

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

ANNUAL COMPLIANCE REVIEW, 2016

Docket No. ACR2016

RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-3 OF CHAIRMAN'S INFORMATION REQUEST NO. 30

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 30, issued on May 31, 2017. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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**RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO CHAIRMAN'S INFORMATION REQUEST NO. 30**

1. Please refer to the 30-Day Report.
 - a. The Postal Service states that it was renegotiating an amendment to Priority Mail Contract 160, which would include increased prices. 30-Day Report at 2. It also states that the amendment would be signed and filed with the Commission within approximately one month. *Id.* To date, the Postal Service has not filed an amendment to Priority Mail Contract 160. Please provide an updated status for a Priority Mail Contract 160 amendment. If the Postal Service no longer plans to file an amendment, please explain the corrective actions taken or the actions the Postal Service plans to take to improve cost coverage.
 - b. The Postal Service states that it performed an updated study on Parcel Return Service Contract 10 and was analyzing the data collected during this study. *Id.* It also states that it would negotiate an amendment with increased prices or submit a revised financial analysis reflecting the customer's package characteristics based on its recent study. *Id.* at 2-3. To date, the Postal Service has not filed an amendment to Parcel Return Service Contract 10 or revised financial workpapers. Please provide the status of a Parcel Return Service Contract 10 amendment or revised financial workpapers.

RESPONSE:

- a. The amendment has been signed by the customer and is being transmitted to Postal Service Headquarters today. The Postal Service expects to file the amendment within the next two weeks.
- b. The package study is still ongoing. The Postal Service encountered some technological issues at the facility where the study is being performed. These issues have now been resolved, and the Postal Service expects the study to conclude this month. The Postal Service will then determine whether an amendment or a revised financial analysis is the appropriate course of action. Regardless, the Postal Service expects that Parcel Return Service Contract 10 will cover its costs in FY 2017.

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2. Please refer to Response to CHIR No. 13, question 12. The Postal Service reports that it planned to terminate Priority Mail Contract 183 and Priority Mail Contract 228. The Postal Service states that it planned to send termination letters for both agreements in February 2017 and that the effective dates of these terminations would be in March 2017. Response to CHIR No. 13, question 12.a. To date, the Postal Service has not filed the required notices of termination in the appropriate dockets.¹ Please confirm that the Postal Service terminated these agreements.
- a. If confirmed, please file notices of termination in the appropriate dockets.
 - b. If not confirmed, please explain. Additionally, please discuss the corrective actions taken or the actions the Postal Service plans to take to improve cost coverage.

RESPONSE:

Confirmed. The required notices of termination were filed today.

¹ See Docket Nos. MC2016-67 and CP2016-82, Order No. 2988, Order Adding Priority Mail Contract 183 to the Competitive Product List, January 6, 2016; at 6-7; Docket No. MC2016-157 and CP2016-228, Order No. 3415, Order Adding Priority Mail Contract 228 to the Competitive Product List, July 6, 2016, at 6-7.

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3. Please refer to Response to CHIR No. 13, question 12. The Postal Service states that it stopped delivering packages under Priority Mail Contract 214 on February 7, 2017. Response to CHIR No. 13, question 12.b. The Postal Service also states that it planned to terminate the agreement. *Id.* To date, the Postal Service has not filed the required notice of termination in the appropriate dockets.² Please confirm that the Postal Service terminated this agreement.
- a. If confirmed, please file a notice of termination in the appropriate dockets.
 - b. If not confirmed, please discuss the corrective actions taken or the actions the Postal Service plans to take to improve cost coverage.

RESPONSE:

Confirmed. The required notice of termination was filed today.

² See Docket Nos. MC2016-131 and CP2016-167, Order No. 3419, Order Conditionally Approving Request to Add Priority Mail Contract 214 to the Competitive Product List and Notice of Filing Non-Public Annex Under Seal, July 8, 2016, at 8, 10; Docket No. CP2016-167, Order No. 3657, Order Approving Amendment to Priority Mail Negotiated Service Agreement, December 12, 2016, at 3.