

LEGAL POLICY & RATEMAKING LAW SECTION
LAW DEPARTMENT



June 9, 2006

Hon. Steven W. Williams, Secretary
Postal Rate Commission
901 New York Avenue, NW
Suite 200
Washington, DC 20268-0001

RE: Docket No. MC2005-1

Dear Mr. Williams:

In accordance with the Commission's Opinion and Recommended Decision Approving Stipulation and Agreement for Experimental Premium Forwarding Service, Docket No. MC2005-1, enclosed is the Postal Service's First Semiannual Data Report, covering the time period August 7, 2005, to March 31, 2005.

Sincerely,

Kenneth N. Hollies
Attorney

Enclosure

Premium Forwarding Service (PFS) Experiment
First Semi-annual Data Collection Report
August 7, 2005 – March 31, 2006
Docket No. MC2005-1

The major purposes of the data collection plan for PFS are to determine zone and weight of weekly PFS Priority Mail shipments, and to inform decisions by Postal Service management regarding the future of PFS. While the Postal Service preference is to rely upon existing data systems for information, a special study is being performed that will improve the quality of information available for later Data Collection Reports.

1. Number of PFS Customers: During the reporting period, 58,541 customers signed up for PFS service.

2. Number of Weekly PFS Reshipments (number using flat-rate envelopes reported separately): Since the anticipated shipments are paid for at the time of application, there is no precise count of the number of actual shipments that occurred during the reporting period. However, the revenue generated by the per-week charge during the reporting period, after backing out refunds, implies purchase of 383,000 weeks of service. Since the service period for some customers extends beyond the reporting period, this estimate is high by an unknown amount. No information on the number of flat-rate envelopes is now available, but the data collection underway should provide additional information.

3. Revenue: PFS revenue collected during the reporting period was \$4,510,706.

4. Zone and Weight of PFS Reshipments: The volume of PFS reshipments is insufficient to generate useful estimates from existing data systems; accordingly a special study is being undertaken. Limited information is available from an early analysis of applications. It shows the following zone distribution:

Up to Zone 2	5.5%
Zone 3	3.9%
Zone 4	8.1%
Zone 5	33.8%
Zone 6	31.9%
Zone 7	10.1%
Zone 8	5.6%

5. Qualitative Summary of Major Issues: No major issues have surfaced. Some former Snowbird customers were understandably unhappy that previous informal forwarding arrangements were replaced with the more expensive Premium Forwarding Service. Concerns about timely delivery of weekly shipments, the inclusion of Standard Mail in the shipment, the inability to apply from a remote location, and the inability to change the destination address during the service period were expressed. The data collection currently underway also seeks specific input from postal personnel regarding customer and provider concerns.