



February 28, 2006

Hon. Steven W. Williams, Secretary  
Postal Rate Commission  
901 New York Avenue, NW  
Suite 200  
Washington, DC 20268-0001

**RE: Docket No. MC2004-2**

Dear Mr. Williams:

In accordance with the Commission's Opinion and Recommended Decision Approving Stipulation and Agreement for the Experimental Priority Mail Flat-Rate Box, Docket No. MC2004-2, enclosed is the Postal Service's Second Semiannual Data Report, covering the time period July 1, 2005, to December 31, 2005. The Postal Service is in the process of reconsidering its calculations for Margin of Error for the average weight per piece. Should the Postal Service determine that this calculation, in either the First Semiannual Data Report, filed on August 31, 2005, or this report, needs to be adjusted, it will promptly file errata as necessary.

Sincerely,

Brian M. Reimer  
Attorney

Enclosures

**Experimental Priority Mail Flat-Rate Box  
Second Semi-Annual Status Report  
February 28, 2006**

I. Introduction

This is the second semi-annual report to be filed with the Postal Rate Commission – pursuant to Attachment C (Data Collection Plan) of the Stipulation and Agreement approved in Docket No. MC2004-2 – summarizing use of the experimental Priority Mail flat-rate box. Volume data are presented for the two quarters that have transpired since the first semi-annual report was filed: the fourth quarter of Fiscal Year 2005 (July 1, 2005 - September 30, 2005) and the first quarter of Fiscal Year 2006 (October 1, 2005 - December 31, 2005).

II. Data Collected

The attached table shows the distribution of total Priority Mail flat-rate-box volume by weight and zone in Fiscal Year 2005, Quarter 4 and Fiscal Year 2006, Quarter 1. The data are derived from ODIS-RPW sampling (for non-permit mail) and from the Postal One data system (for permit mail). Total volume was 13.6 million pieces, distributed as 65.2 percent at 0 - 5 pounds, 29.2 percent at 5 - 10 pounds, 5.1 percent at 10 - 20 pounds, and 0.5 percent at 20+ pounds. The 13.6 million pieces represented 2.96 percent of all Priority Mail volume in Fiscal Year 2005, Quarter 4 and Fiscal Year 2006, Quarter 1. By zone, the volume distribution is most pronounced in Zone 8 (31.8 percent) and Zone 5 (17.7 percent).

Total volume can also be disaggregated as 6,896,624 (50.6 percent) for the 14" x 12" x 3.5" box shape and 6,730,361 (49.4 percent) for the 11.25" x 8.75" x 6" box shape. The first figure has a margin of error (MOE) at the 95

percent confidence interval of 4.8 percent.<sup>1</sup> The second figure has an MOE at the 95 percent confidence interval of 4.9 percent.

From the weight and zone distributions, it can be calculated for the two box shapes combined that the average weight per piece was 4.78 pounds and the “average zone” (where Zone 1 = 1.0, Zone 2 = 2.0, etc.) was 5.78.<sup>2</sup> While these averages have implications for the financial impact of the experiment, ultimately the net impact will depend on the balance between volume that has migrated from elsewhere in the Priority Mail rate schedule and volume that is newly attracted to Priority Mail by the flat-rate box. The Postal Service is currently investigating means to discern this balance.

The most common method of postage payment for the Priority Mail flat-rate box has been the postage validation imprinter (PVI), a retail postage label similar to a meter stamp strip. Following in order of prevalence are information-based indicia (*e.g.*, PC Postage, Click-N-Ship, eBay Online Postage); traditional postage meters; postage stamps; and, lastly, permits.

### III. Future

Per the Data Collection Plan in Docket No. MC2004-2, the next semi-annual report on the Priority Mail flat-rate-box experiment will be prepared in the second half of August 2006. Data collected for the second and third quarters of Fiscal Year 2006 will be presented in that report.

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<sup>1</sup> This means that with 95 percent confidence, the figure can be estimated as 6,896,624, +/- 4.8 percent (approximately 331,000).

<sup>2</sup> For average weight, the MOE at the 95 percent confidence interval is 3.2 percent. For the average zone, the MOE at the 95 percent confidence interval is 7.8 percent.

