

USPS-T-3

BEFORE THE

POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Premium Forwarding Service

Docket No. MC2007-3

DIRECT TESTIMONY OF
GREGORY DAWSON
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE

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1 **Autobiographical Sketch**

2 My name is Gregory Dawson. I am a pricing economist in the Pricing Strategy office
3 in Marketing, where I have worked, with a brief hiatus, since 2005. My duties include
4 development and analysis of negotiated service agreements, pricing research, and
5 support for new and existing postal products.

6 Prior to joining Pricing Strategy, I worked as an economist in the Demand
7 Forecasting and Economic Analysis office in Finance, where my duties included
8 economic and market research on postal markets, research on electronic diversion, and
9 management of the Household Diary Study program.

10 During the period I was away from the Postal Service, in 2006 and early 2007, I
11 served as director for a survey research firm, where I planned, conducted, and
12 managed various market and behavioral research surveys and analyzed survey data.

13 I was awarded a Bachelor of Arts degree in International Studies from The Johns
14 Hopkins University in 1993.

15 This is the first time I have testified before the Postal Regulatory Commission.

1 **I. Purpose and Scope of Testimony**

2 My testimony presents the pricing and classification proposal to make Premium
3 Forwarding Service (PFS) permanent. I present the rate design, classification rationale,
4 justification for creating a permanent classification, and financial impacts, and conclude
5 by explaining how the statutory criteria support the proposed classification changes.

1 **II. Guide to Testimony and Supporting Documents**

2 My testimony presents the qualitative and quantitative results of my analysis of PFS
3 pricing. The citations and calculations that support these results are presented in the
4 attachments (which are also submitted in Excel format). I have also relied on the
5 product description of PFS provided by witness Hope (USPS-T-1), and the cost
6 estimates developed by witness Abdirahman (USPS-T-2).

1 **III. Overview of Premium Forwarding Service**

2 PFS is designed for residential customers who want to receive substantially all of
3 their mail at a temporary domestic address via Priority Mail[®], rather than piece-by-piece
4 through temporary forwarding.¹ After receipt and acceptance of the PFS application
5 (Form 8176) and required fees, the Postal Service bundles and reships mail to a
6 temporary address for a customer or household while away from their permanent
7 address for a period of time not less than two weeks and up to one year.

8 Each PFS customer's mail is bundled and reshipped once a week to one temporary
9 address. When PFS is active, a customer who nonetheless wishes to pick up mail in
10 person at the Post Office serving her primary address must cancel PFS service and
11 reapply if service is to resume.

12 All classes of mail are reshipped, and mailer endorsements are not applicable.
13 Accountable Mail, pieces requiring a delivery scan, and some packages are reshipped
14 separately from other mail. Some mail is reshipped with postage due, as detailed in the
15 testimony of witness Hope (USPS-T-1).

¹ Customers may have other options available to them, as discussed by witness Hope (USPS-T-1, section (II)(D)).

1 **IV. Pricing and Rate Design**

2 **A. Pricing Approach and Rationale**

3 In designing the prices for PFS, I separately examined three components that make
4 up the service: the one-time application and set-up, the hold-out and repackaging of
5 customer mail, and the use of Priority Mail for reshipment. Each component has a
6 distinct set of costs associated with it that deserves separate analysis. In addition, this
7 approach allows for pricing that reflects the intrinsic value of each component of the
8 PFS service, even though the hold-out and repackaging and the Priority Mail
9 reshipment are then combined in one per-shipment price.

10 **1. Reshipment cost**

11 *a) PFS parcel characteristics*

12 To design the reshipment component of the per-shipment price, I estimate the
13 average cost of a PFS shipment, consistent with the Priority Mail rate-design
14 methodology presented by witness Scherer in Docket No. R2006-1 (USPS-T-33).
15 Conceptually, I create a PFS-specific rate cell using the weight, volume, distance, and
16 packaging profile of PFS shipments.² In calculating this cost, I use the actual weight per
17 piece and the zone distribution for PFS parcels from the MC2005-1 Second Data
18 Collection Report.³ I estimate the average cubic footage of PFS parcels based on a
19 survey of PFS shipments. The survey results are presented in Attachment 4 to my
20 testimony.

21 *b) Adjustments to Priority Mail costs*

22 I make two adjustments to the Priority Mail costs for PFS pieces, based on the
23 particular characteristics of PFS parcels.

