



August 24, 2009

Judith M. Grady  
Acting Secretary  
Postal Regulatory Commission  
901 New York Avenue, NW, Suite 200  
Washington, D.C. 20268-0001

RE: Docket No. MC2005-3

Dear Ms. Grady:

In accordance with the Commission's Opinion and Recommended Decision on Rate and Service Changes to Implement Baseline Negotiated Service Agreement with Bookspan, Docket No. MC2005-3, the Postal Service's third and final annual report, covering items 1 through 6 for the period June 2008 – May 2009, is attached.

Sincerely,

Scott L. Reiter  
Attorney

**Docket No. MC2005-3**  
**Bookspan NSA Data Collection Report**  
**June 2008 – May 2009**

- 1. Monthly volume of solicitation Standard Mail letter-size and flat-size by rate category in eligible Bookspan permit accounts.**

See Appendix.

**Docket No. MC2005-3**  
**Bookspan NSA Data Collection Report**  
**June 2008 – May 2009**

**2. Amount of discounts paid to Bookspan for solicitation Standard Mail letter-size by incremental volume block.**

<b>Threshold</b>		<b>Incentive per Piece</b>	<b>Incentives Paid</b>
94,000,001	100,000,000	\$ 0.010	\$ -
100,000,001	120,000,000	\$ 0.020	\$ -
120,000,001	150,000,000	\$ 0.030	\$ -

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

<b>Department</b>	<b>Activity and Description</b>	<b>Work-hours</b>	<b>Time-Frame</b>
Pricing Strategy	<u>Volume Reconciliation</u> : Process of reconciling USPS permit volume counts with Capital One internal volume counts	1	Per month
Pricing Strategy	<u>NSA Data Collection Plan</u> : Ensuring compliance with the Data Collection Plan	20	Per Year
Address Management	<u>ACS Support</u> : Providing ACS counts and support for ACS related issues	0	Per month
Finance	<u>RPW Reporting</u> : Ensuring that discounts are allocated properly in RPW reporting (one-time event)	12*	Per year
Finance	<u>Accounting Procedures</u> : Monitoring and developing accounting controls and procedures for the refund process	0*	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	100*	Per Year

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

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- 4. A comparison of the estimated mailer-specific costs and revenues with the actual-mailer-specific costs and revenues.**

See Appendix.

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**5. An evaluation of the impact of the Agreement on contribution.**

In the time period June 2008 – May 2009, Bookspan solicitation Standard Mail letter-size volume did not increase above the Before Rates forecast of 75 Million pieces and did not result in new contribution (see Appendix A, pg 4). In terms of trends, Bookspan solicitation volume is declining and therefore comparable to overall workshare volume trends.

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- 6. An evaluation of the effectiveness of the Agreement using the PRC Panzar analysis presented in PRC-LR-1.**

See Appendix.

**Docket No. MC2005-3**  
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**June 2008 – May 2009**

**APPENDIX**

## Bookspan Negotiated Service Agreement

Data Collection Plan  
 June 2008 - May 2009  
 Item #1

### Regular Standard Mail

Mail Category	Jun-08	Jul-08	Aug-08	Sep-08	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	TOTAL
<b>Letter-size</b>													
<b>Mixed AADC Auto</b>	44,256	72,271	40,563	51,073	49,959	3,132		4,031	2,893	178	4,192	4,105	276,653
<b>AADC Auto</b>	179,779	255,985	190,934	164,246	222,167	34,151		71,041	32,884	1,287	4,693	4,782	1,161,949
<b>3-Digit Auto</b>	4,358,131	6,870,704	2,607,703	3,230,643	4,801,099	890,592		5,533,949	1,598,630	839,522	384,471	370,713	31,486,157
<b>5-Digit Auto</b>	7,273,894	2,807,203	438,004	2,035,968	3,023,048	857,862		1,303,830	477,792	2,502,629	1,897,546	2,066,842	24,684,618
<b>Mixed AADC Auto</b>	53,338	47,618	14,563	18,303	42,418	7,347		22,282	19,036	8,135	26	17	233,083
<b>AADC Auto</b>	22,496	6,593	-	3,270	25,528	2,302		2,115	837	8,332	-	-	71,473
<b>ECR Basic</b>								-	-	-	473,907	465,669	939,576
<b>Total Letter-size Volume</b>	11,931,894	10,060,374	3,291,767	5,503,503	8,164,219	1,795,386	-	6,937,248	2,132,072	3,360,083	2,764,835	2,912,128	58,853,509

