

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

ANNUAL COMPLIANCE REVIEW, 2017

Docket No. ACR2017

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
QUESTION 3 OF CHAIRMAN'S INFORMATION REQUEST NO. 17

The United States Postal Service hereby provides its response to the above-listed question of Chairman's Information Request No. 17, issued on February 9, 2018. Each question is stated verbatim and followed by the response. Timely responses to all other questions were filed on February 16, 2018.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 20, 2018

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 17**

3. The Postal Service filed "Retail Revenue by Channel" tables for FY 2015, FY 2016, and FY 2017 in Chairman Information Request (CHIR) responses.<sup>1</sup> In another CHIR response, the Postal Service identified errors in the FY 2016 Retail Revenue by Channel table.<sup>2</sup>
- a. Please submit updated "Retail Revenue by Channel" tables for FY 2014, FY 2015, FY 2016, and FY 2017. For each table, please submit an Excel file linking the data in each table to Library Reference 29 filed for that fiscal year.<sup>3</sup>
  - b. Please reconcile any discrepancies between the updated Retail Revenue by Channel tables and the tables provided in past CHIR responses. See n. 2, *supra*.

**RESPONSE:**

- a. Please see the requested tables below. The Excel file linked to sources is provided in USPS-FY17-NP41. (This is filed under seal because the question sought links to sources provided under seal within folder NP29 each year. Although the text of the question refers to folder "29," the footnote to the question makes very clear that the intended reference was folder "NP29.") Note that the Post Office revenue rows are linked to Financial Performance Report extracts, from which the values in those rows are actually obtained, rather than to the folder NP29 files. Note also that, instead of linking to four separate NP29 files (one for each year), the entire relevant tab (SRE)

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<sup>1</sup> See Docket No. ACR2015, Responses of the United States Postal Service to Questions 5-7, 9-10, 12, and 17-28 of Chairman's Information Request No. 6, January 29, 2016, question 6; Docket No. ACR2016, Responses of the United States Postal Service to Questions 1-2, 4-9, 11-13, 15-19, 23, 28, and 31-33 of Chairman's Information Request No. 3, January 13, 2017, question 5; Responses of the United States Postal Service to Questions 1-19 of Chairman's Information Request No. 2, January 17, 2018, question 14 (Responses to CHIR No. 2).

<sup>2</sup> Responses of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 7, January 30, 2018, question 2.b.

<sup>3</sup> See Docket No. ACR2014, Library Reference USPS-FY14-NP29, December 29, 2014; Docket No. ACR2015, Library Reference USPS-FY15-NP29, December 29, 2015; Docket No. ACR2016, Library Reference USPS-FY16-NP29, December 29, 2016; Docket No. ACR2017, Library Reference USPS-FY17-NP29, December 29, 2017.

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 17**

for each year is directly copied from that year's NP29 folder into the composite source file provided now in USPS-FY17-NP41. The file provided thus allows the values provided below in the Revenue Channel tables for each year to be traced back directly to the relevant source data for that year.

| <b>Channel</b>                       | <b>FY2014 Revenue</b> | <b>Share of Total</b> | <b>Change from FY2013</b> |
|--------------------------------------|-----------------------|-----------------------|---------------------------|
| <b>Post offices</b>                  | \$11,005,893,283      | 57.8%                 | 57.7%                     |
| <b>PC Postage</b>                    | \$ 5,021,077,288      | 26.4%                 | 16.2%                     |
| <b>Stamps Only Sales by Partners</b> | \$1,228,798,962       | 6.4%                  | 5.4%                      |
| <b>SSK/APC</b>                       | \$ 477,019,370        | 2.5%                  | 6.1%                      |
| <b>Stamps by Mail phone internet</b> | \$95,453,913          | 0.5%                  | -2.6%                     |
| <b>CPU</b>                           | \$ 147,644,446        | 0.8%                  | 0.7%                      |
| <b>CNS</b>                           | \$ 533,272,489        | 2.8%                  | 1.6%                      |
| <b>Other</b>                         | \$ 543,046,596        | 2.9%                  | 6.1%                      |
| <b>Total</b>                         | \$19,052,206,347      | 100.0%                | 4.2%                      |