² Unlike the PFS experiment, when no information was available regarding the weight or zone of PFS pieces, permanent PFS does not rely upon a rate cell from the Priority Mail rate schedule. The marked-up cost of PFS shipments becomes one component of the weekly reshipment fee.

³ Docket No. MC2005-1 Second Data Collection Report, page 2.

1 First, I adjust the cost upward by ten cents to account for the increased use of
2 Priority Mail packaging by PFS compared to Priority Mail. Substantially all PFS parcels
3 use Priority Mail packaging, while only about 50 percent of Priority Mail uses branded
4 packaging. Based on conversations with Postal Service experts, I estimate that the
5 average Priority Mail package costs about 20 cents to produce. Using that figure, I
6 calculate the additional charge to PFS packages as the difference between the average
7 Priority Mail use of branded packaging and the PFS use multiplied by the average cost
8 of the packaging ($0.5 \times .20 = .10$).

9 My second adjustment removes Priority Mail window service costs from the PFS
10 cost estimates, reducing the cost by 9.7 cents. No PFS parcel incurs any window cost,
11 and witness Abdirahman's repackaging cost already includes time for labeling and
12 entering the PFS parcels. I therefore remove the average window service cost that is
13 included in the Priority Mail per-piece cost. I calculate the average window service cost
14 by dividing the test year total Priority Mail window service cost reported in Docket No.
15 R2006-1 (PRC-LR-21, tyar_prcrem1_bfile.xls, sheet Seg3, cell D7) by total test year
16 Priority Mail volume, as forecast in that docket (PRC-LR-23, vfar06PRCLR23.xls, sheet
17 AttachmentA, cell AV32).

18 For both the hold-out and repackaging costs, and the reshipping costs, I apply an
19 adjustment factor to account for those cases when more than one parcel is used to
20 reship a customer's mail. This occurs primarily when offices do not have appropriately
21 sized Priority Mail boxes in stock and must use two smaller boxes to contain all of a
22 customer's mail. Although management instructions expressly discourage this practice,
23 anecdotal and survey evidence suggests that it happens on rare occasions. The Postal
24 Service conducted a survey of PFS activity in 126 delivery units in December 2006.
25 Thirty-six offices reported having a total of 421 PFS customers over a two-week period.
26 These offices shipped a total of 426 PFS parcels in that period, experiencing
27 approximately a 1.2 percent incidence of extra packages.⁴ Based on these results, I
28 have conservatively included an adjustment of 1.5 percent to the packaging and

⁴ The survey instrument and results related to package use are presented in Attachment 3.

1 reshipping costs. I believe that this is a conservative (that is, large) estimate both
 2 because current instructions now prohibit it, and because repeated directives and
 3 improved container stock management should further curtail the practice.

4 **2. Pricing**

5 Because the overall costs of PFS are similar to what was originally estimated in
 6 Docket No. MC2005-1, current prices still provide reasonable cost coverage for PFS.
 7 Because Priority Mail is used to ship PFS parcels, I apply the overall Priority Mail cost
 8 coverage of 150 percent to the shipping cost.⁵

9 As calculated in Attachment 1 to my testimony, the implicit cost coverage for each
 10 component, and the overall cost coverage, are as follows:

Application Fee	206 %
Weekly reshipment fee	136
Packaging	121
Shipping	150
Overall	142

11 The overall cost coverage for PFS at current fees is 142 percent. This is very
 12 reasonable, given the convenience and value of the service. Additionally, since one fee
 13 for PFS (and the Priority Mail rate cell to which the shipping fee has been tied) changed
 14 recently, it would be disruptive to adjust prices once again at this time. Thus I propose
 15 to leave the prices for PFS unchanged.

16 **B. Pricing Criteria**

17 The proposed fees presented in this testimony were designed using the pricing
 18 criteria from former Section 3622(b)⁶ of Title 39, United States Code:

19 1. the establishment and maintenance of a fair and equitable schedule;

⁵ Docket No. R2006-1, PRC-LR-18, Attachments.xls, sheet TYAR, cell GB99.

⁶ The Postal Accountability and Enhancement Act (Public Law 109-435) invokes a "Transition Rule" in revised section 3622(f) that makes the criteria in former section 3622(b) applicable to this Request.

