



August 12, 2002

Hon. Steven W. Williams, Acting Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001

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RE: Docket No. MC2000-2

Dear Mr. Williams:

On May 16, 2002, the Postal Service filed its response to the recommendations contained in the General Accounting Office (GAO) report of December 21, 2001, entitled "U.S. Postal Service: Update on E-Commerce Activities and Privacy Protections" (GAO-02-79). The Commission noted discrepancies between data in that response and the Mailing Online data that had been previously reported by the Postal Service in accordance with the data reporting requirements established in Docket No. MC2000-2. The Commission asked the Postal Service to reconcile the discrepancies. The attached document is provided in response to the Commission's request.

Sincerely,

A handwritten signature in cursive script, appearing to read "Scott L. Reiter".

Scott L. Reiter
Attorney

cc: Participants of record in Docket No. MC2000-2

1. The Postal Service reported gross postage revenue for total MOL pieces mailed in its data reports to the Commission. The revenue reported in the GAO eCommerce report reflects only "New Postage (MOL Only)," calculated as 38% of the gross postage revenue.¹ ($\$503,052 \times 0.38 = \$191,160$).
2. Gross printing revenue reported by the Postal Service to the Commission was \$388,880 for FY 2001. Gross Printing Revenue per the USPS accounting system is \$455,394. This amounts to a difference on a gross basis of \$66,513 ($\$455,394 - \$388,880$). This difference is due to customer transactions that occurred in FY 2001 which were not accurately captured in the two semi-annual PRC reports for the following reasons:
 - a. In FY 2001 the measurement process required a manual daily downloading of data files from BAE Systems. This manual process inadvertently omitted \$31,405 of revenue from legitimate transactions. The manual file extraction process has subsequently been automated and this error is not expected to occur again.
 - b. Transactions which originally were not processed due to various printing errors were not included in the Ordered Jobs report from BAE Systems prior to October 2001, and were thus excluded from the PRC report. However, some of these jobs were subsequently re-submitted and successfully processed, generating \$37,366 of revenue inadvertently omitted from the original report. The Ordered Jobs report was subsequently updated in October 2001 to include these types of situations so that the Postal Service can track the status of these jobs.
 - c. Timing differences may occur between when the Postal Service Accounting System recognizes revenue and when the Mailing Online system recognizes revenue. The Accounting System recognizes Mailing Online revenue when processing a customer payment and recognizes a customer credit when processing a refund. The Mailing Online system recognizes gross revenue from mailings that were paid for and printed, and recognizes customer credits when approved. Therefore, a potential timing difference could exist between when revenue is processed and recognized by the Accounting system, and when a job is completed and revenue is recognized by the Mailing Online system, as

¹ See the testimony of witness Plunkett, MC2000-2, USPS-T-5, at 9.

reflected in the reports that have been filed with the Commission. This difference may result in either the Accounting revenue being greater than or less than the revenue reported in the Mailing Online system.

- d. Revenue related to the separate NetPost Certified Mail product was included as Mailing Online revenue in the GAO report. However, this revenue is not included as Mailing Online revenue (nor are NetPost Certified Mail costs) in the reports to the PRC.