

LEGAL POLICY & RATEMAKING LAW SECTION
LAW DEPARTMENT



March 12, 2007

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

RE: Docket No. MC2005-1

Dear Mr. Williams:

In accordance with the Commission's Opinion and Recommended Decision Approving Stipulation and Agreement for Experimental Premium Forwarding Service (Opinion), Docket No. MC2005-1, enclosed is the Postal Service's Second Data Report, covering the time period April 1, 2006, to December 31, 2006. This report is sufficiently late that an extra quarter of results are available and provided (separately).

In accordance with the Data Collection Plan, Attachment C to the Opinion, this report also includes the table used to inform customers about the potential need for paying additional postage due charges; a copy is appended to this report. Also in accordance with the Data Collection Plan, electronic versions of materials used to communicate with customers about Premium Forwarding Service are appended to the electronic version of the report.

Sincerely,

Kenneth N. Hollies
Attorney
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Enclosure

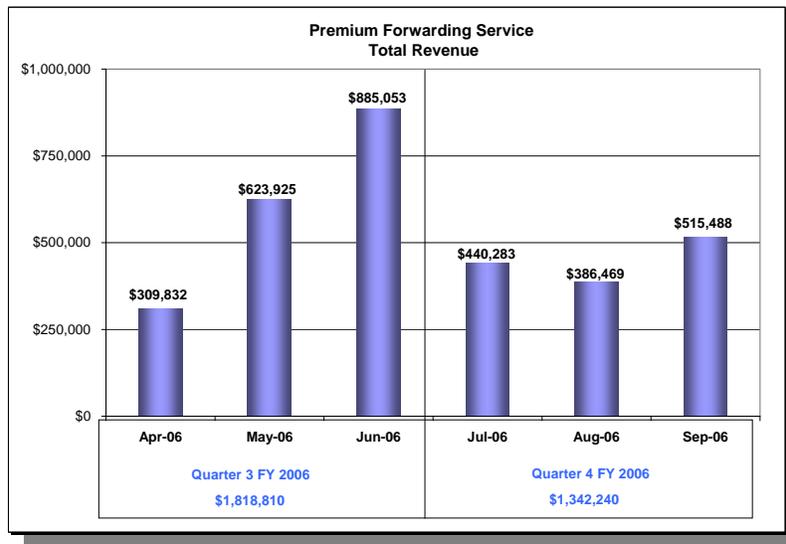
**Premium Forwarding Service (PFS) Experiment
Second Data Collection Report
April 1, 2006 – September 31, 2006 (Q3-Q4 FY 2006)
Docket No. MC2005-1**

The major purposes of the PFS data collection plan are to determine zone and weight characteristics of weekly PFS Priority Mail shipments, and to inform decisions by Postal Service management regarding the future of PFS. This includes the collection of both quantitative and qualitative information. This second semi-annual data collection report is submitted in fulfillment of the obligations of that plan.

1. Number of PFS Applications. During the reporting period, 46,959 applications were submitted and paid for by PFS customers.

2. Number of PFS Reshipments. Since anticipated shipments are paid for at the time of application, there is no precise count of the number of actual shipments that occurred during the reporting period. However, the revenue generated by the per-week charge, after backing out refunds, implies purchases of 258,794 reshipment service weeks during the reporting period. That comes to an average of $258,794/46,959 = 5.5$ shipments per application.

3. Revenue. Total PFS revenue less refunds during the reporting period was \$3,161,050. The distribution by month was as follows:



4. Weight and Zone Characteristics of PFS Reshipments. Average weight per PFS shipment from the ODIS-RPW data system was 5.73 pounds in FY 2006 Q3 and 4.89 pounds in FY 2006 Q4.

A distribution by pound increment is not available for these quarters specifically, but it is available for FY 2006 in its entirety, which averaged to 5.30 pounds:

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Weight Increment	Weight Distribution
One Pound	5.0%
Two Pounds	10.2%
Three Pounds	10.6%
Four Pounds	11.3%
Five Pounds	11.3%
Six Pounds	18.3%
Seven Pounds	11.5%
Eight Pounds	9.6%
Nine Pounds	4.4%
Ten Pounds	1.8%
Eleven Pounds	2.3%
Twelve Pounds	1.4%
Thirteen+ Pounds	2.3%

A distribution of PFS volume (shipments) by zone for FY 2006 was estimated by recording information from over 15,600 sampled application forms. The result:

Zone	Volume Distribution
Zone 1	6.1%
Zone 2	4.6%
Zone 3	5.4%
Zone 4	10.5%
Zone 5	28.9%
Zone 6	28.9%
Zone 7	7.7%
Zone 8	7.9%