- 1 2. the value of the mail service actually provided each class or type of mail service to
2 both the sender and the recipient, including but not limited to, the collection, mode of
3 transportation, and priority of delivery;
- 4 3. the requirement that each class of mail or type of mail service bear the direct and
5 indirect postal costs attributable to that class or type plus that portion of all other
6 costs of the Postal Service reasonably assignable to such class or type;
- 7 4. the effect of rate increases upon the general public, business mail users, and
8 enterprises in the private sector of the economy engaged in the delivery of mail
9 matter other than letters;
- 10 5. the available alternative means of sending and receiving letters and other mail
11 matter at reasonable costs;
- 12 6. the degree of preparation of mail for delivery into the postal system performed by the
13 mailer and its effect upon reducing costs to the Postal Service;
- 14 7. simplicity of structure for the entire schedule and simple, identifiable relationships
15 between the rates or fees charged the various classes of mail for postal services;
- 16 8. the educational, cultural, scientific, and informational value to the recipient of mail
17 matter; and
- 18 9. such other factors as the Commission deems appropriate.

19 The proposed pricing is fair and equitable (Criterion 1) because it is available to
20 substantially all residential customers. While PFS would definitely have value to those
21 away from home on an extended basis, it somewhat resembles temporary forwarding, a
22 service in which primarily First-Class Mail is forwarded. However, there is no charge for
23 temporary forwarding, which has a slightly moderating influence on PFS's value of
24 service (Criterion 2). One central characteristic of PFS is the convenience it offers
25 customers: the receipt of their mail in one package. Furthermore, PFS is valuable to
26 customers who want to maintain their professional, personal, and community ties since
27 they can receive all of their mail (including, for example, community newsletters and
28 local newspapers) when they are away from their primary addresses.

29 As discussed above, the proposed fees for PFS cover the costs of the service and
30 provide a reasonable contribution (Criterion 3). The effect of the proposed prices on
31 other private sector enterprises was also considered: permanent PFS would compete

1 directly with private sector alternatives to the same extent it has throughout the
2 experiment. An unchanged price will not alter the terms of that competition (Criterion 4).
3 PFS supplements current forwarding and hold options, existing options that remain
4 unchanged (Criterion 5). Finally, the proposed fee structure is simple and easy for
5 customers to remember (Criterion 7). The fixed weekly charge avoids the complexities
6 of weighing and rating, and provides a standard weekly fee for substantially all mail that
7 is reshipped via Priority Mail.

1 **V. Revenue, Volume, and Cost Implications**

2 Because the overall prices that customers pay will not change, we anticipate no
3 revenue, volume, or cost implications from this Request beyond what has been
4 previously reported.

5 Test year PFS shipment volume is projected to be 1.1 million pieces (USPS-LR-L-
6 51, page 1). Using the ratio of applications to shipments reported in the first two data
7 collection reports from Docket No. MC2005-1, I project 188 thousand applications in the
8 test year. This will generate revenue of \$15.025 million on a cost of \$10.585 million, with
9 a resulting cost coverage of 141.9 percent, as shown in Table 1 below. Details of these
10 calculations are presented in Attachment 2 of my testimony.

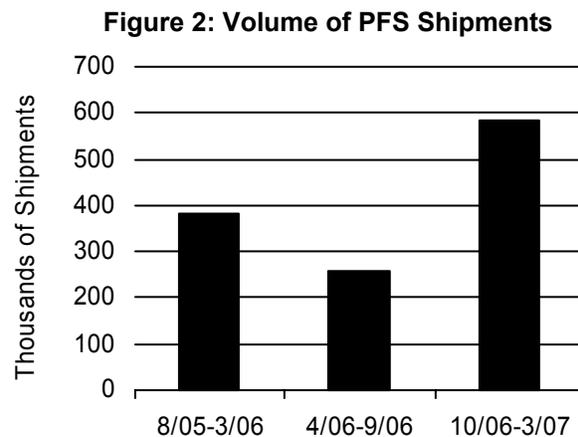
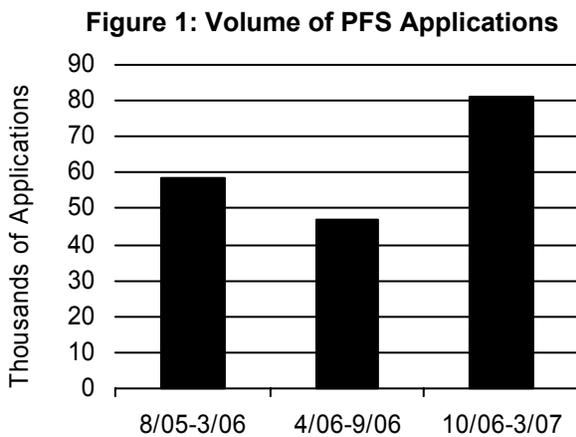
Table 1: Test Year Volume, Revenue, and Cost

