

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

Notice of Price Adjustment
Standard Mail Incentive Pricing Program

Docket No. R2010-3

CHAIRMAN'S INFORMATION REQUEST NO. 1

(Issued March 9, 2010)

To clarify the basis of the Postal Service's estimates underlying its Standard Mail Incentive Program set forth in its Notice of Market Dominant Price Adjustment (Notice), filed February 26, 2010, the Postal Service is requested 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 15, 2010).

1. The Notice on page 6 states that the Postal Service expects the Standard Mail Incentive Program to generate between 311 million and 1.1 billion pieces of additional mail volume and to produce between in \$34 million and \$157 million in new revenue.
 - a. Please show how these estimates were developed. Please include all supporting data, assumptions, calculations, and formulae used to develop these estimates.
 - b. Please provide a breakdown of these volumes and revenues by Standard Mail product. Please include all supporting data, assumptions, calculations, and formulae used to develop these estimates.
 - c. For each eligible mailer as well as in the aggregate by product, please provide the information necessary to fill in the missing values (denoted by an "x") in the accompanying worksheet. For each figure taken from

another source (e.g., RPW report), please identify the spreadsheet, tab (or sheet), and cell from which it is taken. For all figures that are calculated, use formulas in the spreadsheet so that they can be traced. For each figure based on an assumption, please explain the rationale for the assumption.

2. The Notice at page 7 states that the Postal Service finds that catalogers “view Standard and Carrier Route Flats as essentially the same product and provide approximately 40% of their volume in Standard Flats (the other 60% of their volume is in Carrier Route flats).” Please provide the source of the proportions in this statement.

3. The Notice at page 8 states that the Standard Mail Incentive Program is expected to generate between \$-3.5 million and \$25.4 million in added contribution.
 - a. Please provide all supporting data, calculations, and formulae used to develop these estimates by product, consistent with the supporting analyses concerning the Standard Mail Incentive Program’s incremental volumes, revenues, and costs.
 - b. Please provide mailer-specific net contribution estimates from the Standard Mail Incentive Program, consistent with the mailer-specific data provided for incremental volumes, revenues, and costs.

By the Chairman.

Ruth Y. Goldway