

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

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL EXPRESS, PRIORITY MAIL,
FIRST-CLASS PACKAGE SERVICE & PARCEL SELECT
PRIORITY MAIL EXPRESS, PRIORITY MAIL,
FIRST-CLASS PACKAGE SERVICE & PARCEL SELECT
CONTRACT 2

Docket No. MC2020-75

COMPETITIVE PRODUCT PRICES
PRIORITY MAIL EXPRESS, PRIORITY MAIL,
FIRST-CLASS PACKAGE SERVICE & PARCEL SELECT
CONTRACT 2 (MC2020-75)
NEGOTIATED SERVICE AGREEMENT

Docket No. CP2020-74

**USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1,
WITH MATERIALS FILED UNDER SEAL**
(December 27, 2019)

The United States Postal Service hereby provides its response to Chairman's Information Request No. 1, which was issued on December 20, 2019. Responses were due by December 26, 2019. Each question is reprinted verbatim in the attached, and is followed by the Postal Service's response. Certain material associated with the Postal Service's response to Question 2 is 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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USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

1. Section 1.D of the contract permits mailers to obtain, with prior authorization, customized or specialized packaging from the Postal Service. Request, Attachment B at 3-4. Please confirm that the projected costs of providing customized or specialty packaging are not reported in the financial workpapers filed in support of the Request. If confirmed, please specify the projected number of packages receiving customized or specialized packaging in the first 12 months of the contract and the projected cost of providing that packaging. Please also specify how the actual cost of providing customized or specialized packaging for packages shipped under this contract will be reported in the Postal Service's Annual Compliance Report. If not confirmed, please identify where in the financial workpapers the projected costs of providing customized or specialized packaging under this contract are reported.

RESPONSE:

Not confirmed. Costs for customized packaging are included in the total packaging cost, and are also reflected in the average packaging cost that is reported in the Annual Compliance Report for NSAs that incur packaging costs. The volume of customized packaging provided to the contract partner is far less than the partner's total shipped volume (less than one percent). Therefore, the magnitude of the sum of the differences in costs between customized and standard packaging can only affect a small fraction of the total volume, resulting in negligible impact on the total costs for this NSA.

USPS RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

2. Please confirm that the financial workpapers for Parcel Select for this contract do not reflect the updated Parcel Select mail processing costs approved in Docket No. RM2019-14. If confirmed, please file revised financial workpapers for Parcel Select for this contract. If not confirmed, please explain.

RESPONSE:

Confirmed. Please see the revised Parcel Select workpapers that have been filed under seal today with this response.