Prices	
Application	\$ 10.00
Per-Shipment	\$ 11.95
Volume (000s)	
Applications	188
Shipments	1,100
Revenue	\$ 15,025
Cost	\$ 10,585
Cost Coverage	141.9%

1 VI. Rationale for Permanent Classification

2 The volume reported in the data collection reports for Docket No. MC2005-1 shows
3 that customer response to PFS has been quite favorable. See Figures 1 and 2 below.
4 After accounting for the extra two months in the first reporting period, PFS volume
5 almost doubled in the first six months of FY 2007, compared to SPLY. As discussed by
6 witness Hope, customer reaction has been favorable, with a high reported likelihood of
7 using PFS again (USPS-T-1, Section V).

8 In addition, the creation of PFS has allowed the Postal Service to standardize a
9 previously diverse set of field practices in a manner that allows for efficient
10 administration, tracking, and reporting, while making a positive financial contribution.



ATTACHMENT 1
PREMIUM FORWARDING SERVICE
PRICING

Inputs

Priority Mail Cost Elements (Including Contingency)¹

Cost per Piece	\$ 2.562							
	L, 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8	
Cost per Cubic Foot	\$ 2.215	\$ 3.388	\$ 4.347	\$ 6.928	\$ 8.198	\$ 8.941	\$ 9.940	
Cost per Pound	\$ 0.023	\$ 0.021	\$ 0.026	\$ 0.048	\$ 0.052	\$ 0.064	\$ 0.127	

PFS Labor Costs²

Set-up Cost	\$ 4.856
Per-Shipment Cost	\$ 4.076

PFS Shipment Characteristics

Average Volume (cubic feet) ³	0.260						
Average Weight (Pounds) ⁴	5.301						
	L, 1 & 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7	Zone 8
Zone Distribution ⁵	10.7%	5.4%	10.5%	28.9%	28.9%	7.7%	7.9%

PFS Parcel Cost

Packaging Cost Adjustment ⁶	\$ 0.100
Window Service Adjustment ⁷	\$ (0.097)
Average Cost per Parcel⁸	\$ 4.575

Extra Parcel Adjustment⁹ 1.5%

Prices

Application	\$ 10.00
Per-Shipment	\$ 11.95

Cost Coverages

Application ¹⁰	205.9%
Shipment Labor ¹¹	120.9%
Shipment Parcel ¹²	149.7%

1. R2006-1, PRC-LR-18, Attachments.xls, sheet Rate Calc., cells B4 through H6.
2. Witness Abdirahman (USPS-T-2), Appendix, page 1.
3. Attachment 3, Average volume of PFS container ÷ 1728 (to convert in³ to ft³).
4. Fiscal Year 2006 Revenue, Pieces, and Weight Report.
5. Docket No. MC2005-1, Second Data Collection Report, page 2.
6. My estimate, as explained in section (IV)(A)(1)(b) of my testimony, USPS-T-3.
7. TYAR Priority Mail window service cost (Docket No. R2006-1 PRC-LR-21, tyar_prcrem1_bfile.xls, sheet Seg3, cell D7) ÷ TYAR Priority Mail volume (Docket No. R2006-1 PRC-LR-23, vfar06PRCLR23.xls, sheet AttachmentA, cell AV32).
8. (Cost per Piece + Average Volume × (Cost per Cubic Foot × Zone Distribution) + Average Weight × (Cost per Pound × Zone Distribution) + Packaging Cost Adjustment).
9. My estimate, as explained in section (IV)(A)(1)(b) of my testimony, USPS-T-3.
10. Application Price ÷ Set-up Cost.
11. (Per-Shipment Price - Priority Mail Price) ÷ [Per-Shipment Labor Cost × (1+Additional Package Adjustment)].
12. [Parcel Cost × (1 + Extra Parcel Adjustment) × Priority Mail Cost Coverage], rounded to nearest 5-cent interval ÷ [Parcel Cost × (1 + Extra Parcel Adjustment)].

- 1 • Delete the entirety of §937.6, “Duration of the Premium Forwarding System
- 2 Experiment.” With PFS made a permanent classification, expiration provisions
- 3 become inappropriate.

