

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

Notice of Price Adjustment

Docket No. R2009-5

CHAIRMAN'S INFORMATION REQUEST NO. 3

(Issued September 4, 2009)

To clarify the basis of the Postal Service's proposed First-Class Mail Incentive Program (Incentive), filed August 11, 2009, the Commission requests the Postal Service to provide a written response to the following questions. Answers to the questions should be provided as soon as they are developed, but no later than September 9, 2009.<sup>1</sup>

1. Please refer to the response to CHIR No. 2, question 1, the response to CHIR No. 1, question 1.a. and the supplemental materials entitled "FCM Incentive.xls" (filed August 14, 2009). Responses to previous requests for a presentation of calculations, assumptions, and data sources underlying the Postal Service's estimate of the financial impact of the Incentive have omitted basic information (e.g., before-rates eligible mail volumes and their derivation) necessary to analyze and review the Postal Service's estimate. The accompanying Excel spreadsheet arrays the minimum level of information needed for this task.

---

<sup>1</sup> The unusually short time for responses is necessary to allow the Commission adequate time to analyze and review the Postal Service's estimate of the financial impact of the incentive and issue a determination by its September 14, 2009 deadline. See PRC Order No. 276, Notice and Order Concerning Incentive Pricing Program for Certain Presorted First-Class Mail, August 13, 2009.

- a. Please provide a copy of the spreadsheet with all of the missing values (denoted by an “x”) filled in.
  - b. For all figures that are taken from other sources (e.g., RPW report), provide a reference that includes the name of the spreadsheet, tab (or sheet), and cell from which it is taken.
  - c. For all figures that are calculated, use formulas in the spreadsheet so that they can be traced.
  - d. For all figures that are assumptions that have not been previously explained (such as the estimated share of total system volumes that are sent by eligible mailers, if assumed) explain the basis for the assumption.
  - e. Please provide any additional figures (and show and explain the basis of each) necessary to reproduce the Postal Service’s estimated financial impact.
2. Refer to the response to CHIR No. 2, question 1.b. The table below presents a comparison of the unit revenue figures provided in the supplemental “FCM Incentive” spreadsheet and those calculated from the revised sources identified in the response to CHIR No. 2 (USPS-R2009-2/1 and USPS-R2009-2/2 CAPCALC spreadsheets). The calculation of the latter figures is presented in the accompanying spreadsheets, as the figures do not directly appear in the referenced sources. The equivalent unit revenue figures are also calculated from data in the R2009-2 final PRC cap calculation spreadsheets and presented for reference. Please reconcile the unit revenue figures, and show all calculations.

	FCM Incentive	CAPCALC FY2009	Difference	PRC CAPCALC FY2009
<b>First-Class Presort Mail</b>				
Letters	\$ 0.3541	\$ 0.3542	\$ (0.0001)	\$ 0.3542
Flats	\$ 0.8355	\$ 0.8355	\$ -	\$ 0.8355
Cards	\$ 0.2157	\$ 0.2158	\$ (0.0001)	\$ 0.2157
<b>Standard Mail</b>				
Letters	\$ 0.1960	\$ 0.1958	\$ 0.0002	\$ 0.1958
Flats	\$ 0.3763	\$ 0.3759	\$ 0.0003	\$ 0.3759

By the Chairman.