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UNITED STATES POSTAL SERVICE

December 29, 2010

Shoshana M. Grove
Secretary
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268-0001

Re: Docket No. R2010 - 3

In accordance with Commission Order No. 439, issued on April 7, 2010, the Postal Service hereby provides its second data collection report on the 2010 Standard Mail Volume Incentive Program.

The following information is being provided:

1. For each eligible Standard Mail user, volumes and revenue by month from October 2009 through October 2010 for all Standard Mail letters by product and flats by product, further broken out into commercial and nonprofit categories;

2. For all mailers for which rebates have been paid, information on any rebates paid, with supporting calculations;

3. For each eligible mailer, the Postal Service shall provide monthly permit volumes for First-Class presort letters, cards, and flats;

4. The year-end short-run volume-variable cost by each Standard Mail letter and flat product;

5. The actual administrative costs of the program; and

6. The monthly information identified in paragraphs 1, 3, and 4 above, on an aggregated basis.

Information on rebates settled after this report is filed will be provided to the Commission in a final data collection report.

Sincerely,

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2010 SUMMER SALE DATA COLLECTION REPORT

INTRODUCTION

As required by Order No. 439 in Docket No. R2010-3, the Postal Service presents its data collection report on the 2010 Standard Mail Volume Incentive Program ("Summer Sale").

COMMISSION-REQUESTED DATA

The workbooks (filed in conjunction with this report) "2010SS.PRC.Rep.Sum.xls" and "2010SS.PRC.Rep.WB2.xls" include the summary and detail data requested by the Commission, including Standard Mail rate-category data by month for October 2009 through October 2010 for participating customers. Customer identifications are masked in the workbooks. This data includes the rebates paid to 243 customers by the end of December 2010. An estimated 100 rebates will be paid after January 1, 2011. The details of these customer rebates will be included in the final 2010 Summer Sale report, as is specified in the Order.

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 is the result of modifications made to customer data during the verification and reconciliation process. The main sources of variance were misidentification of Permit account ownership and identification of volume entered by third-party mail service providers. The customer records have been updated at the aggregate level for the periods relevant to the Sale, but the corresponding detail for records outside the Sale period were not similarly revised. Months not used in either the calculation of thresholds or the measurement of performance during the Sale were not reconciled and totals for these months may not be an accurate representation of individual customer volume or revenue for that month.

As in last year's sale, the First-Class Mail data included here has not been reconciled. To the extent that customers use mail service providers to prepare and enter First-Class Mail, it is unlikely that volume or revenue is fully captured in this data set.

Mailer Specific Data in Workbooks

All certified participants' data have been included in the workbooks. Approximately 137 customers are still in the process of finalizing their participation status, and therefore some data for these customers is still outstanding. Complete and final data will be reported for these customers in the report that is to be filed with the Commission after their rebates have been settled.

Incomplete data have been reported for the following accounts:

900016	027872	522742	005225
028476	018844	018279	024551
800310	020531	005241881	900042
7603700393	520366	013785	004439
519616	001530	021008	900075
021124	800028	800360	800205
018170	005550	800157	006534
003353	008588	800163	900036
003572	008091	028927	514955
028650348	900043	3968922255	
002158	033684269	1385800365	
800071	002820	002273	
028303	520664	010860	
016416	518831	117103	
034874425	3664484132	027701	

Participant 514955 was inadvertently omitted from the report that was filed with the Commission on November 2, 2010. The rebate data for this customer is still being processed and only the estimated rebate calculations are reported in the workbook.

COST

Order No. 439 states that the Postal Service shall provide the year-end short-run volume-variable cost by each Standard Mail letter and flat product.

The short-run volume variable costs are obtained by taking the FY 2010 attributable costs (from Docket No. ACR2010, USPS-FY10-2), which are the long-run attributable costs for this period, and then adjusting these to reflect excess capacity by the use of short-run variabilities provided in Table 1 of the Notice of Market-Dominant Price Adjustment, Docket No. R2010-3 (February 26, 2010). These short-run variabilities are supported by the Postal Service's response to Questions 3 and 4 of Chairman's Information Request No. 1, Docket No. R2009-3 (May 15, 2009) and Appendix I of the above referenced Docket No. R2010-3, Notice of Price Adjustment. The FY 2010 actual short-run attributable costs are shown below and these calculations are provided in the spreadsheet "Cal.SR.AC.SS.FY10.CRA.xls"

FY10 “Summer” Long-Run and Short-Run Attributable Unit Costs	Volumes	Long-Run Attributable Costs	Short-Run Attributable Costs
	(000s)	(in dollars)	
Std. High Density and Saturation Letters	5,428,043	0.064	0.055
Std. High Density and Saturation Flats and Parcels	11,363,444	0.073	0.064
Std. Carrier Route	9,473,617	0.165	0.145
Standard Regular Letters	48,508,586	0.106	0.087
Standard Regular Flats	7,067,654	0.448	0.369
Total Volumes/Average Unit Costs of Above	81,841,344	0.135	0.113

Administrative cost

The actual administrative costs for the program to date were approximately 10 percent higher than predicted in the Notice of Market-Dominant Price Adjustment. The print communications included the cost of the initial customer invitation letters and a direct mail piece sent during the registration period to engage further participation from invited customers. There was an additional cost to process the rebates that had not been originally stated in the initial cost estimate and additional travel expenses were incurred to send Postal Service personnel to the National Postal Forum. Additional administrative costs will be incurred after the filing of this report; however, they will not be significant.

Expense Item	**Planned**	**Actual**
Program Support - Dedicated USPS Personnel	$500,000	$499,446
Program Support - Travel		$1,287
Contractor analytical support	$300,000	$416,534
Registration website creation	$30,000	$8,553
Production of customer print communications	$100,000	$107,255
Programming for rebate issuance		$6,879
Total	**$930,000**	**$1,039,954**