

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2008

Docket No. ACR2008

COMMISSION INFORMATION REQUEST NO. 5

(Issued February 27, 2009)

To clarify the basis of the Postal Service's estimates in its Annual Compliance Report, filed December 29, 2008, the Commission requests the Postal Service to provide written responses to the following questions. Answers should be provided to individual questions as soon as they are developed, but no later than March 6, 2009.

1. Please refer to the Postal Service's response to Commission Information Request No. 3, Question 6, Excel File, CIR.Q.6.MD.Detail.Attach.xls, dated February 13, 2009. Also please refer to Docket No. ACR2007, Response of the United States Postal Service to Questions 25 of Commission Information Request No. 1, Excel File, CIR.1.Q.25.MD.Fee.Distrbtn.xls, Worksheet "Fee Distribution", dated February 20, 2008.
 - a. Please provide a similar table summarizing the FY 2008 Market Dominant Mail Fee Distribution to Subclasses (Products).
 - b. Please provide a revised CIR.Q.6.MD.Detail.Attach.xls worksheet that is linked with the table summarizing the FY 2008 fee distribution to subclasses (products). The revenues for each fee should match the revenues listed in the FY 08 RPW, which is provided as Attachment A.
2. Please refer to USPS-FY-08-NP2, Excel file, Reports.xls. Worksheet Pivot5, Cells A84 through M106, reveals three products/services that appear to have cost coverages below 100 percent.

- a. Please confirm and discuss the factors causing volume variable-costs exceed revenues.
 - b. Please explain the nature of the services provided for the three products/services.
3. Please refer to USPS-LR-FY08-28, Excel file, Periodicals App Fee2008.xls, cells F52 and F55. In Docket No. R2006-1, the Headquarters Hourly Wage Rate was used to calculate the Application Unit Cost at Pricing and Classification Service Center (PCSC). Please provide the rationale for using the PCSC Hourly Wage Rate rather than the Headquarters Hourly Wage Rate to calculate the Application Unit Cost in the referenced file.
4. Please refer to the United States Postal Service FY 2008 Annual Compliance Report, Table 5, Special Services, on pages 44-45. For Address List Services, please provide the source document(s) for the unit revenue and unit cost figures of \$0.328 and \$0.331, respectively.
5. Please refer to USPS-LR-FY08-1, Excel file, FY08PublicCRA.xls, the Public Cost and Revenue Analysis (PCRA) report, and the Word file, FY08PublicCRAnotes.doc, which contains the Notes to the PCRA. Also, please refer to USPS-FY08-04, Excel file, 08 Special ServicesBD.xls, the Special Services Billing Determinants.
 - a. PCRA Note 2, Definitions, identifies the following domestic "Other Special Services": Applications and Mailing Permits, Address List Services, Change-of-Address Credit Card Authenticate, and Confirm Services. The Special Services Billing Determinants list revenues for the following Special Services: Address List Services (\$31,834) and Confirm Services (\$2,616,150). Please provide revenues for each of the "other" Special

Services referenced in Note 2 and, if necessary, reconcile the revenues provided with those listed in the billing determinants.

- b. The PCRA shows a total attributable cost of \$5.1 million for “Other Special Services.” Please provide the attributable cost for each of the “other” Special Services identified in PCRA Note 2 that sums to the total attributable cost of \$5.1 million.
6. On page 13 of the USPS FY 2008 Annual Compliance Report, the First-Class Mail actual “Single-Piece Three Day” on-time score is 91.7 percent. On page 53 of the USPS Comprehensive Statement on Postal Operations 2008, the First-Class Mail “3-Day” on-time performance score is 92.7 percent. Please explain why there is a difference between the three day on-time performance scores reported in these two documents.
7. Please provide all of the data described in the Bank of America NSA data collection plan for the period from the April 1, 2008 implementation through the end of FY 2008. See PRC Op. MC2007-1 at 55-57. Also, please include an estimate of the impact of the agreement on FY 2008 USPS finances, and any other data relevant to evaluating the agreement’s compliance with the relevant provisions of the PAEA. For each of the six rate incentives, please provide baseline values updated to FY 2008, if available.
8. Please refer to the response to CIR No. 1, Question 4(a). The response compares the contribution from one outbound international mail product to that from inbound Surface Parcel Post at non-UPU rates and observes that there is a net increase in contribution for the two products combined. Please discuss the factors causing revenues for the competitive product inbound Surface Parcel Post (at non-UPU) rates not to cover costs during FY 2008, using either ICRA system-average costs or the terminal dues regime-specific attributable costs.

