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

Annual Compliance Report, 2009 Docket No. ACR2009

CHAIRMAN'S INFORMATION REQUEST NO. 9

(Issued March 5, 2010)

To clarify the basis of the Postal Service's estimates in its Annual Compliance Report, filed December 29, 2009, 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 11, 2010.

1. In response to CHIR No. 7. question 5. part (b), concerning negative values in the file "PRC Report V1.xls" tab "Monthly data" (which also appear in file "Summer Sale PRC Report – Workbook 1.xls"), the Postal Service states that the "negative volumes are due to the use of ghost permits" further adding:

> This situation ensures that the mail volume/revenue is reported back to the owner of the mail and not to the mail preparer. This can occur in many situations – for example: when a mail service provider drops mail on behalf of a customer, or when a large corporation who mails through a single permit wants to assign mail ownership to sub-entities within that organization (which is the case for these entries).

(a) For the 960 mailers who participated in the Summer Sale, please fill in the following chart:

| | Number of Mailers | Percent of Volume | Percent of Rebates |
|---|---|---|---|
| Mail Service Providers | | | |
| Corperations with Sub-entities | | | |

(b) Please list all mailer IDs for Mail Service Providers.

(c) Please list all mailer IDs for Corporations and sub-entities, grouped by corporation (*e.g.,* Corporation 1 mailer IDs x, y, z).

2. Please refer to the following table which shows negative monthly volume data for October 2007, February 2008, March 2008, July 2008 and August 2008.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mailer ID | 027200 | | | | | | | Total |
| | | **Oct-07** | **Nov-07** | **Dec-07** | **Jan-08** | **Feb-08** | **Mar-08** | | |
| 1 | Volume | (126,182) | 140,450 | 4,994 | 1,400,379 | (423,928) | (430,073) | | 565,640 |
| | | **Jul-08** | **Aug-08** | **Sep-08** | | | | | |
| 2 | Volume | (99,078) | (459,140) | (768,918) | | | | | (1,327,136) |

With respect to the negative values, please provide an audit trail which

a. explains, by month, how starting permit volumes from this mailer were moved to other mailers, showing all calculations;

b. explains, by month, how volumes for this mailer were moved from the starting permit volumes of other mailers, showing all calculations;

c. shows the sum of volumes sent in each month for each mailer, and a grand total, for each month, of volume for all mailers affected by the adjustments. Please provide this calculation both before and after the volume shifts in subparts (a) and (b), above.

3. For all mailers with negative cell values, please provide an audit trail in the same format as used in question 2, subparts (a) – (c), above.

4. The following question is a follow-up to CHIR No. 7, question 7, subpart (c). The Postal Service response cites page 4 of the “Summer Sale DCR.pdf”, which states:

> Note that in some cases, Standard Mail totals used in calculating thresholds and rebates do not match the sum of rate-category detail data. This mismatch is the result of identification, during the verification and reconciliation process, of missing or erroneous information in Postal Service records. The main sources of those errors were misidentification of Permit account ownership and lack of

ownership information for volume entered by third-party mail service providers. The customer records have been corrected at the aggregate level for the periods relevant to the Sale, but the corresponding detail records were not similarly updated. Months not used in either calculation thresholds or measuring performance during the Sale were not reconciled and have not been updated; totals for these months may not be an accurate representation of any individual customer's volume or revenue for that month.

(a) Please provide the "corrected…aggregate level" volume data for FY08 Q1 and Q2, FY08 Q4, FY09 Q1 and Q2 for each of the mailers with "Summer Threshold Adjustment From Registration Process." The response should explain the calculation of each "Summer Threshold Adjustment From Registration Process" and provide adequate data to allow the calculation of the Summer Threshold using the formula approved by the Commission.

(b) Please provide the "corrected…aggregate level" volume data for October 2008 for each of the mailers with "October Threshold Adjustment From Registration Process." The response should explain the calculation of each "October Threshold Adjustment From Registration Process" and provide adequate data to allow the calculation of the October Threshold using the formula approved by the Commission.

(c) Please adjust the product level volume and revenue data by month. If this detail is not available, please explain.

5. The following table contains some summary information for a selected mailer.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Mailer ID | 027200 | | | | | | | Total |
| | | Oct-07 | Nov-07 | Dec-07 | Jan-08 | Feb-08 | Mar-08 | | |
| 1 | Volume | (126,182) | 140,450 | 4,994 | 1,400,379 | (423,928) | (430,073) | | 565,640 |
| | | Jul-08 | Aug-08 | Sep-08 | | | | | |
| 2 | Volume | (99,078) | (459,140) | (768,918) | | | | | (1,327,136) |
| | | Oct-08 | Nov-08 | Dec-08 | Jan-09 | Feb-09 | Mar-09 | | |
| 3 | Volume | 65,622 | 54,689 | 220,750 | 203,829 | 177,419 | 382,775 | | 1,105,084 |
| | | Jul-09 | Aug-09 | Sep-09 | | | | | |
| 4 | Volume | 300,805 | 202,659 | 153,908 | | | | | 682,227 |
| | | Oct-09 | | | | | | | |
| 5 | Volume | 24,855 | | | | | | | 24,855 |
| | | | | | | | | | |
| 6 | Calculated Threshold | | Row 3/Row 1 x Row 2 | | | | | | (2,592,809) |
| 7 | Summer Threshold Adjustment From Summer Sale Registration Process | | | | | Hardcoded Input | | | 2,111,783 |
| 8 | Actual Threshold | | Row 6 + Row 7 | | | | | | 216,669 |
| | | | | | | | | | |
| 9 | Implied Summer 2008 Volume | | 216,669 | x | 565,640 | / | 1,105,084 | = | 110,903 |
| | | | Row 8 x Row 1 / Row 3 | | | | | | |
| | | | | | | | | | |
| 10 | Calculated October Threshold | | Row 3/Row 1 x October 2008 | | | | | | 128,205 |
| 11 | October Threshold Adjustment From Summer Sale Registration Process | | | | | Hardcoded Input | | | (110,914) |
| 12 | Actual October Threshold | | Row 10 + Row 11 | | | | | | 17,291 |
| | | | | | | | | | |
| 13 | Summer Sale Volume | | Row 4 | | | | | | 682,227 |
| 14 | October 2009 Adjustment | | Max (Row 5 - Row 12, 0) | | | | | | - |
| | | | | | | | | | |
| 15 | Rebate Eligible Volume | | Row 13 - Row 14 - Row 8 | | | 682,227 | (216,669) | = | 440,703 |
| 16 | Average Revenue per Piece | | | | | | | | $0.234 |
| 17 | Rebate | | Row 15 x Row 16 x 30% | | | | | | $30,965 |

(a) Please confirm that the Threshold used to determine the discounts paid implies a Summer 2008 volume of 110,903. If the FY08 Q1 + Q2 or FY09Q1 + Q2 also required aggregate adjustments, please show that calculation. Please show all calculations used to determine the Summer 2008 volume.

(b) Please explain the October Threshold From Summer Sale Registration Process adjustment of -110,914. Please explain the rationale for and show all calculations used to determine the October Threshold.

6. Please refer to the line 1 of the table in question 5.

   (a) Please list each mailer who has a calculated volume of less than 1 million pieces for the period October 2007 to March of 2008 in the file "Summer Sale PRC Report – Workbook 1.xls".
   (b) Please explain how each mailer identified in subpart (a) met the eligibility requirement of 1 million pieces between October 2007 and March 2008.

By the Chairman.

Ruth Y. Goldway