

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

ANNUAL COMPLIANCE REPORT, 2007

Docket No. ACR2007

RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO QUESTION 25 OF COMMISSION INFORMATION REQUEST NO. 1
(February 20, 2008)

Commission Information Request No. 1 was posted on January 25, 2008. The request sought answers "as soon as they are developed." Attached is the Postal Service's response to question 25. The response refers to materials which are being separately provided to the Commission as part of the non-public annex of materials relating to this proceeding. A separate notice regarding such materials is also being filed today. Responses to additional questions will be submitted as they are developed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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February 20, 2008

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25. The following question requests additional information concerning the FY 2007 Domestic Mail Billing Determinants for Market Dominant and Competitive Products.

- a. Please provide a table summarizing FY 2007 Domestic Mail Billing Determinants for Market Dominant and Competitive Products. The structure of the table should be similar to the exhibit "Summary of Volume and Revenues, Base Year 2005" provided in USPS-LR-L-196, Docket R2006-1 by witness O'Hara. The columns of the table should include the following items for each mail category and special service: Volume, Postage Revenue, Fees, Total Revenue (Postage Revenue plus Fees), and Revenue per Piece (Total Revenue divided by Volume). The rows of the table should include the mail categories, special services and summations listed below in Attachment 1A.
- b. Please provide the number of transactions and revenue in a separate table or as a footnote to the main table for each domestic mailing fee listed below in Attachment 1B. Please show the domestic mailing fees that are distributed to mail categories separately from the rest of the fees.
- c. Please add mail categories, special services, or mailing fees, or assign them to different groupings, if needed, to refine the two lists (*i.e.*, Attachments 1A and 1B) provided below. For example, if a mailing fee has been misplaced in the main table (Attachment 1A) as a special service, it should be in the fee table (Attachment 1B).
- d. Please link all data entries in the two tables to the source files in FY 2007 Billing Determinants.

RESPONSE:

a.-d. Two separate Excel files are being provided in response to this question. One file is CIR.1.Q.25.Comp.Prod.Fee.Distrbtn.xls. This file contains the information for the Competitive Products (Shipping Services) and is being filed within USPS-FY07-NP13 as part of the non-public annex, as it includes detailed proprietary information about our competitive products. It includes fee distribution information in a format as close to that requested by the Commission as is possible. An exact format match is not possible due to data limitations described below. The second Excel file is CIR.1.Q.25.MD.Fee.Distrbtn.xls,

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which is attached electronically to this response. It contains the information about our Market Dominant (Mailing Services) products. This workbook contains fee distribution data in two different formats. In worksheet "PRC Request," the data are provided in a format as close to that requested by the Commission as is possible. An exact format match is not possible due to data limitations described below. In worksheet "Fee Distribution," the data are also provided in a format which is similar to filings in past rate cases (and which also mimics how the data were proactively presented as part of the special services portion of the recent price adjustment notice in Docket No. R2008-1).

The data limitations referred to above are due to the fact that special services volumes and revenue are not tracked at the level of detail requested by the Commission. In its attempt to provide the data in a form similar to that requested by the Commission (i.e., in "PRC Request"), the Postal Service distributed the revenue based on the distribution of volume in each category. The Postal Service believes that distribution of fee revenue to numerous rate categories may give the impression that such fee allocation is very precise to that level. Therefore, an alternative format is also provided (in the "Fee Distribution" worksheet) that presents the data at a higher level of aggregation to avoid the perception that the special service fee revenue is evenly distributed (by volume) in each category.

DOMESTIC MAIL CATEGORIES AND SPECIAL SERVICES

MARKET DOMINANT PRODUCTS

First-Class Mail:
Single-Piece:
 Letters
 Flats
 Parcels
Total Single-Piece Ltrs, Flts & Prcls
Presorted:
 Letters
 Flats
 Business Parcels
Total Presorted Ltrs, Flts & Prcls
Total Ltrs, Flts & Prcls
 Single-Piece Postcards
 Presorted Postcards
Total Postcards
Total First Class Domestic
Total First Class
Periodicals:
 Within County
Outside County:
 Regular Rate
 Nonprofit
 Classroom
Total Outside County
Total Periodicals
Standard Mail:
Regular Presort Mail:
 Letters
 Flats
 Parcels
 Not Flat-Machinables (NFMs)
Total Regular Presort
Regular Automation Mail:
 Letters
 Flats
Total Regular Automation
Total Regular
Nonprofit Presort Mail:
 Letters
 Flats
 Parcels
 Not Flat-Machinables (NFMs)
Total Nonprofit Presort
Regular Automation Mail:
 Letters
 Flats
Total Nonprofit Automation
Total Nonprofit
Total Regular and Nonprofit

MARKET DOMINANT PRODUCTS (cont.)

