



February 25, 2008

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

RE: Docket No. MC2005-2

Dear Mr. Williams:

In accordance with the Commission's Opinion and Recommended Decision Approving Negotiated Service Agreement in Docket No. MC2005-2, Rate and Service Changes to Implement Functionally Equivalent Negotiated Service Agreement with HSBC North America Holdings Inc. (May 20, 2005), attached is the Postal Service's Data Collection Report for the time period January 1, 2007 to December 31, 2007. Also attached are printouts of the Excel spreadsheets showing the analysis. Please note that this letter and the accompanying report are also being filed electronically

As suggested by the contents of this report, due to changing circumstances, the benefits anticipated from this agreement have failed to materialize. Although the Postal Service and HSBC conducted discussions to explore alternative arrangements with greater probability of material benefits for both partners moving forward, those efforts did not reach fruition.

Sincerely,

A handwritten signature in black ink that reads "Eric P. Koetting".

Eric P. Koetting
Attorney

Attachments

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

Data Collection Plan Requirements:

1. Volume of First-Class Mail solicitations by rate category in eligible HSBC permit accounts.
2. Volume of First-Class Mail customer mail by rate category in eligible HSBC permit accounts.
3. Amount of discounts paid to HSBC for First-Class Mail by incremental volume block.
4. Volumes of First-Class Mail solicitations bearing the ACS endorsement that are physically returned to HSBC.
5. Number of electronic address correction notices provided to HSBC for forwarded solicitation mailpieces, including the number of notices processed by CFS units and separately for PARS (when fully operational).
6. Number of electronic address correction notices provided to HSBC for solicitation mailpieces that would otherwise be physically returned, including the number of notices processed by CFS units and separately for PARS (when fully operational).
7. Monthly estimate of the amount of time spent on compliance activity and a description of the activities performed.
8. For each First Class solicitation mailing list run against NCOA, HSBC will provide NCOA contractor reports that separately identify the number of address records checked and the number of corrections made.
9. For each Change of Address record that is used to forward a piece of HSBC solicitation mail through ACS under the Agreement, the Postal Service will provide the date the record was created, its move effective date, whether it was for a family or individual move, and each date that the record was used to forward a mail piece. No other information from the record would be provided.
10. As part of each data collection plan report, the Postal Service will provide an evaluation of the impact on contribution. It will also provide an assessment of trends of HSBC's First-Class Mail volume as compared to overall First-Class Mail volume.
11. Volume of Standard Mail solicitations by rate category in eligible HSBC permit accounts.
12. A comparison of the estimated mailer-specific costs, volumes, and revenues with the actual mailer-specific costs, volumes, and revenues.

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

1. Volume of First-Class Mail solicitations by rate category in eligible HSBC permit accounts.

| | |
|---|-------------------|
| Nonautomated Presorted Letters | |
| First Ounce | 2,143,062 |
| TOTAL Nonautomated Presorted Letters | 2,143,062 |
| | |
| Automation Presort Letters | |
| Mixed AADC letters | 6,751,994 |
| AADC Letters | 5,685,029 |
| 3-Digit Letters | 42,867,356 |
| 5-Digit Letters | 38,096,184 |
| TOTAL Automation Presort Letters | 93,400,563 |
| | |
| Automation Carrier Route Letters | |
| First Ounce | 973,820 |
| TOTAL Automation Carrier Route Letters | 973,820 |
| | |
| TOTAL HSBC FIRST-CLASS MAIL | 96,517,445 |

Source: PostalOne

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

2. Volume of First-Class customer mail by rate category in eligible HSBC permit accounts.

| | |
|---|--------------------|
| Nonautomated Presorted Letters | |
| First Ounce | 10,207,162 |
| TOTAL Nonautomated Presorted Letters | 10,207,162 |
| Automation Presort Letters | |
| Mixed AADC letters | 31,677,487 |
| AADC Letters | 63,576,658 |
| 3-Digit Letters | 293,118,513 |
| 5-Digit Letters | 86,288,742 |
| TOTAL Automation Presort Letters | 474,651,400 |
| Automation Carrier Route Letters | |
| First Ounce | 618,796 |
| TOTAL Automation Carrier Route Letters | 618,796 |
| TOTAL HSBC FIRST-CLASS MAIL | 485,477,358 |