5. Qualitative Summary of Major Issues. No major issues have surfaced. Some former Snowbird customers were understandably unhappy that previous informal forwarding arrangements were replaced with the more expensive Premium Forwarding Service. Concerns about timely delivery of weekly shipments, the inclusion of Standard Mail in the shipment, the inability to apply from a remote location, and the inability to

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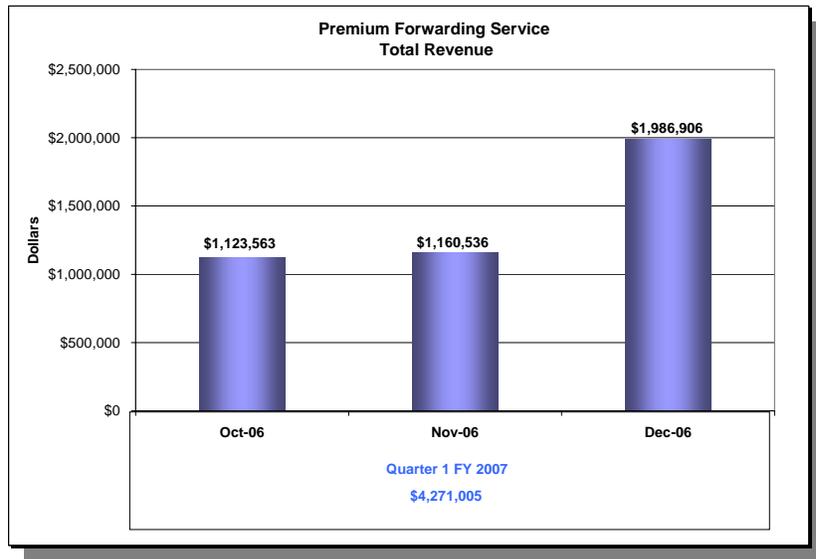
change the destination address during the service period were expressed. Some customers want the option of additional or fewer shipments per week, while others want to send PFS shipments to international addresses.

**Premium Forwarding Service (PFS) Experiment
Second Data Collection Report
October 1, 2006 – December 31, 2006 (Q1 FY 2007)
Docket No. MC2005-1**

1. Number of PFS Applications. During Q1 FY 2007, 45,910 applications were submitted and paid for by customers.

2. Number of PFS Reshipments. Since anticipated shipments are paid for at the time of application, there is no precise count of the number of actual shipments that occurred during the reporting period. However, the revenue generated by the per-week charge, after backing out refunds, implies purchases of 366,529 weeks of reshipment service during Q1 FY 2007. That comes to approximately $366,529/45,910 = 8.0$ shipments per application.

3. Revenue. Total PFS revenue less refunds during Q1 FY 2007 was \$4,271,005. The distribution by month was as follows:



4. Weight and Zone Characteristics of PFS Reshipments. Average weight per PFS shipment from the ODIS-RPW data system was 6.46 pounds during Q1 FY 2007. A distribution of PFS volume (shipments) by zone is not available for FY 2007 Q1 specifically, but such a distribution was estimated for FY 2006 and is reproduced above on page 2.

5. Qualitative Summary of Major Issues. A summary of issues appears above in connection with Q3 and Q4 of FY 2006.

Answer

Premium Forwarding Service - Disposition of mail (chart)

Answer

**USPS® Premium Forwarding Service (PFS)
Disposition of Mail Chart**

This chart identifies what mail could incur additional postage charges.

Shape	Standard Mail <small>(With Delivery Confirmation™ or other extra svc requiring scan or signature)</small>	Standard Mail <small>(Without Delivery Confirmation™) (bulletins, small parcels, Direct Advertising Mail)</small>	Package Services <small>(With extra svc requiring scan or signature)</small>	Package Services <small>(Without Delivery Confirmation™ or other extra svc--Parcel Post®, merchandise, books, recordings)</small>
Letters and Flats	N/A	Included	Postage Due	Postage Due
Parcel (small)	Postage Due	May be included	Postage Due	Postage Due
Parcel (too large for PFS pkg)	Postage Due	Postage Due	Postage Due	Postage Due

Legend:

- N/A - Not applicable, Delivery Confirmation™ is not available on Standard Mail letters and flats.
- Included - Included in weekly PFS shipment at no additional cost.
- May be included - Included in weekly PFS shipment only if it fits after all the letters and flats (magazines and large envelopes) are included. If item does not fit, it will be sent separately incurring **postage due** charges at the applicable Parcel Post® rate.
- **Postage Due** - Not included in weekly PFS shipment. These items are sent separately incurring postage due charges at the applicable Package Services rate.

Note: To avoid incurring **postage due** charges, customers are encouraged to have Standard Mail parcels and Package Services Mail sent directly to your temporary address.

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