reflect year-over-year changes. Changes affecting the Quarters 1, 2 and 3 revisions include:

Non-PostalOne Bulk Mail Reporting Activity: Prior to the Quarter 4 RPW reporting period, the stratification process for estimating non-PostalOne bulk mail office activity is updated (as specified in the approved methodology; see Docket No. RM2009-7). After this update, one office was found to have been in an inappropriate "stratum" and caused an over-expansion of First-Class Presort revenues and volumes in Quarters 1, 2, and 3. This over-expansion caused the "mix" within First-Class Mail to be inappropriately skewed toward Presort.

Revising this stratification results in the estimates of volume and revenue for First-Class Presort to be approximately 2 percentage points lower (than they would have been without the correct stratification). There was an offsetting effect on the First-Class Single-Piece estimates of a similar magnitude since the RPW report must "tie out" to the General Ledger revenues. Minor changes to other single-piece product estimates occurred in that process. The SPLY period of Q4 FY11 was also revised.

First-Class Single Piece letters and cards automated redirect forwarded/returned mail: Quarters 1, 2 and 3 revenues for First-Class single-piece letters and cards were increased \$18.2M, \$17.2M and \$22.7M dollars, respectively. These revisions were necessary in order to include the revenue that had been inappropriately excluded for letters and cards that had been automatically redirected to their forwarded destination. Volume and weight were increased as well. FY11 revenues and volumes were updated in the SPLY column so that direct comparisons can be made to last year.

Negotiated Service Agreement (NSA): Quarter 1, 2, and 3 were revised in order to correctly report several domestic and international NSAs. One contract was previously reported in the product totals instead of as an NSA in Quarters 1, 2 and 3.

PostalOne: Corrections were made in PostalOne input data to the RPW report in some Parcel Return Service and Priority Mail categories. These corrections are now reflected in Quarters 1, 2 and 3.

Other changes: Retail Library Mail estimates were corrected for Quarter 2 and 3 revisions. Corrections to Priority Mail International numbers were made in Quarters 1, 2 and 3 to properly report the handling of commercial base revenues and volumes. Other corrections/updates were made to products/services where errors or preliminary estimates had been made for the preliminary RPW reports.

I have enclosed disks with machine-readable versions of these reports, consisting of one Excel file for each report containing both parts of these public reports. These electronic files may be posted on the internet.

As with prior reports in the recent past, I have included with the public versions of the RPW reports for Quarters 1-3 (revised), Quarter 4, and the summary annual report for FY 2012, restricted versions that disaggregate the international and domestic data pertaining to competitive products (**Restricted Report**). These restricted versions follow the adopted format used in the public reports, and provide the Commission with additional, disaggregated data for the confidential categories. The restricted reports are being provided on computer disk and in hard copy, and should not be made public. They have been marked as restricted and confidential.

The Postal Service believes that the material contained in the Restricted Reports that is not included in the public versions consists of information that would not be subject to mandatory disclosure pursuant to the Freedom of Information Act and Title 39, United States Code. This letter incorporates by reference Attachment 2 of my letter dated September 29, 2009: "Application of the United States Postal Service for Non-Public Treatment of Materials" Pursuant to 39 C.F.R. § 3007.21, this document describes the information in the restricted versions that has been aggregated in the public versions, and presents the statutory basis for the Postal Service's request for confidentiality, as well as a description of the harm that would result from disclosure

If you have any questions regarding the changes described above or the reports for Quarters 1-3 (revised), Quarter 4, or the summary report for FY 2012, do not hesitate to call.

Sincerely,

A handwritten signature in black ink that reads "Daniel J. Foucheaux, Jr." in a cursive script.

Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and
Product Support

Enclosures

cc: Ms. Taylor