Source: PostalOne

## Bookspan Negotiated Service Agreement

Data Collection Plan  
June 2008 - May 2009  
Item #4

### Standard Mail Regular Letter-size Revenue per piece

Mail Category	Bookspan Actual		
	Revenue per piece (1)	Volume (2)	Revenue (3)
Auto Mixed AADC	\$ 0.2516	276,653	\$ 69,612
Auto AADC	\$ 0.2284	1,161,949	\$ 265,423
Auto 3-digit	\$ 0.2068	31,486,157	\$ 6,510,659
Auto 5-digit	\$ 0.1866	24,684,618	\$ 4,607,151
NonAuto MADC	\$ 0.2600	233,083	\$ 60,600
NonAuto ADC	\$ 0.2301	71,473	\$ 16,447
<b>Total</b>		57,913,933	\$ 11,529,893
<b>Revenue per piece</b>			<b>\$ 0.199</b>

### Standard Mail ECR Letter-size Revenue per piece

Mail Category	Revenue per piece	Volume	Revenue
Basic Letters	\$ 0.208	939,576	195,223
<b>Total</b>		939,576	195,223
<b>Revenue per piece</b>			<b>\$ 0.208</b>

**Average Revenue per piece** **\$ 0.199** (4)

58,853,509 \$ 11,725,115.81

- (1) PostalOne, Bookspan NSA actual revenue per piece, June 2008 - May 2009
- (2) PostalOne, Bookspan NSA actual volume, June 2008 - May 2009
- (3) (1) \* (2)
- (4)  $\frac{\text{Bookspan (Standard Mail Regular Revenue + Standard Mail ECR Revenue)}}{\text{(Standard Mail Regular Total Volume + Standard Mail ECR Total Volume)}}$

## Bookspan Negotiated Service Agreement

Data Collection Plan  
June 2008 - May 2009  
Item #4

### Standard Mail Regular Letter-size Cost per piece

Bookspan Actual				
Mail Category		Cost per piece (1)	Volume (2)	Cost (3)
Auto Mixed AADC	\$	0.142	276,653	\$ 39,246
Auto AADC	\$	0.124	1,161,949	\$ 144,540
Auto 3-digit	\$	0.122	31,486,157	\$ 3,844,148
Auto 5-digit	\$	0.104	24,684,618	\$ 2,569,634
NonAuto MADC	\$	0.112	233,083	\$ 26,029
NonAuto ADC	\$	0.124	71,473	\$ 8,881
<b>Total</b>			57,913,933	\$ 6,632,477
<b>Cost per piece</b>				<b>\$ 0.115</b>

### Standard Mail ECR Letter-size Cost per piece

Mail Category		Cost per piece	Volume	Cost
Basic Letters	\$	0.370	939,576	\$ 347,289
<b>Total</b>			939,576	347,289
<b>Cost per piece</b>				<b>\$ 0.370</b>

<b>Average Cost per piece</b>	<b>\$ 0.119</b>	(4)
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58,853,509 \$ 6,979,765.86

(1) Postal Rate Commission (PRC) PRC-ACR2008-LR4-FY2008 Standard Mail

(2) PostalOne, Bookspan NSA actual volume, June 2008 - May 2009

(3) (1)\*(2)

(4) Bookspan (Standard Mail Regular Cost + Standard Mail ECR Cost) /  
(Standard Mail Regular Total Volume + Standard Mail ECR Total Volume)

## Bookspan Negotiated Service Agreement

### Data Collection Plan

June 2008 - May 2009

#### Item #5

(1) Revenue per Piece:	\$	0.199
(2) Cost per Piece:	\$	0.119
(3) Contribution per piece	\$	0.081

(4) Before Rates Forecast Volume		75,000,000
(5) Actual Standard Mail letter-size volume		58,853,509
(6) New Standard Mail letter-size volume		<u>0</u>

(7) Total New Contribution	\$	-
(8) Total Discounts Paid	\$	-
(9) Total Net Value to USPS	\$	-

- (1) Average Revenue per Piece (Appendix A, pg. 2, **(4)**)
- (2) Average Cost per Piece (Appendix A, pg. 3, **(4)**)
- (3) (1) - (2)
- (4) Docket No. MC2005-3, Bookspan T-2, p11
- (5) Docket No. MC2005-3, Data Collection Plan, Requirement #1, (Appendix A, pg. 1)
- (6) (5) - (4)
- (7) (6) \* (3)
- (8) Docket No. MC2005-3, Data Collection Plan, Requirement #2
- (9) (7) - (8)

## Bookspan Negotiated Service Agreement

Data Collection Plan

June 2008 - May 2009

Item #6

Total Volume:		58,853,509
Revenue per Piece:	\$	0.199
Cost per Piece:	\$	0.119
Marginal Discount:	\$	0.010
Standard Mail Regular Elasticity:		-0.310
Net Value to USPS:	\$	75,155
Discounts Paid to Bookspan	\$	-