

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

ANNUAL COMPLIANCE REPORT, 2009

Docket No. ACR2009

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 6, 18, AND 20 OF CHAIRMAN'S INFORMATION REQUEST NO. 4
(February 24, 2010)

Chairman's Information Request No. 4 was issued on February 5, 2010. Responses were requested by February 16, 2010. Attached are the Postal Service's responses to Questions 6, 8, and 20. Responses to additional questions will be submitted as they are developed. Each request is stated verbatim, and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 24, 2010

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
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6. Please reconcile the Volume and Revenue figures for market dominant negotiated service agreements (NSAs) contained in LR-FY09-30 file "ACR_NSA_FY09_report.xls" with the data contained in FY09-LR-4 FY 2009 Domestic Market Dominant Billing Determinants files "09 FCM.xls" and "09 Standard Mail.xls."

RESPONSE:

It appears that the Billing Determinant figures are incorrect, and that the correct volume and revenue figures for market dominant NSAs are those reported in the cited file of USPS-FY09-30.

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18. The FY 2009 attributable costs exceed revenues for the following services: Address List Services, Registered Mail, and Stamped Cards. Please discuss the Postal Service's plan to improve the cost coverage for each for FY 2010.

RESPONSE:

Address List Services: The revenue shortfall for Address List Services (ALS) is about \$1,000, or less than 3 percent of total revenue for ALS. The Postal Service will consider a price increase as one of the options for FY2011. Additionally, ALS will be subsumed under a larger Address Management Services product in the FY2010 ACR, which might affect its costing.

Registered Mail: The Postal Service is working to improve the efficiency of Registered Mail operations, with cost savings expected to improve the ability of revenues to exceed costs during FY 2010 for the Registered Mail ancillary service.

Stamped Cards: While the cost reported for Stamped Cards for FY 2009 is correct, the volume and revenue reported in Billing Determinants for FY 2009 are incorrect due to a data error. The correct Stamped Card volume is 85,301,000, and the revenue can then be calculated as \$2,559,030. As such the Stamped Card revenue is adequately covering its total costs of \$1,071,572.

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20. Please refer to the FY 2009 Special Services Billing Determinants, Excel file "09 Special Services.xls," worksheet Stamped Cards. Also, please refer to the First Class Mail Billing Determinants, Excel file "09 FCM.xls," worksheet A-2 Single-Piece Cards. For Stamped Cards, please reconcile the volume listed in the Special Services billing determinants, 22,631,750 (cell B10), with the volume of stamped cards included in the First Class Mail billing determinants, 41,281,893 (cell I14). If necessary, please reconcile the revenue listed in the Special Services billing determinants.

RESPONSE:

As noted in the response to question 18 of this Information Request, the correct volume for Stamped Cards for the Special Services Billing Determinants is 85,301,000. The volume represents the number of Stamped Cards sold during FY 2009. And the Stamped Card revenue reported for these sales is volume times the \$0.03 fee associated with the sale of each card. The volume presented in the First-Class Mail Billing Determinants represents the cards that were mailed. It is possible that this First-Class Mail volume misallocates some of the Stamped Cards volume to cards with affixed postage. This misallocation does not affect First-Class Mail revenue from postage on cards, as the required postage for Stamped Cards and cards with postage affixed is the same.

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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