Source: PostalOne

**MC2005-2 Data Collection Report
 HSBC NSA
 January 2007 – December 2007**

3. Amount of discounts paid to HSBC for First-Class Mail by incremental volume block.

The thresholds and discounts for the NSA are calculated and reconciled on a yearly basis. The schedule shows the declining block discounts available to HSBC for a full year.

| STARTING BLOCK (pieces) | ENDING BLOCK (pieces) | INCENTIVE | INCENTIVES PAID |
|----------------------------|--------------------------|--------------|-----------------|
| 0 | 810,000,000 | \$0.000 | \$0.000 |
| 810,000,000 | 850,000,000 | \$0.025 | \$0.000 |
| 850,000,000 | 870,000,000 | \$0.030 | \$0.000 |
| 870,000,000 | 890,000,000 | \$0.035 | \$0.000 |
| 890,000,000 | 910,000,000 | \$0.040 | \$0.000 |
| 910,000,000 | 930,000,000 | \$0.045 | \$0.000 |
| 930,000,000 | > | \$0.050 | \$0.000 |
| | | | |
| | | TOTAL | \$0.000 |

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

4. Volumes of First-Class Mail solicitations bearing the ACS endorsement that are physically returned to HSBC.

No ACS codes were applied, and therefore no data were captured.

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

5. Number of electronic address correction notices provided to HSBC for forwarded solicitation mail pieces, including the number of notices processed by CFS units and separately for PARS (when fully operational).

No return data were captured.

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

6. Number of electronic address correction notices provided to HSBC for solicitation mail pieces that would otherwise be physically returned, including the number of notices processed by CFS units and separately for PARS (when fully operational).

No return data were captured.

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

7. Monthly estimate of the amount of time spent on compliance activity and a description of the activities performed.

| Department | Activity and Description | Work-hours | Time-Frame |
|--------------------|--|-------------------|-------------------|
| Pricing Strategy | <u>Volume Reconciliation</u> : Reconciling USPS permit volume counts with internal volume counts | 8 | Per month |
| Pricing Strategy | <u>NSA Data Collection Plan</u> : Ensuring compliance with the Data Collection Plan | 80 | Per Year |
| Address Management | <u>ACS Support</u> : Providing ACS counts and support for ACS related issues | 4 | Per month |
| Finance | <u>RPW Reporting</u> : Monitoring and ensuring that discounts are allocated properly in RPW reporting (one-time event) | 1* | Per year |
| Finance | <u>Accounting Procedures</u> : Developing accounting controls and procedures for the refund process | 2* | Per quarter |
| Legal | <u>Legal Advice</u> : Advising on compliance and preparation of the data collection plan | 24 | Per Year |
| Pricing, Finance | <u>NSA and rate-cases</u> : Ensuring that NSA volumes and affects are accurately reported and accounted for in rate-case filings | 215* | Per Year |

* These work-hours represent the total time spent on all implemented NSAs.

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

8. For each First Class solicitation mailing list run against NCOA, HSBC will provide NCOA contractor reports that separately identify the number of address records checked and the number of corrections made.

No data were captured.

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

9. For each Change of Address record that is used to forward a piece of HSBC solicitation mail through ACS under the Agreement, the Postal Service will provide the date the record was created, its move effective date, whether it was for a family or individual move, and each date that the record was used to forward a mail piece. No other information from the record would be provided.

No ACS codes were applied, therefore no return data were captured.

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

- 10. As part of each data collection plan report, the Postal Service will provide an evaluation of the impact on contribution. It will also provide an assessment of trends of HSBC's First-Class Mail volume as compared to overall First-Class Mail volume.**

In the time period January 2007 – December 2007, the HSBC First-Class Mail volume had no impact on contribution as their projected volumes were below threshold levels and no material amount of mail was entered with an ACS endorsement. In terms of trends, HSBC First-Class Mail volume declined while overall First Class workshare mail grew.