1 **VIII. Classification Criteria**

2 Former Section 3623(c)⁷ of Title 39, U.S.C., requires the Commission to consider the
3 following factors:

- 4 1. the establishment and maintenance of a fair and equitable classification system for
5 all mail;
- 6 2. the relative value to the people of the kinds of mail matter entered into the postal
7 system and the desirability and justification for special classifications and services of
8 mail;
- 9 3. the importance of providing classifications with extremely high degrees of reliability
10 and speed of delivery;
- 11 4. the importance of providing classifications which do not require an extremely high
12 degree of reliability and speed of delivery;
- 13 5. the desirability of special classifications from the point of view of both the user and of
14 the Postal Service; and
- 15 6. such other factors as the Commission may deem appropriate.

16 The proposed permanent classification is fair and equitable (Criterion 1) because the
17 Postal Service would offer a consistent, standardized service available to substantially
18 all residential customers, as described in witness Hope's testimony. Customers value
19 receiving all their mail at an alternate address when they are temporarily away from
20 their primary residence (Criterion 2). By offering this service, the Postal Service is
21 responding to customer demand. Since reshipments are processed as Priority Mail,
22 PFS has a high degree of reliability and speed of delivery, consistent with Criterion 3.
23 The stipulation of a specific day for shipments further enhances the degree of reliability,
24 allowing customers to know when to expect their mail. PFS is a desirable special
25 classification from the point of view of the customer and the Postal Service (Criterion 5).
26 With this proposal, the Postal Service would make permanent an important option for
27 customers who want access to their hard copy communications while away from their

⁷ See footnote 6, which also applies here.

- 1 permanent address. The proposal is also desirable from the point of view of the Postal
- 2 Service, which benefits by offering a more consistent and standardized service to all
- 3 customers. The service also is expected to generate contribution to help cover the
- 4 institutional costs of the Postal Service.

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PREMIUM FORWARDING SERVICE
PRICING

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PFS Parcel Cost

Packaging Cost Adjustment ⁶	\$ 0.100
Window Service Adjustment ⁷	\$ (0.097)
Average Cost per Parcel⁸	\$ 4.575

Extra Parcel Adjustment⁹ 1.5%

Prices

Application	\$ 10.00
Per-Shipment	\$ 11.95

Cost Coverages

Application ¹⁰	205.9%
Shipment Labor ¹¹	120.9%
Shipment Parcel ¹²	149.7%

1. R2006-1, PRC-LR-18, Attachments.xls, sheet Rate Calc., cells B4 through H6.
2. Witness Abdirahman (USPS-T-2), Appendix, page 1.
3. Attachment 3, Average volume of PFS container ÷ 1728 (to convert in³ to ft³).
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5. Docket No. MC2005-1, Second Data Collection Report, page 2.
6. My estimate, as explained in section (IV)(A)(1)(b) of my testimony, USPS-T-3.
7. TYAR Priority Mail window service cost (Docket No. R2006-1 PRC-LR-21, tyar_prcrem1_bfile.xls, sheet Seg3, cell D7) ÷ TYAR Priority Mail volume (Docket No. R2006-1 PRC-LR-23, vfar06PRCLR23.xls, sheet AttachmentA, cell AV32).
8. (Cost per Piece + Average Volume × (Cost per Cubic Foot × Zone Distribution) + Average Weight × (Cost per Pound × Zone Distribution) + Packaging Cost Adjustment).
9. My estimate, as explained in section (IV)(A)(1)(b) of my testimony, USPS-T-3.
10. Application Price ÷ Set-up Cost.
11. (Per-Shipment Price - Priority Mail Price) ÷ [Per-Shipment Labor Cost × (1+Additional Package Adjustment)].
12. [Parcel Cost × (1 + Extra Parcel Adjustment) × Priority Mail Cost Coverage], rounded to nearest 5-cent interval ÷ [Parcel Cost × (1 + Extra Parcel Adjustment)].

ATTACHMENT 2
PREMIUM FORWARDING SERVICE
TEST YEAR VOLUME, REVENUE, AND COST

Prices¹

Application	\$ 10.00
Per-Shipment	\$ 11.95

Volume (000s)

Applications ²	188
Shipments ³	1,100
Revenue (000s)⁴	\$ 15,025
Cost (000s)⁵	\$ 10,585
Cost coverage⁶	141.9%

