

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

ANNUAL COMPLIANCE REPORT, 2007

Docket No. ACR2007

NOTICE OF THE UNITED STATES POSTAL SERVICE
OF FILING ADDITIONAL MATERIALS REQUESTED AT THE JANUARY 23, 2008
TECHNICAL CONFERENCE ON PERIODICALS COSTS
(January 28, 2008)

The January 23, 2008 technical conference in the Commission hearing room followed up on the related technical conference of January 11, and likewise focused on the Periodicals flats cost model included within USPS-FY07-11, as well as other Periodicals cost avoidance issues. At the latter conference, the Postal Service was requested to provide some additional materials. In response to those requests, two Excel files are electronically attached to this notice. One Excel file presents the cost examples discussed at the technical conference to highlight the difficulties associated with attempting to identify a unique measurement of Periodicals cost avoidance under the prevailing rate structure. The second Excel file presents a version of USPS-FY07-3 (Discounts and Passthroughs) with enhanced Periodicals documentation, which should allow easier tracking of the Periodicals cost differences reported in USPS-FY07-3 back to the underlying cost estimates. The purpose of this file is merely to provide additional materials and to improve documentation, and earlier estimates (i.e., as revised on January 22, 2008) are not changed. In terms of which set of passthroughs (of the three sets now appearing on the Periodicals sheet in the attached version of USPS-FY07-3)

seems to be preferable, the Postal Service submits that the R2005-1 approach best takes into account delivery cost differences between carrier route and non-carrier route pieces.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

R. Andrew German
Managing Counsel, Legal Policy &
Ratemaking

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Eric P. Koetting

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

Eric P. Koetting

475 L'Enfant Plaza West, S.W.
Washington, D.C. 20260-1137
(202) 268-2992, FAX: -5402
January 28, 2008