

BEFORE THE  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REPORT, 2008

Docket No. ACR2008

SUPPLEMENTAL RESPONSE OF THE UNITED STATES POSTAL SERVICE  
TO QUESTION 7 OF COMMISSION INFORMATION REQUEST NO. 5  
(March 13, 2009)

Commission Information Request No. 5 was posted on February 27, 2009, and the Postal Service filed answers to all ten questions on March 6, 2009. The response to Question 7, however, indicated that further information would be submitted as it became available. Attached is a supplemental response to Question 7.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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March 13, 2009

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7. Please provide all of the data described in the Bank of America NSA data collection plan for the period from the April 1, 2008 implementation through the end of FY 2008. See PRC Op. MC2007-1 at 55-57. Also, please include an estimate of the impact of the agreement on FY 2008 USPS finances, and any other data relevant to evaluating the agreement's compliance with the relevant provisions of the PAEA. For each of the six rate incentives, please provide baseline values updated to FY 2008, if available.

**RESPONSE:**

In addition to the response to this question filed on March 6, 2009, the Postal Service provides the following information on financial impact.

Presented in the workbooks provided as a zip file currently provided under seal in USPS-FY08-NP36 (CIR.5.Q.7.Financ.Impact.zip) is a financial analysis of the Bank of America NSA following the methodology used in LR-PRC-1 from Docket No. MC2007-1. Systemwide acceptance rates and cost data have been updated to FY 2008. The net value of the Bank of America NSA for FY 2008 using this methodology is -\$3.8 million.<sup>1</sup>

To this estimate should be added an estimate of the administrative costs associated with the NSA. We have identified consultant and IT costs (data analysis, programming, and hardware) that are being used solely to support the NSA. In FY 2008, \$684 thousand was spent on consultants, a cost we expect to be ongoing. In addition, software worth \$1.4 million and servers worth \$10 million were purchased for the NSA. The straight-line depreciation on these

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<sup>1</sup> This net value estimate results in part from the use of system wide average acceptance rates as the baselines for measuring changes in the read / accept rates, consistent with the Commission-approved model.

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assets for the six months (two quarters) of the contract in FY 2008 is \$1.9 million ( $\$11.4 * 2/12$ ). The total net cost to the Postal Service of the Bank of America NSA in FY 2008, then, was -\$6.4 million dollars.

The Postal Service continues to develop responsive material to other portions of the data collection plan, and that material will be filed as it becomes available.

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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