| <b>Channel</b>                       | <b>FY2015 Revenue</b> | <b>Share of Total</b> | <b>Change from FY2014</b> |
|--------------------------------------|-----------------------|-----------------------|---------------------------|
| <b>Post offices</b>                  | \$10,769,202,435      | 56.0%                 | -2.2%                     |
| <b>PC Postage</b>                    | \$ 5,578,666,319      | 29.0%                 | 11.1%                     |
| <b>Stamps Only Sales by Partners</b> | \$1,113,582,284       | 5.8%                  | -9.4%                     |
| <b>SSK/APC</b>                       | \$ 382,440,990        | 2.0%                  | -19.8%                    |
| <b>Stamps by Mail phone internet</b> | \$72,830,739          | 0.4%                  | -23.7%                    |
| <b>CPU</b>                           | \$ 140,295,313        | 0.7%                  | -5.0%                     |
| <b>CNS</b>                           | \$ 555,105,276        | 2.9%                  | 4.1%                      |
| <b>Other</b>                         | \$ 602,594,394        | 3.1%                  | 11.0%                     |
| <b>Total</b>                         | \$19,214,717,750      | 100.0%                | 0.9%                      |

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 17**

| <b>Channel</b>                  | <b>FY2016 Revenue</b>   | <b>Share of Total</b> | <b>Change from FY2015</b> |
|---------------------------------|-------------------------|-----------------------|---------------------------|
| <b>Post Office Revenue</b>      | \$10,571,881,372        | 78.4%                 | -1.83%                    |
| <b>Stamp Sales by Partners</b>  | \$ 1,083,964,045        | 8.0%                  | -2.66%                    |
| <b>SSK/APC</b>                  | \$427,522,271           | 3.2%                  | 11.79%                    |
| <b>Stamps by Mail/Phone/FAX</b> | \$ 75,970,941           | 0.6%                  | 4.31%                     |
| <b>Contract Units</b>           | \$144,855,314           | 1.1%                  | 3.25%                     |
| <b>Click n Ship</b>             | \$ 553,827,184          | 4.1%                  | -0.23%                    |
| <b>Other</b>                    | \$ 617,981,508          | 4.6%                  | 2.55%                     |
| <b>TOTAL RETAIL REVENUE</b>     | <b>\$13,476,002,635</b> | <b>100.0%</b>         | <b>-29.87%</b>            |

| <b>Channel</b>                  | <b>FY2017 Revenue</b>    | <b>Share of Total</b> | <b>Change from FY2016</b> |
|---------------------------------|--------------------------|-----------------------|---------------------------|
| <b>Post Office Revenue</b>      | \$10,194,497,998         | 78.8%                 | -3.57%                    |
| <b>Stamp Sales by Partners</b>  | \$ 1,039,366,367         | 8.0%                  | -4.11%                    |
| <b>SSK/APC</b>                  | \$405,247,520            | 3.1%                  | -5.21%                    |
| <b>Stamps by Mail/Phone/FAX</b> | \$ 78,291,565            | 0.6%                  | 3.05%                     |
| <b>Contract Units</b>           | \$141,220,769            | 1.1%                  | -2.51%                    |
| <b>Click n Ship</b>             | \$ 486,532,486           | 3.8%                  | -12.15%                   |
| <b>Other</b>                    | \$ 590,137,055           | 4.6%                  | -4.51%                    |
| <b>TOTAL RETAIL REVENUE</b>     | <b>\$ 12,935,293,760</b> | <b>100.0%</b>         | <b>-4.01%</b>             |

- b. There are no material discrepancies in the figures provided for FY 2014, FY 2015, and FY 2016 compared with the earlier data provided for those years. Of course, as explained in the response to Question 5 of ACR2016 ChIR No. 3 (January 13, 2017), it is important to realize that while PC Postage was included in this table (and thus reflected in the Total rows) in FY 2014 and FY 2015, it was no longer considered appropriate for inclusion in this summary and was omitted in FY 2016 and FY 2017. What the instant exercise did reveal, however, is that

**RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO CHAIRMAN'S INFORMATION REQUEST NO. 17**

the information submitted in response to Question 2.b of ChIR No. 7 this year (January 30, 2018) was not accurate. In seeking to explain the apparent large percentage change in the Other row between FY 2016 and FY 2017, the source of the problem was identified in that response as primarily in the Post Office and Other rows in FY 2016. In fact, the primary problem was actually in the Post Office and Other rows in FY 2017. The confusion has been resolved, and corrections have been made in the above table for FY 2017. Also, the modest revision in the FY 2016 revenue in the SSK/APC row mentioned in the Question 2.b response to ChIR No. 7 actually can be seen instead in the FY 2017 entry for that row. It bears mention, however, that in the above tables for each year, the Total Retail Revenue remains unchanged from the previously provided tables, and the entries for each row are based on the best available information, traced back to the source information provided in the Excel file.