

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

COMPETITIVE PRODUCT PRICES  
PARCEL SELECT CONTRACT 20 (MC2017-78)  
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2017-105

**USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1,  
WITH MATERIALS FILED UNDER SEAL**

(May 30, 2018)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 1, which was issued on May 24, 2018. A response was due by May 30, 2018. Each public question is reprinted verbatim in the attached, and is followed by the Postal Service's response. Responses to the remaining nonpublic questions are being filed under seal. The Postal Service herein incorporates by reference its Application for Non-Public Treatment in this docket for the protection of the material filed under seal.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

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May 30, 2018

## USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

1. Please provide a justification for the model provided in support of this amendment. Please discuss what assumptions in the model will be replaced with actual data during the contract, and what assumptions will remain in the model when it is provided as part of the Postal Service's Annual Compliance Report.

### **RESPONSE:**

In addition to the Parcel Select cost model used in the original filing in support of the underlying contract, the model in support of this amendment involves an additional pickup service, which is costed conservatively. Given the relatively small projected impact of the additional revenue and costs of the pickup service, the Postal Service does not plan to separately track the costs associated with providing the additional pickup service. The Postal Service plans to continue to use the cost model with the conservative assumptions as detailed above, to estimate the cost of providing the additional pickup service. These assumptions will remain in the model when the Postal Service reports on performance in its Annual Compliance Report.

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2. Please detail the process that will be used to monitor, track, and report the revenues and costs of the additional service offered under this amendment.

**RESPONSE:**

The revenue collected for the additional pickup service offered under this amendment will be reported along with the overall contract revenue. For a discussion of cost reporting, please see the response to Questions 1 and 4.

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3. Please discuss how the administrative costs of providing the additional service under this amendment will be tracked and measured. Please explain if any administrative costs will be measured as product-specific fixed costs.

### **RESPONSE:**

The Postal Service does not expect to incur any administrative costs from providing the additional pickup service under this amendment. To the extent that any administrative costs may be incurred, the costs will be tracked at the product level and will not be disaggregated.