Representative Usages

	Total Price⁷	Cost Coverage⁸
1 Week	\$ 21.95	161.0%
2 Weeks	\$ 33.90	151.2%
3 Weeks	\$ 45.85	147.0%
4 Weeks	\$ 57.80	144.6%
5 Weeks	\$ 69.75	143.1%
6 Weeks	\$ 81.70	142.0%
10 Weeks	\$ 129.50	139.8%
20 Weeks	\$ 249.00	138.0%
30 Weeks	\$ 368.50	137.4%
40 Weeks	\$ 488.00	137.0%
52 Weeks	\$ 631.40	136.8%

-
1. Current PFS prices.
 2. PFS shipments ÷ 5.85 (average shipments per application from MC2005-1 First and Second Data Collection Reports).
 3. LR-L-51, page 1.
 4. Application Price × Applications + Per-Shipment Price × Shipments.
 5. Application Cost × Applications + [(Per-Shipment Labor Cost + Average Shipment Cost) × (1 + Additional Package Adj.)] × Shipments (Costs from Attachment 1).
 6. Revenue ÷ Cost.
 7. Application Price + Number of Weeks × Per-Shipment Price.
 8. (Application Price + Per-Shipment Price × Number of Weeks) ÷ {Application Cost + [(Per-Shipment Labor Cost + Average Cost of Shipment) × (1 + Additional Package Adj.)] × Number of Weeks} (Costs from Attachment 1).

ATTACHMENT 3
PREMIUM FORWARDING SERVICE
SURVEY RESULTS

In December 2006, the Office of Special Studies conducted a survey of 126 Post Offices on their volume of and experience with PFS. The survey instrument is reproduced as page 2 of this Attachment.

Data from this survey were used to estimate the incidence of multiple-package PFS shipments used in calculating PFS costs. These data are summarized on page 3 of this Attachment.

For each PFS shipment, please record the destination zip, weight of total package, and package type used.

Origin Zip: _____

Week 1

PFS shipment date covered: _____

Customer Shipment	Destination ZIP	Weight	Package type (Check one)			
			Priority Flat Rate Envelope	Priority Tyvek	Priority Packaging	Other (specify)
1		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
2		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
3		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
4		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
5		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
6		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
7		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
8		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
9		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
10		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
11		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
12		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
13		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
14		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
15		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
16		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
17		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
18		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
19		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
20		____ lb ____ oz	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

ATTACHMENT 3
PREMIUM FORWARDING SERVICE
SURVEY RESULTS

Total Offices Surveyed:	126
Offices with Active PFS Customers:	36
Total PFS Customers:	421
Total PFS Packages:	426
Incidence of Additional Packages¹:	1.2%

1. Total PFS Packages ÷ Total PFS Customers – 1

ATTACHMENT 4
PREMIUM FORWARDING SERVICE
PACKAGE CHARACTERISTICS SURVEY RESULTS

A follow-up telephone survey was conducted with the respondents of the survey produced in Attachment 3 who reported having PFS customers to determine the characteristics of the packaging they used to reship PFS mail. There is no formal instrument associated with this survey; the surveyor asked the respondents about the type(s) of Priority Mail packaging they used, and recorded either the stock number of the box or, in the case of Priority Mail Tyvek envelopes, whether the envelope was partially or completely full. Responses were adjusted for offices that could not be reached for the follow-up survey.

Tabulated results are presented on page 2.

**ATTACHMENT 4
PREMIUM FORWARDING SERVICE
PACKAGE CHARACTERISTICS**

Container	Dimensions (Inches)			Volume (cu. in.) ³	Surveyed Number	Projected Number ⁴
	Length	Width	Depth			
Priority Mail Packaging						
Flat Rate Envelope	11 1/2	8 1/2	1 1/4	122.2	19	19
Tyvek Envelope ¹					190	
Half Full	12	8 1/2	1 3/4	178.5	143	143
Full	12	9	3 1/4	351.0	48	48
1092	12 1/4	2 7/8	13 3/4	484.3	82	104
FRB-2	12	3 1/2	14	588.0	24	30
1095	12 3/8	3 1/8	15 7/8	613.9	19	24
0 BOX 7	12 1/4	12 1/4	8 1/2	1,275.5	34	43
Non-Priority Mail box ²				684.6	7	7
Average volume of PFS container (cubic inches)⁵				448.6		

-
1. 75 percent of Tyvek envelopes surveyed were about half-full; the other 25 percent were full.
 2. Volume of non-Priority Mail box is assumed to be the same as the weighted average volume of Priority Mail boxes.
 3. Length × Width × Depth.
 4. 202 total Priority Mail boxes are assumed to have the same distribution as the 159 surveyed boxes.
 5. Average volume of PFS containers, weighted by projected number of containers.