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

11. Volume of Standard Mail solicitations by rate category in eligible HSBC permit accounts.

Standard Mail Letters Regular

| Mail Category | Volume |
|----------------------|-----------------------------|
| Mixed AADC Auto | 23,220,794 |
| AADC Auto | 43,333,371 |
| 3-Digit Auto | 555,083,522 |
| 5-Digit Auto | 525,949,490 |
| | |
| Basic Nonauto | 5,204,799 |
| 3/5 Digit Nonauto | <u>1,927,310</u> |
| Total Volume | <u>1,154,719,286</u> |

Standard Mail ECR Letters

| Mail Category | Volume |
|----------------------|-----------------------------|
| Basic Nonauto | 1,878,031 |
| High Density | 4,471,344 |
| Saturation | <u>1,000,073</u> |
| | |
| Total Volume | <u>7,349,448</u> |
| | |
| GRAND TOTAL | <u>1,162,068,734</u> |

**MC2005-2 Data Collection Report
HSBC NSA
January 2007 – December 2007**

12. A comparison of the estimated mailer-specific costs, volumes, and revenues with the actual mailer-specific costs, volumes, and revenues.

See attached Excel file, page 1.

Docket No. MC2005-2 Data Collection Report
HSBC NSA
January 2007 - December 2007

USPS HSBC NSA January 07-December 07
Appendix A: page 1
USPS Value Calculation

| Year 2 Results (Jan 2007 - Dec 2007) | | |
|---|----------------------------|---------------|
| | MC2005-2 Filing | Actuals |
| (1) Total Actual Volume | 875,738,206 | 581,994,803 |
| (2) Threshold | 810,000,000 | 810,000,000 |
| (3) Volume Above Threshold | 65,738,206 | 0 |
| (4) Projected Before Rates Volume | 855,738,206 | |
| (5) Leakage Volume | 45,738,206 | 0 |
| (6) Incremental Pieces | 20,000,000 | 0 |
| (7) Standard Mail Volume | | 1,162,068,734 |
| (8) Standard Mail Volume SPLY | | 817,303,210 |
| | | |
| | MC2005-2 Year 3 | Actual |
| (9) Statement Mail | 556,469,938 | 485,477,358 |
| (10) Marketing Mail | 319,268,268 | 96,517,445 |
| | 875,738,206 | 581,994,803 |
| | | |
| | Docket No. MC2005-2 Filing | Actuals |
| New Marketing Mail Contribution | | |
| (11) Increased Volume | 20,000,000 | 0 |
| (12) HSBC Revenue per Piece | \$0.315 | \$0.323 |
| (13) HSBC Cost per Piece | \$0.101 | \$0.106 |
| (14) HSBC Contribution per Piece | \$0.214 | \$0.217 |
| (15) HSBC Contribution | \$4,280,000 | \$0 |
| (16) Discount on Incremental Volume | \$0 | \$0 |
| (17) New Mail Contribution (net discounts) | \$4,280,000 | \$0 |
| Discount Leakage | | |
| Leakage Volume | 0 | 0 |
| (18) Total Discount Leakage | \$0 | \$0 |
| Return Cost Savings | | |
| (19) Manual Return Cost | \$0.323 | \$0.335 |
| (20) Electronic Return Cost | \$0.123 | \$0.138 |
| (21) Return Cost Savings | \$0.200 | \$0.197 |
| (22) # of ACS Returns | 27,507,906 | 0 |
| (22a) ACS Savings | \$5,501,581 | \$0 |
| Forwarded Costs | | |
| (23) Cost of Providing ACS notices for forwards | \$0.032 | \$0.0934 |
| (24) Number of ACS notices provided | 13,000,052 | 0 |
| (25) Total Forwarding Costs | \$416,002 | \$0 |
| (26) Total USPS Value | \$9,365,580 | \$0 |