**Priority Mail Flat-Rate Box  
Total ODIS-RPW Volume  
FY 2005, Quarter 4 + FY 2006, Quarter 1**

Weight Step	Local & Zones 1-3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	Zone Unknown	Total	Perc. of Total	Cum. Perc.
1 POUND	59,473	38,080	38,291	28,291	20,972	60,881	9,695	255,682	1.9%	1.9%
2 POUNDS	249,030	168,989	235,964	168,669	132,331	311,184	45,007	1,311,175	9.6%	11.5%
3 POUNDS	353,870	276,672	358,896	305,014	297,090	959,088	39,699	2,590,328	19.0%	30.5%
4 POUNDS	292,411	258,541	507,602	309,096	359,282	911,506	47,437	2,685,875	19.7%	50.2%
5 POUNDS	229,635	296,170	397,214	279,194	201,648	620,216	23,837	2,047,915	15.0%	65.2%
6 POUNDS	151,285	164,939	258,574	204,709	153,130	484,871	15,391	1,432,897	10.5%	75.8%
7 POUNDS	133,009	162,324	166,398	117,025	113,114	293,842	18,976	1,004,688	7.4%	83.1%
8 POUNDS	96,273	107,205	114,183	89,633	77,752	194,874	8,027	687,946	5.0%	88.2%
9 POUNDS	78,070	93,498	80,898	70,702	53,324	137,736	7,247	521,475	3.8%	92.0%
10 POUNDS	65,592	40,526	56,217	50,226	32,532	73,208	4,674	322,974	2.4%	94.4%
11 POUNDS	40,462	20,177	48,372	29,736	26,005	59,547	3,403	227,701	1.7%	96.0%
12 POUNDS	20,143	30,116	23,530	11,547	18,821	40,348	438	144,943	1.1%	97.1%
13 POUNDS	12,773	9,017	15,097	14,934	14,245	30,608	2,141	98,815	0.7%	97.8%
14 POUNDS	14,084	8,559	27,036	11,367	7,699	19,919	942	89,606	0.7%	98.5%
15 POUNDS	4,357	12,183	7,490	3,233	3,731	13,741	427	45,163	0.3%	98.8%
16 POUNDS	6,851	2,049	13,600	5,532	5,445	6,358	1,115	40,949	0.3%	99.1%
17 POUNDS	4,898	1,549	4,329	2,332	2,563	9,943	123	25,736	0.2%	99.3%
18 POUNDS	1,300	415	1,271	2,348	271	4,200	0	9,805	0.1%	99.4%
19 POUNDS	845	1,659	376	848	214	2,454	155	6,550	0.0%	99.4%
20 POUNDS	1,281	0	1,678	0	378	1,250	0	4,587	0.0%	99.5%
21 POUNDS	415	1,094	1,330	220	0	2,298	0	5,357	0.0%	99.5%
22 POUNDS	1,244	609	0	3,588	2,996	5,509	0	13,947	0.1%	99.6%
23 POUNDS	0	330	186	35	1,299	8,331	0	10,181	0.1%	99.7%
24 POUNDS	0	2,309	2,060	435	0	0	0	4,804	0.0%	99.7%
25 POUNDS	952	412	3,076	1,436	0	0	0	5,876	0.0%	99.8%
26 POUNDS	0	412	2,429	2,973	895	0	0	6,709	0.0%	99.8%
27 POUNDS	3	0	1,223	69	0	115	0	1,410	0.0%	99.8%
28 POUNDS	944	0	0	0	747	230	0	1,922	0.0%	99.8%
29 POUNDS	0	98	0	69	1,072	0	635	1,873	0.0%	99.9%
30 POUNDS	0	0	0	0	0	614	0	614	0.0%	99.9%
31 POUNDS	31	0	327	69	369	155	0	950	0.0%	99.9%
32 POUNDS	0	0	0	173	0	6	0	178	0.0%	99.9%
33 POUNDS	0	0	230	359	0	0	0	589	0.0%	99.9%

34 POUNDS	410	0	0	35	0	163	0	607	0.0%	99.9%
35 POUNDS	0	0	576	0	0	184	0	760	0.0%	99.9%
36 POUNDS	0	92	497	0	0	0	0	589	0.0%	99.9%
37 POUNDS	0	0	0	0	0	0	0	0	0.0%	99.9%
38 POUNDS	0	0	299	0	0	0	0	299	0.0%	99.9%
39 POUNDS	0	0	0	0	0	0	0	0	0.0%	99.9%
40 POUNDS	0	0	0	138	0	1,126	0	1,264	0.0%	99.9%
41 POUNDS	0	0	0	0	0	0	0	0	0.0%	99.9%
42 POUNDS	0	0	0	0	0	0	0	0	0.0%	99.9%
43 POUNDS	0	0	0	173	598	0	0	771	0.0%	99.9%
44 POUNDS	0	0	763	0	0	0	0	763	0.0%	99.9%
45 POUNDS	0	0	0	0	0	614	0	614	0.0%	99.9%
46 POUNDS	0	253	0	0	0	98	0	351	0.0%	99.9%
47 POUNDS	0	0	0	0	0	0	0	0	0.0%	99.9%
48 POUNDS	0	0	207	0	0	0	0	207	0.0%	99.9%
49 POUNDS	0	0	0	0	0	0	0	0	0.0%	99.9%
50 POUNDS	0	0	0	1,475	0	0	0	1,475	0.0%	99.9%
51 POUNDS	0	0	2,616	0	0	0	0	2,616	0.0%	99.9%
52 POUNDS	0	207	0	988	207	293	0	1,696	0.0%	100.0%
53 POUNDS	0	0	993	0	0	537	0	1,529	0.0%	100.0%
54 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
55 POUNDS	0	0	119	0	0	0	0	119	0.0%	100.0%
56 POUNDS	0	0	237	896	897	0	0	2,030	0.0%	100.0%
57 POUNDS	0	366	237	0	299	0	0	903	0.0%	100.0%
58 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
59 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
60 POUNDS	0	0	146	0	0	0	0	146	0.0%	100.0%
61 POUNDS	0	0	0	783	0	0	0	783	0.0%	100.0%
62 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
63 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
64 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
65 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
66 POUNDS	0	0	0	0	0	98	0	98	0.0%	100.0%
67 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
68 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
69 POUNDS	0	0	146	0	0	0	0	146	0.0%	100.0%
70 POUNDS	0	0	0	0	0	0	0	0	0.0%	100.0%
Total	1,819,640	1,698,849	2,374,712	1,718,349	1,529,925	4,256,144	229,366	13,626,985		
Distribution	13.6%	12.7%	17.7%	12.8%	11.4%	31.8%		100.0%		