



July 7, 2010

Chairman Ruth Y. Goldway
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268-0001

Dear Chairman Goldway:

I hope all is well and understand you and the Commission have been extremely busy lately. I am writing to notify you of a recent audit finding. The Office of Inspector General (OIG) has reviewed our attribution of advertising costs that was incorporated in our fiscal year 2009 Annual Compliance Report (ACR). We met with the audit team today, and a specific report is forthcoming. The potential error that the OIG identified is not material, but in the interest of transparency, we have created the following table to show the impact of the identified difference between the OIG calculations and those that we included in the ACR.

Using the alternative OIG calculations, costs for the Competitive group would be higher, and total institutional costs would be lower, but the percentage of contribution covered by the Competitive group would only change by 0.01 percentage points.

	FY 2009 ACR Total Mail and Services (\$000)	FY 2009 ACR Domestic Plus International Competitive Mail and Services (\$000)	Revised OIG Total Mail and Services (\$000)	Revised OIG Domestic Plus International Competitive Mail and Services (\$000)
Total Revenue	67,915,186	8,132,786	67,915,186	8,132,786
Total Attributable Cost	43,005,187	6,174,755	43,007,087	6,177,905
Total Contribution	24,909,999	1,958,031	24,908,098	1,954,881
Total Institutional Cost	28,906,834		28,904,933	
Contribution as a % of Total Institutional Cost	86.17%	6.77%	86.17%	6.76%

Also, a different cost coverage for Priority Mail would be produced by the OIG cost figures; 129.9%. The ACR reported 130.0%.

Please call me or Joe Moeller at (202) 268-2450 if you have any questions.

Sincerely,

Joseph Corbett

cc: John Waller
Joe Moeller