| | |
|-----|---|
| 1 | PostalOne! |
| 2 | Docket No. MC2005-2. |
| 3 | (1) - (2) if the Total Actual Volume (1) is greater than the Threshold (2); 0 if the Threshold is greater than (1). |
| 4 | Docket No. MC2005-2 Filing. For Actuals, Docket No. MC2006-6 Filing, USPS-T-1, Appendix A, "USPS Value Calculation" |
| 5 | (4) - (2) if the Projected Volume (4) is greater than the Threshold (2); 0 if the Threshold is greater than (4). |
| 6 | (1) - (4) if the Total Actual Volume (1) is greater than the Projected Volume (4); 0 if the Projected Volume is greater than (1). |
| 7 | PostalOne! |
| 8 | PostalOne! |
| 9 | For MC2005-2 HSBC T-1; for Actuals USPS Permit System |
| 10 | For MC2005-2 HSBC T-1; for Actuals USPS Permit System |
| 11 | (6) |
| 12 | For Filing, MC2005-2 USPST-1, Appendix A. For Actuals, HSBC Statement Unit Rev tab, this spreadsheet. |
| 13 | For Filing, MC2005-2 USPST-1 Appendix A. For Actuals, HSBC Marketing Unit Cost tab, this spreadsheet. |
| 14 | (10) - (11) |
| 15 | (12) * (9) |
| 16 | USPS Data Collection Report, USPS response to Requirement #3. |
| 17 | (13) - (14) |
| 18 | USPS Data Collection Report, USPS response to Requirement #3. |
| 19 | For Filing, MC2005-2 USPST-1 Appendix A. For actuals, FY 2007 UAA Model, Table 5.9. |
| 20 | MC2002-2 Data Collection Report. For actuals, FY 2007 UAA Model, Table 5.5. |
| 21 | (17) - (18) |
| 22 | For Filing, Docket No. MC2005-2 USPS T-1 Appendix A. For Actuals, No ACS codes applies therefore no data was captured. |
| 22a | (19) * (20) |
| 23 | For Filing, MC2005-2 USPS T-1 Appendix A. For actuals, update to USPS-LR-L-117 FY 2007, 25% CIOSS Rejs is assumed. |
| 24 | For Filing, Docket No. MC2005-2 USPS T-1 Appendix A. For Actuals, No ACS codes applied, therefore no data captured. |
| 25 | (21) * (22) |
| 26 | (15) + (20a) - (23) - (16) |

**Docket No. MC2005-2 Data Collection Report
HSBC NSA
January 2007 - December 2007**

USPS HSBC NSA January 2007 - December 2007

Appendix A: page 2

Marketing Mail Revenue per Piece

HSBC Marketing Mail
First-Class Mail By Rate Category
January 2006 - Decembet 2007 Presorted Letter Volumes

| | (1) FY 2007 <u>Volume</u> | (2) Average Revenue <u>per piece</u> | | (3) <u>Revenue</u> |
|---|---------------------------------|--|-----------|-----------------------|
| Nonautomated Presorted Letters | | | | |
| First Ounce | 2,143,062 | \$0.376 | \$ | 806,534 |
| Additional Ounces | - | \$ | - | \$ |
| Nonmachinable Pieces | - | \$ | - | \$ |
| Heavy Piece Deduction | - | \$ | - | \$ |
| Total Nonautomated Presorted Letters | 2,143,062 | | \$ | 806,534 |
| Total Nonautomated Presorted Letters Revenue | | | \$ | 806,534 |
| Automation Presort Letters and Flats | | | | |
| Letters | | | | |
| Mixed AADC Letters | 93,400,563 | | | |
| AADC Letters | 6,751,994 | \$0.359 | \$ | 2,422,547 |
| 3-Digit Letters | 5,685,029 | \$0.331 | \$ | 1,882,687 |
| 5-Digit Letters | 42,867,356 | \$0.322 | \$ | 13,790,803 |
| Additional Ounces | 38,096,184 | \$0.300 | \$ | 11,447,486 |
| Heavy Piece Deduction | - | \$ | - | \$ |
| Total Automation Presort Letters and Flats | 93,400,563 | | \$ | 29,543,524 |
| Total Automation Presort Letters and Flats Revenue | | | \$ | 29,543,524 |
| Automation Carrier Route Letters | | | | |
| First Ounce | 973,820 | \$0.290 | \$ | 282,607 |
| Additional Ounces | - | \$ | - | \$ |
| Heavy Piece Deduction | - | \$ | - | \$ |
| Total Automation Carrier Route Letters | 973,820 | | \$ | 282,607 |
| Total Automation Carrier Route Letters Revenue | | | \$ | 282,607 |
| Total HSBC First-Class Presort Letters | 96,517,445 | | \$ | 30,632,665 |
| | Revenue per Piece | | \$ | 0.3174 |

(1) and (2) PostalOne!