ECR Mail:
 Basic Presort Letters
 High Density Letters
 Saturation Letters
Total ECR Letters
 Basic Presort Flats
 High Density Flats
 Saturation Flats
Total ECR Flats
 Basic Presort Parcels
 High Density Parcels
 Saturation Parcels
Total ECR Parcels
Total ECR
Nonprofit ECR Mail:
 Basic Presort Letters
 High Density Letters
 Saturation Letters
Total NECR Letters
 Basic Presort Flats
 High Density Flats
 Saturation Flats
Total NECR Flats
 Basic Presort Parcels
 High Density Parcels
 Saturation Parcels
Total NECR Parcels
Total Nonprofit ECR
Total ECR and NECR
Total Standard Mail
Package Services:
Market Dominant Parcel Post:
Single-Piece Parcel Post:
 Intra-BMC
 Inter-BMC
Total Market Dominant Parcel Post
Bound Printed Matter (BPM):
BPM Flats:
 Nonpresorted
 Presorted
 Carrier Route
Total BPM Flats
BPM Parcels:
 Nonpresorted
 Presorted
 Carrier Route
Total BPM Parcels
Total Bound Printed Matter
Media Mail:
 Single Piece
 Presorted
Total Media Mail
Library Rate:
 Single Piece
 Presorted
Total Library Mail
Total Media and Library Mail
Total Package Services
 USPS Penalty Mail
 Free-for-the-Blind Mail
Total Mail

MARKET DOMINANT PRODUCTS (cont.)

Special Services:
 Certified Mail
 Collect-on-Delivery (COD)
 Delivery Confirmation
 Insurance
 Registered Mail
 Return Receipt
 Return Receipt for Merchandise
 Restricted Delivery
 Signature Confirmation
 Special Handling
 Stamped Envelopes
 Stamped Cards
 Premium Stamped Envelopes
 Premium Stamped Cards
 Change-of-Address Credit Card Authentication
 Confirm
 Money Orders
 PO Boxes
 Caller Service/Reserve Numbers
Address List Services:
 ZIP Coding of Mailing Lists
 Correction of Mailing Lists
 Address Changes for Election Boards
 Carrier Sequencing of Address Cards
Total Address List Services
Total Special Services
Total Market Dominant Products

COMPETITIVE PRODUCTS

Priority Mail:
Express Mail:
Domestic Express Mail:
 Custom Designed
 Next Day & Second Day PO to PO
 Next Day & Second Day PO to Addressee
Total Express Mail
Package Services:
Competitive Parcel Post:
Inter-BMC:
 Barcoded
 OBMC Presort
 BMC Presort
Total Inter-BMC
 Intra-BMC Barcoded
Parcel Select:
 DBMC
 DSCF
 DDU
Total Parcel Select
Parcel Return Service:
 RBMC
 RDU
Total Parcel Return Service
Total Competitive Parcel Post
Total Competitive Products
Total Domestic Mail & Services
 Total International Mail & Services
 Other Income
Total Mail & Services
 Appropriations
 Investment Income
Total Revenue

DOMESTIC MAIL FEES

DOMESTIC MAIL FEES

Address Correction

Applications and Mailing Permits:

First-Class Mail Presort Fee

Standard Mail Mailing Fee

Total Applications and Mailing Permits

Package Services Mailing Fees:

a. BPM Destination Entry Mailing Fee

b. Library Mail Presort Mailing Fee

c. Media Mail Presort Mailing Fee

Total Package Service Fees

Parcel Return Service Fees:

a. Account Maintenance Fee

b. Permit Fee

Total Parcel Return Service Fees

Parcel Select Destination Entry Mailing Fee

Periodicals Mailing Fees:

a. Original Entry Fee

b. Reentry Fee

c. Additional Entry Fee

d. News Agent Registry Fee

Total Periodicals Mailing Fees

Permit Imprint Fee

Business Reply Mail:

Per Piece Fee

Permit/Account Maintenance Fees

Total Business Reply Mail (BRM)

DOMESTIC MAIL FEES (cont.)

Bulk Parcel Return Service:

Per Piece Fee

Account Maintenance Fee

Permit Fee

Total Bulk Parcel Return Service (BPRS)

Certificate of Mailing

Merchandise Return Service (MRS):

Per-piece Charge

Account Maintenance Fee

Permit Fee

Total Merchandise Return Service

Parcel Airlift

Shipper Paid Forwarding

Premium Forwarding Service:

Enrollment Fee

Weekly Reshipment Fee

Total Premium Forwarding Service

Standard Mail Forwarding/Return:

Forwarding/Return Fee

Weighted Factor Forwarding/Return Fee

Total Standard Mail Forwarding/Return

Total Domestic Mail Fees

Total International Mail Fees

Total Mail Fees

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.

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