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February 23, 2012

POSTAL REGULATORY
COMMISSION
& OFFICE OF THE SECRETARY

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

Dear Ms. Grove:

In connection with the Commission's rules pertaining to periodic reports, I have enclosed copies of the reports of Revenue, Pieces and Weight (RPW) by rate category and special service for Quarter 1 of Fiscal Year (FY) 2012. Each of these reports consists of two parts:

1. Mailing Services (Market Dominant Products), Revenue, Pieces and Weight by Classes of Mail and Special Services for Quarter 1, Fiscal Year 2012, Compared with the Corresponding Period of Fiscal Year 2011, **Public Report**; and
2. Shipping Services (Competitive Products), Revenue, Pieces and Weight by Classes of Mail and Special Services for Quarter 1, Fiscal Year 2012 Compared with the Corresponding Period of Fiscal Year 2011, **Public Report**.

The Quarter 1, FY2012, report implements several changes, including the reporting of Inbound International Mail with a new methodology, the inclusion of Nonpostal Services in Other Revenue, and some miscellaneous changes. The corresponding FY2011 period was also revised to properly reflect year over year changes (see footnote 2 in the RPW Report). The following discussion describes these changes in more detail.

Nonpostal Services: The Commission's Annual Compliance Determination Report (ACD), Fiscal Year 2010, directed the Postal Service to report Nonpostal Services with Other Revenue (ACD, Chapter IX, at 152). The Quarter 1 RPW Report now includes the reporting of Nonpostal Services with Other Mailing Services and Other Shipping Services Revenue. Mailing Services "Other Revenue" includes

MoverSource and Philatelic Sales revenue. Shipping Services "Other Revenue" includes Officially Licensed Retail Products (OLRP), Affiliates for Websites, Training Facilities, Affiliates Other, Electronic Postmark, FedEx Drop Boxes, Passport Photo Services, Photocopying Service, Non-Sale Lease Agreements (Non-Government), and Licensing Other than OLRP. The inclusion of OLRP in "Other Revenue" corrects the error the Commission noted in the FY 2010 ACD. Previous reports had mistakenly included OLRP with Postal Services. Much of the Shipping Services Nonpostal Service revenue in prior reports had been included in Mailing Services "Other Revenue."

Inbound International: The Quarter 1 report begins the reporting of inbound revenues, volumes, and weight related to settlements with foreign postal administrations using the Foreign Postal Settlement System (FPS). FPS is an accounting accrual system for international settlement that took effect in January 2010. The Postal Service proposed this as a change in analytical principles in Docket No. RM2011-12, and the Commission approved it in Order No. 920. The Quarter 1 report format changes slightly from that filed in Docket No. RM2011-12. I have attached three tables. The first table, labeled "Current Mapping - Docket No. RM2011-12," represents the format and source systems used in previous quarterly RPW reports. The second table, labeled "Proposed Mapping - Docket No. RM2011-12" represents what we proposed in that docket. The third table, labeled "Quarter 1 FY2012 RPW Report," represents the format and source systems employed in the Quarter 1 report that I am submitting.

Miscellaneous Changes: The following describes two miscellaneous changes in the Quarter 1 report:

- A new line in the Shipping Services Special Services section of the RPW Report is provided for competitive Post Office Box Service revenue.
- A new First-Class Package Service product section is added in Shipping Services. This relates to the transfer of lightweight commercial parcels from Market Dominant to Competitive (Docket No. MC2011-12 and Order No. 710).

I have enclosed a disk with machine-readable versions, consisting of one Excel file for each report containing both parts of these public reports. These electronic files may be posted on the internet.

As with prior reports in the recent past, I have included with the public versions of the RPW reports for Quarter 1 FY2102, restricted versions that disaggregate the international and domestic data pertaining to competitive products (**Restricted Report**). The Restricted Reports (Part 2 of the reports for

Quarter 1 FY2012) do not redact information from the non-public versions of the reports, but present statistics in disaggregated categories. The restricted reports are being provided on computer disk and in hard copy, and should not be made public. They have been marked as restricted and confidential.

The Postal Service believes that the material contained in the Restricted Reports that is not included in the public versions consists of information that would not be subject to mandatory disclosure pursuant to the Freedom of Information Act and Title 39, United States Code. My letter of September 29, 2009, which first transmitted the RPW report for Quarter 3, FY 2009 (in the revised format), included an "Application of the United States Postal Service for Non-Public Treatment of Materials" Pursuant to 39 C.F.R. § 3007.21. This document describes the information in the restricted versions that has been aggregated in the public versions, and presents the statutory basis for the Postal Service's request for confidentiality, as well as a description of the harm that would result from disclosure. This discussion should be incorporated by reference here.

If you have any questions regarding the changes described above or the reports for Quarter 1 FY2012, do not hesitate to call.

Sincerely,



Daniel J. Foucheaux, Jr.
Chief Counsel, Pricing and
Product Support

Enclosures

cc: Ms. Taylor