(3) = (1) * (2)

Docket No. MC2005-2 Data Collection Report
 HSBC NSA
 January 2007 - December 2007

USPS HSBC NSA January 07-December 07
Appendix A: page 4
Statement Mail Revenue per Piece

HSBC Statement Mail
 First-Class Mail By Rate Category
 January 2007 - December 2007 Presorted Letter Volumes

| | (1) | (2) | (3) |
|---|--------------------|------------------|-----------------------|
| | FY 2007 | Average Revenue | Revenue |
| | <u>Volume</u> | <u>per piece</u> | <u>Revenue</u> |
| Nonautomated Presorted Letters | | | |
| First Ounce | 10,207,162 | \$ 0.376 | \$ 3,841,430 |
| Additional Ounces | 0 | \$ - | - |
| Nonmachinable Pieces | 0 | \$ - | - |
| Heavy Piece Deduction | 0 | \$ - | - |
| Total Nonautomated Presorted Letters | 10,207,162 | \$ - | \$ 3,841,430 |
| Total Nonautomated Presorted Letters Revenue | | | \$ 3,841,430 |
| Automation Presort Letters and Flats | | | |
| Letters | | | |
| Mixed AADC Letters | 31,667,487 | \$ 0.359 | \$ 11,361,974 |
| AADC Letters | 63,576,658 | \$ 0.331 | \$ 21,054,417 |
| 3-Digit Letters | 293,118,513 | \$ 0.322 | \$ 94,298,787 |
| 5-Digit Letters | 86,288,742 | \$ 0.300 | \$ 25,928,823 |
| Additional Ounces | - | \$ - | - |
| Heavy Piece Deduction | 0 | \$ - | - |
| Flats | | | |
| Mixed ADC Flats | - | \$ - | - |
| ADC Flats | - | \$ - | - |
| 3-Digit Flats | - | \$ - | - |
| 5-Digit Flats | - | \$ - | - |
| Additional Ounces | - | \$ - | - |
| Heavy Piece Deduction | - | \$ - | - |
| Nonmachinable Pieces | - | \$ - | - |
| Total Automation Presort Letters and Flats | 474,651,400 | \$ - | \$ 152,644,001 |
| Total Automation Presort Letters and Flats Revenue | | | \$ 152,644,001 |
| Automation Carrier Route Letters | | | |
| First Ounce | 618,796 | \$ 0.290 | \$ 179,577 |
| Additional Ounces | 0 | \$ - | - |
| Heavy Piece Deduction | 0 | \$ - | - |
| Total Automation Carrier Route Letters | 618,796 | \$ - | \$ 179,577 |
| Total Automation Carrier Route Letters Revenue | | | \$ 179,577 |
| Total HSBC First-Class Presort Letters | 485,477,358 | \$ - | \$ 156,665,009 |
| Revenue per Piece | | | \$ 0.3227 |

(1) and (2) PostalOne!
 (3) = (1) * (2)

Docket No. MC2005-2 Data Collection Report
 HSBC NSA
 January 2007 - December 2007

USPS HSBC NSA January 07-December 07
 Appendix A: page 5
 Statement Mail Cost per Piece