9. Please refer to the FY 08 Non-Public RPW report and the Postal Service's response to Commission Information Request No. 3, Question 6, Excel File, CIR.3.Q.6.Comp.Attach.xls, dated February 13, 2009. Please reconcile the total Priority Mail fees listed in the Non – Public RPW with the estimate reported in the Response.

- 10 Please refer to the Postal Service's response to Commission Information Request No. 3, Question 6, Excel File, CIR.3.Q.6.Comp.Attach.xls, dated February 13, 2009. Also, please refer to Docket No. ACR2007, Response of the United States Postal Service to Question 25 of Commission Information Request No. 1, Excel File, CIR.1.Q.25.Comp.Prod.Fee.Distrbtn.xls, Worksheet 'Fee Distribution', dated February 20, 2008.
 - a. Please provide a similar table summarizing the FY 2008 Competitive Mail Fee Distribution to Subclasses (Products).

 - b. Please provide a revised CIR.3.Q.6.Comp.Attach.xls worksheet that is linked with table summarizing the FY 2008 fee distribution to subclasses (products). The revenue for each fee should match the revenues listed in the FY 08 RPW, in the format set forth in Attachment B. The cell values referenced in Attachment B are located in Library Reference USPS-FY08-NP2, Excel file, FY2008_RPWextractfile_mcs.xls, Worksheet 'Summary Category RPW Data'.

By the Commission.

Steven W. Williams
Secretary

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FY 2008
RPW Fees

MARKET DOMINANT MAIL	RPW Fees (000)
First-Class Mail Fees:	
Domestic First-Class Mail Fees:	
Business Reply Service	79,340
Certificates of Mailing	5,457
Merchandise Return Service	0
Special Handling	10,494
Postage Due	787
Address Correction Services (ACS)	24,397
Application and Mailing Permits	64,456
Total Domestic First-Class Mail Fees	184,932
International First-Class Mail Fees:	
Inbound International Business Reply Service	194
Certificates of Mailing International	294
Postage Due Foreign Origin Surface LC/AO	24
Postage Due Foreign Origin Air LC/AO	20
Postage Due First-Class International (Return Mail)	69
Total International First-Class Mail Fees	601
Total First-Class Mail Fees	185,533
Standard Mail Fees:	
Bulk Parcel Return Service	4,314
Address Correction Service	33,349
Application and Mailing Permits	58,776
Total Standard Mail Fees	96,439
Periodicals Fees:	
Address Services	17,254
Application and Mailing Permits	613

Total Periodicals Fees	17,867
Package Services Fees:	
Certificates of Mailing	110
Address Correction Services	2,290
Application and Mailing Permits	926
Merchandise Return Service	0
Parcel Airlift Service	474
Special Handling	429
Total Package Services Fees	4,229
Competitive Services Fees:	1,783
Total Market Dominant Mail Fees:	305,851

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RPW Fees

COMPETITIVE MAIL	RPW Fees (000)
Priority Mail Fees:	
Domestic Priority Mail Fees:	
Business Reply Service	D164
Certificates of Mailing	D165
Merchandise Return Service	D166
Special Handling	D167
Address Correction Services (ACS)	D162
Application and Mailing Permits	D163
Total Domestic Priority Mail Fees	
International Priority Mail Fees:	
Certificates of Mailing International	D168
Postage Due International (Return Mail)	D171
Total International Priority Mail Fees	
Total Priority Mail Fees	