

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

REVIEW OF NONPOSTAL SERVICES

Docket No. MC2008-1

SUPPLEMENT TO THE INITIAL RESPONSE OF THE UNITED STATES
POSTAL SERVICE TO ORDER NO. 74
(June 24, 2008)

On June 9, 2008, the Postal Service filed its Initial Response to Commission Order No. 74. That response included two Attachments with extensive revenue information, and textual descriptions attempting to explain the more salient activities and programs which generated the revenue shown in the Attachments. Since the filing of the Initial Response, more information on some of the other revenues shown in the Attachments has been developed. This Supplement to the Initial Response presents that additional information. All of the information relates to Attachment Two of the June 9th Initial Response to Order No. 74.

GL Account 44030.000 (Attachment Two, pages 1-4)

Field: The Field rows show amounts booked in each of the Areas. In general, these amounts include items such as funds collected from commercially operated vending machines in CAG A–K post office lobbies to cover the utility cost, damage to post office personal property, reimbursement for dog bite damages, and other miscellaneous reimbursements. Note that in FY07, the amount recorded for the New York Area (\$3.842 million) substantially exceeded corresponding amounts for the other

Areas. Most of this reflected a reimbursement for operational expenses for the NY Post Office received from the developer as part of the sale of the Farley Building.

Row 27 (Vehicle Operations): The amounts shown in this row for FY07 (\$1.334 million) are further funds relating to the Voyager Card rebate program, described in the June 9th filing at page 25. Corresponding funds were booked elsewhere in FY06.

Row 31 (Supply Mgmt Infrastruct) & Row 35 (Natl Supply Mgmt Prog): The amounts in these rows (totaling \$2.918 million in FY07 and \$2.446 million in FY06) relate to rebates received in conjunction with the Postal Service's participation in the GSA SmartPay Purchase Card program, used by Supply Management for routine supply purchases. Therefore, although the specific rebate program is different, the basic purpose is the same as the Voyager Card rebate program described in the June 9th filing at page 25.

Row 43 (Dep Ch Insp HQ Opertn): When Postal Inspectors participate in an investigation which results in fines or restitution, checks received by the Postal Service from state or federal courts, if not booked elsewhere, are recorded in this account. In essence, therefore, these revenues are like those booked into accounts associated with similar Inspection Service activities, as described on pages 9 and 24 of the June 9th filing. The amounts booked in this row were \$1.97 million in FY07, and \$2.43 million in FY06.

Row 162 (AOL CD's): This account showed \$1.827 million in revenue in FY06, and no revenue in FY07. This revenue related to a program that terminated during FY06, as described in the Attachment to the Postal Service's Response to OCA/USPS-58, filed in Docket No. R2006-1 on July 25, 2006:

AOL CD PROGRAM

Until March, 2006, the Postal Service allowed America Online (AOL) to place one take-one CD display in up to 13,842 lobbies. In exchange for marketing through postal retail outlets, AOL paid the Postal Service a fixed fee for retail space, and provided the Postal Service with up to 100MB of space on the registration CDs distributed through post offices. The AOL agreement expired under its own terms on February 28, 2006.

Docket No. R2006-1, Tr. 18D/6423. Conceptually, the essence of this agreement was similar to that for the Meter Manufacturers Marketing Program (described on pages 16-17 of the June 9 Initial Response this docket), which likewise involves payment for use of space in postal retail lobbies.

Row 189 (Inter Area Plant): As with the amount shown in FY07 for Row 27, the amount shown in Row 189 for FY07 (\$1.020 million) is simply another account where a portion of the rebates for the fuel program (in this instance Inter Area Plant Highway Contract Transportation Service) were booked. Corresponding funds were booked elsewhere in FY06.

GL Account 44030.126 (Attachment Two, page 5)

Field: The Field rows show amounts booked in each of the Areas. In general, these amounts include items such as funds collected from weighted-average BRM monthly fee, undeliverable customer account funds, loss of postal property, lost badges, money found loose in the mail, unclaimed money from Mail Recovery Center, fines and penalties, jury duty fees, jury or witness fees received while on court leave, personal telephone calls, telephone related taxes and OWCP check payable to the Postal Service.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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June 24, 2008

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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