HSBC FIRST-CLASS MAIL STATEMENT PRESORT LETTERS UNIT COST ESTIMATE:

| | | |
|---|-------------|--------------------------|
| HSBC Solicitation Return Percentage = | 0.0% | (1) Adjusted for Actuals |
| HSBC Statement Return Percentage = | 1.2% | (2) |
| Average Presort Letters Return Percentage = | 1.71% | (3) |
| Before Rates Customer Mail Volume = | 485,477,358 | (4) Adjusted for Actuals |
| Before Rates Solicitation Mail Volume = | - | (5) Adjusted for Actuals |
| Manual Returns Unit Cost = | \$0.335 | (6) |
| Electronic Returns Unit Cost = | \$0.138 | (7) |
| Address Change Service (ACS) Success Rate = | 0.0% | (8) Adjusted for Actuals |
| Contingency Factor = | 1.000 | (9) |

| | (10) | (11) | (12) | (13) | (14) | (15) | (16) | (17) | (18) | (19) | (20) | (21) | (22) | (23) |
|-----------------------------------|--|---|--|--|---------------------------------------|--|------|--|---------------------------------------|--|--|--|--|--|
| | FY 2007 NATIONWIDE MAIL MIX | | | | | | | January 2007 - December 2007 HSBC MAIL MIX | | | | | | |
| Rate Category | FY 2007 Mail Proc Unit Cost (Dollars) | FY 2007 Delivery Unit Cost (Dollars) | FY 2007 Other Unit Cost (Dollars) | FY 2007 Total Unit Cost (Dollars) | FY 2007 Mail Volume (Pieces) | FY 2007 Mail Volume (Percent) | | FY 2007 Total Unit Cost (Dollars) | FY 2007 Mail Volume (Pieces) | FY 2007 Mail Volume (Percent) | Current Returns Adjustment Unit Cost (Dollars) | Current w/Rets Adj Total Unit Cost (Dollars) | After Rates Returns Adjustment Unit Cost (Dollars) | After Rates w/Rets Adj Total Unit Cost (Dollars) |
| FIRST-CLASS MAIL LETTERS | | | | | | | | | | | | | | |
| Nonautomation Presort Letters | \$0.127 | \$0.044 | \$0.018 | \$0.189 | 1,653,029,525 | 3.31% | | \$0.189 | 10,207,162 | 2.10% | | | | |
| Automation Presort Letters | | | | | | | | | | | | | | |
| Automation Mixed AADC | \$0.078 | \$0.044 | \$0.018 | \$0.139 | 3,014,173,757 | 6.03% | | \$0.139 | 31,667,487 | 6.52% | | | | |
| Automation AADC | \$0.061 | \$0.042 | \$0.018 | \$0.121 | 2,496,802,015 | 5.00% | | \$0.121 | 63,576,658 | 13.10% | | | | |
| Automation 3-Digit | \$0.057 | \$0.041 | \$0.018 | \$0.116 | 21,997,777,272 | 44.01% | | \$0.116 | 293,118,513 | 60.38% | | | | |
| Automation 5-Digit | \$0.038 | \$0.040 | \$0.018 | \$0.095 | 19,711,912,418 | 39.44% | | \$0.095 | 86,288,742 | 17.77% | | | | |
| Automation Carrier Route | \$0.023 | \$0.087 | \$0.018 | \$0.127 | 341,920,881 | 0.68% | | \$0.127 | 618,796 | 0.13% | | | | |
| Automation Presort Flats | | | | | | | | | | | | | | |
| Automation Mixed AADC | \$0.542 | \$0.134 | \$0.070 | \$0.746 | 51,519,834 | 0.10% | | \$0.746 | 0 | 0.00% | | | | |
| Automation AADC | \$0.403 | \$0.134 | \$0.070 | \$0.607 | 109,727,522 | 0.22% | | \$0.607 | 0 | 0.00% | | | | |
| Automation 3-Digit | \$0.308 | \$0.134 | \$0.070 | \$0.511 | 275,537,270 | 0.55% | | \$0.511 | 0 | 0.00% | | | | |
| Automation 5-Digit | \$0.186 | \$0.134 | \$0.070 | \$0.390 | 328,946,742 | 0.66% | | \$0.390 | 0 | 0.00% | | | | |
| WEIGHTED AVERAGE / TOTAL | \$0.057 | \$0.043 | \$0.018 | \$0.118 | 49,981,347,236 | 100.00% | | \$0.116 | 485,477,358 | 100.00% | -\$0.0016 | \$0.1143 | -\$0.0016 | \$0.1143 |
| | | | | | | | | Total Unit Cost Estimates, Including Contingency = | | | \$0.1143 Current (24) | | \$0.1143 After Rates (25) | |

