

LEGAL POLICY & RATEMAKING LAW SECTION  
LAW DEPARTMENT



June 13, 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 Third Data Report, covering the time period October 2006 through March 2007.

In accordance with the last paragraph of the Data Collection Plan, Attachment C to the Opinion, this report includes a summary of results from a survey of customers regarding their satisfaction with Premium Forwarding Service.

Sincerely,

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Enclosure

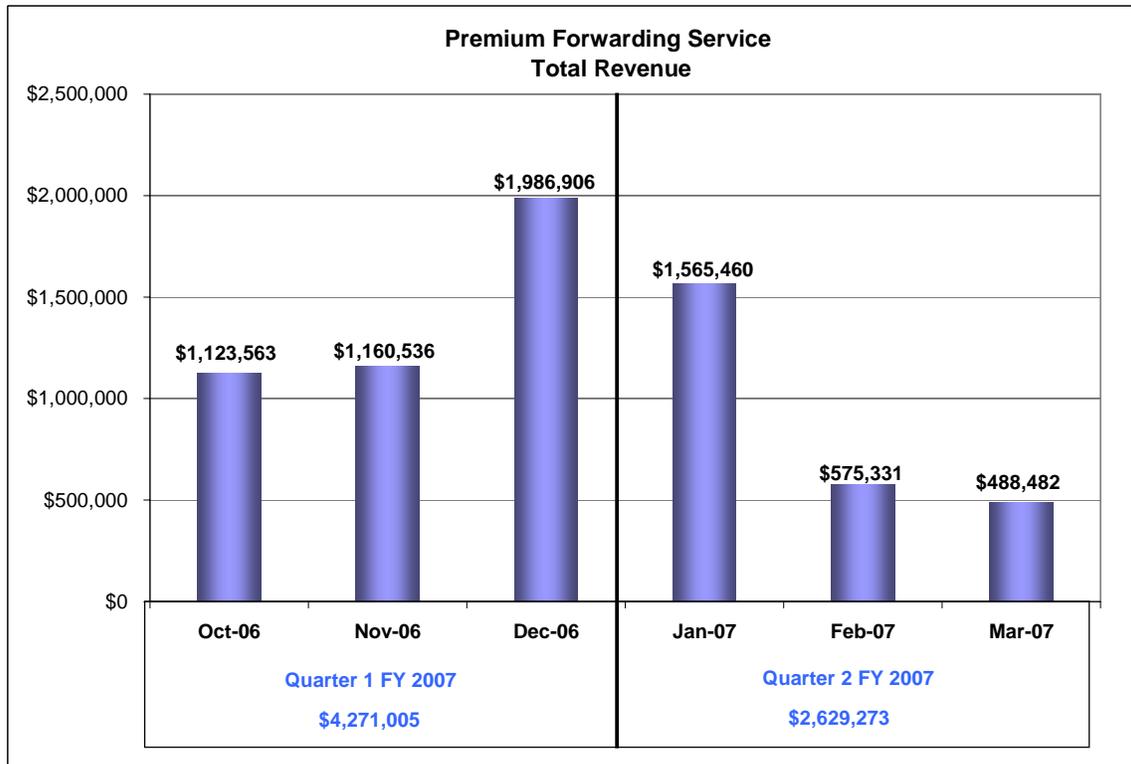
**Premium Forwarding Service (PFS) Experiment  
Third Semiannual Data Collection Report  
October 2006 – March 2007 (Q1–Q2 FY 2007)  
Docket No. MC2005-1**

**Introduction.** The primary 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 third semi-annual data collection report is submitted in fulfillment of the obligations of that plan. While the second report contained some information regarding Quarter 1, FY 2007, the semiannual nature of required reports means that this report also includes that quarter's results.

**1. Number of PFS Applications.** During the reporting period, 80,951 applications were made for PFS service.

**2. Number of PFS Re-shipment weeks.** 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 585,651 reshipment service weeks during the reporting period. That comes to an average of  $585,651 \div 80,951 = 7.2$  shipment weeks per application.

**3. Revenue.** Total PFS revenue less refunds during the reporting period was \$6,900,278. This continues an observed seasonal trend but at a higher level of total net revenue. The distribution by month was as follows:



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**4. Weight and Zone Characteristics of PFS Re-shipments.** Average weight per PFS shipment from the ODIS-RPW data system was 6.46 pounds in FY 2007 Q1 and 4.86 pounds in FY 2007 Q2.

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:

<b>Weight Increment</b>	<b>Weight Distribution</b>
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 a random sample of accumulated application forms.

<b>Zone</b>	<b>Volume Distribution</b>
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%

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**5. Qualitative Summary of Major Issues.** Revenue figures as reported herein show steady growth, with seasonal and geographic patterns starting to become evident. Customer reception of PFS has been positive. The most common question coming occasionally from Postmasters is whether customers can file one PFS application for two (2) temporary addresses within consecutive time periods. (This can currently be accommodated by filing two separate applications at the customer's primary address Post Office, one for each temporary address.)

USPS Program Management has recently received results from a survey administered through the Postal Service's Office of the Consumer Advocate. The purpose of the survey was to focus future research efforts, and it was based on a sampling of customers who provided an email address on their PFS applications. Qualitative results are summarized below.

Of 1,007 surveys distributed on February 5, 2007, a total of 205 were returned by March 6, 2007, when the survey was closed.

Two-thirds of respondents report that they are "Very satisfied" with PFS service, with a large percentage indicating they have used it more than once. Some people filed applications for different time periods. Some claims of repeat PFS usage may actually reflect previous use of informal "Snowbird" arrangements, especially with those reporting they have used PFS "more than six (6) times." (However, separate anecdotal field reports indicate that some customers have multiple homes and use PFS repeatedly throughout the year as they move from home to home.)

Two-thirds of survey respondents said they were "Very likely" to recommend PFS to someone else, and over two-thirds said they were "Very likely" to use PFS again themselves.

In response to an open-ended question on how USPS could improve the enrollment process, not surprisingly – given that those with email addresses were surveyed – many wanted the option of signing up on-line. (This option is being explored at USPS.)

In response to the question, "Was the Premium Forwarding Service you requested provided in accordance with the service description you received?" over 90% said "All of the Time."

Less than ten percent of respondents report the need to pay additional postage for reshipment during their time of enrollment. However, a few customers do suggest the need for a clearer explanation of the potential need to pay additional postage for reshipment.

Feedback solicited from a field support committee echoes customer feedback, except for the absence of any indication of problems relating to postage due items.