

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

Notice of Price Adjustment

Docket No. R2009-3

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued May 8, 2009)

To clarify the basis of the Postal Service's proposed Standard Mail Volume Incentive Program (Summer Sale), filed May 1, 2009, the Commission requests the Postal Service to provide a written response to the following questions. Answers should be provided to the questions as soon as they are developed, but no later than May 15, 2009.

1. Please identify the metrics and measures the Postal Service plans to employ to measure the success of the Summer Sale. Please indicate the information that will be collected to measure possible volume migration from other classes or time periods, the actual cost of administering the program, and the effect on cost coverage of Standard Mail products.
2. Please identify the steps taken to ensure that Summer Sale qualifying volume is incremental and does not come from the following:
 - a. First-Class advertising mail;
 - b. Volume shifted from June or earlier;
 - c. Volume shifted from mail service provider permits to mailer-owned permits;
 - d. Volume shifts between subsidiaries holding separate permits; and
 - e. Volume from other permits owned and/or used by a qualifying mailer.

3. The Postal Service indicates that it has “current excess capacity to deliver additional volume at relatively low cost during the summer months.” United States Postal Service Notice of Market-Dominant Price Adjustment, May 1, 2009, at 3 (Notice). Please discuss and quantify this excess capacity. In addition, please discuss and quantify systemwide excess capacity, if any.
4. Please estimate the cost coverage of the incremental volume by product. Please show all calculations and identify and discuss all assumptions made.
5. The following questions concern eligibility requirements of the Summer Sale program.
 - a. Please provide the analysis referenced in the Notice at page 5 that led the Postal Service to conclude that “including all permit holders was not financially and administratively practical.”
 - b. Please discuss whether the Postal Service considered the effect on small mailers when deciding to use one million Standard Mail letters and flats as the threshold for eligibility and to exclude mail service providers from the program. If the Postal Service considers these effects small enough to be justifiable, please discuss how this conclusion was reached.
 - c. Did the Postal Service consider extending the program to First-Class advertising mail? If so, please discuss why First-Class advertising mail was not included in the program. If not, why not?
6. In its FY 2008 Annual Compliance Report at 23, the Postal Service states that it “does not want to diminish the importance of each product making a positive contribution, and will work to achieve that result.” Given the current cost

coverage for Standard Mail flats, please explain the product's inclusion in the Summer Sale.

7. Please provide all documentation, spreadsheets, and assumptions used to calculate the expected incremental revenue between \$38 million to \$98 million and administrative costs of \$977,000.

By the Chairman.

Dan G. Blair