- (1) Actual Return Rate
- (2) Actual Return Rate
- (3) Update to USPS-LR-L-61 FY 2007
- (4) PostalOne!
- (5) This worksheet only addresses cost of statement mail (i.e., customer mail)
- (6) FY 2007 UAA Model, Table 5.9
- (7) FY 2007 UAA Model, Table 5.5
- (8) Actual ACS Success Rate
- (9) Docket No. MC2004-4
- (10) Intentionally left blank
- (11) USPS-FY07-10 and USPS-FY07-11
- (12) USPS-FY07-19
- (13) USPS-FY07-2 FY 2007 Cost Segments and Components Report
- (14) (11) + (12) + (13)

- (15) USPS FY 2007 RPW
- (16) (15) / [Sum (15)]
- (17) Line Item (14), Total - Allocated by (19)
- (18) Attachment A, Page 4, Column 1, FY 2007
- (19) (18) / [Sum (18)]
- (20) (6) * [(4) * [(2) - (3)] + (5) * [(1) - (3)]] / [(4) + (5)]
- (21) Sum (17) + (20)
- (22) [(8) * (7) + [1 - (8)] * (6)] * [(5) * [(1) - (3)]] + (6) * (4) * [(2) - (3)] / [(4) + (5)] - (3) * ((6) - (7)) * (8) * (5) / ((4) + (5))
- (23) Sum (17) + (22)
- (24) (21) * (9)
- (25) (23) * (9)

Docket No. MC2005-2 Data Collection Plan
HSBC NSA
January 2007 - December 2007

| HSBC | | | | | | |
|--|-----------------|----------------------|----------------|----------------|------------------|---------------------|
| Appendix A, page 6 | | | | | | |
| Standard Mail unit contribution | (1) Volume % | (2) Volume | (3) Rates | (4) Revenue | (5) Unit Cost | (6) Contribution |
| Standard Mail Regular Revenue per piece | | | | | | |
| Letter-size Mail Category | | | | | | |
| Mixed AADC Auto | 1.9982% | 23,220,794 | \$0.226 | \$5,255,393 | 0.1131 | |
| AADC Auto | 3.7290% | 43,333,371 | \$0.216 | \$9,376,252 | 0.0997 | |
| 3-Digit Auto | 47.7668% | 555,083,522 | \$0.194 | \$107,589,642 | 0.0963 | |
| 5-Digit Auto | 45.2598% | 525,949,490 | \$0.176 | \$92,489,467 | 0.0805 | |
| Basic Nonauto | 0.4479% | 5,204,799 | \$0.275 | \$1,430,204 | 0.1287 | |
| 3/5 Digit Nonauto | 0.1659% | 1,927,310 | \$0.253 | \$487,710 | 0.1295 | |
| Total | | 1,154,719,286 | | \$216,628,668 | | |
| Letter-size Standard Mail ECR | | | | | | |
| Mail Category | | | | | | |
| Basic Nonauto Letters | 0.1616% | 1,878,031 | \$0.182 | \$341,386 | 0.1185 | |
| High Density Letters | 0.3848% | 4,471,344 | \$0.156 | \$696,401 | 0.0529 | |
| Saturation Letters | 0.0861% | 1,000,073 | \$0.136 | \$136,422 | 0.0788 | |
| Total | | 7,349,448 | | \$1,174,210 | | |
| Weighted Average per piece | 100% | 1,162,068,734 | \$0.187 | | \$0.090 | \$0.098 |

- (1) Percentage of Rate Category volume to Total Standard Mail volume
- (2) Permit System
- (3) Permit System
- (4) Permit System
- (5) Weighted average cost per piece using USPS-FY07-10 and USPS-FY07-11 and USPS-FY07-19 and USPS-FY07-18
- (6) Average Revenue per piece minus weighted average cost per piece.