

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

ANNUAL COMPLIANCE REVIEW, 2022

Docket No. ACR2022

**RESPONSES OF THE UNITED STATES POSTAL SERVICE TO
QUESTIONS 1-26 OF CHAIRMAN'S INFORMATION REQUEST NO. 10**

The United States Postal Service hereby provides its responses to the above-listed questions of Chairman's Information Request No. 10, issued on February 3, 2023. Each question is stated verbatim (although reflecting the revisions and renumbering of the Errata dated February 6, 2023) and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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February 10, 2023

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1. Please refer to the discussion on the Inbound and Outbound Money Order components of International Money Transfer Service (IMTS) in the ACR. FY 2022 ACR at 95-96. The Postal Service states that as it “described in its response to a Commission request in the ACR2019 docket, the Postal Service has obtained a delegation of authority under the Circular 175 process from the Department of State to terminate agreements that comprise the IMTS-Inbound product.”¹ The Postal Service further states that it “has taken steps towards terminating agreements with thirteen foreign postal operators as set forth in notices in the *Postal Bulletin* published on August 11, 2022, and November 17, 2022.”²

Given that the Postal Service has obtained a delegation of authority to terminate agreements that comprise the IMTS-Inbound product, please confirm whether *all* agreements (absent the thirteen agreements already terminated) that comprise the IMTS-Inbound product have been terminated.³

- a. If confirmed, please cite the relevant *Postal Bulletin(s)* and/or IMM indicating such termination.
- b. If not confirmed, please list *all* agreements.

¹ FY 2022 ACR at 96 (citing Docket No. ACR2019, Third Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2019 Annual Compliance Determination, July 23, 2020, question 2).

² FY 2022 ACR at 96-97 (citing IMM Revision: Termination of International Postal Money Order Service, Postal Bulletin 22604, August 11, 2022, at 4 (terminating 12 agreements on October 1, 2022); IMM Revision: Termination of International Postal Money Order Service for Trinidad and Tobago, Postal Bulletin 22611, November 17, 2022, at 8 (terminating the agreement with Trinidad and Tobago on January 1, 2023)).

³ The Commission notes that International Mail Manual (IMM) currently lists only Belize and Peru as countries that issue IMTS-Inbound product to the U.S. IMM Revision: Termination of International Postal Money Order Service for Trinidad and Tobago, Postal Bulletin 22611, November 17, 2022, at 8. Nevertheless, the Commission requests that the Postal Service confirm whether *all* agreements (absent the thirteen already terminated) that comprise the IMTS-Inbound product have been terminated.

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RESPONSE:

- a. Not confirmed. The availability of inbound international postal money order service, as reflected in International Mail Manual (IMM) Exhibit 371.2,⁴ has not been completely terminated.

- b. The Postal Service considers that this question concerns the availability of inbound international postal money order service. Following up on the response to Question 14.a. in Chairman's Information Request No. 7 in this docket,⁵ as reflected in PRC Order No. 6205,⁶ and as noted by an asterisk in IMM Exhibit 371.2 in the International Mail Manual,⁷ at present, of the thirteen countries listed in IMM Exhibit 371.2, inbound international postal money order service is available only from Belize and Peru. Inbound international postal money order service from all other countries and localities, to the extent it was ever available, has been terminated.

⁴ See International Mail Manual (January 22, 2023), Exhibit 371.2, at https://pe.usps.com/text/imm/immc3_018.htm.

⁵ Response to Question 14.a. of Chairman's Information Request No. 7, Docket No. ACR2022 (February 3, 2023).

⁶ PRC Order No. 6205, Order Approving Minor Corrections to the Mail Classification Schedule, Docket No. MC2022-57 (June 22, 2022), at 6. In the Commission's most recent January 22, 2023 version of the Mail Classification Schedule (MCS), at <https://www.prc.gov/mail-classification-schedule>, "Minor MCS Changes (MC2022-57)" is listed in the entry of June 22, 2022, in the "Revision History" section on page xvi. However, the minor corrections to MCS section 2625.2 set forth in Order No. 6205 are not reflected in section 2625.2, on page 565, of the PRC's January 22, 2023 version of the MCS.

⁷ See International Mail Manual (January 22, 2023), Exhibit 371.2, at https://pe.usps.com/text/imm/immc3_018.htm.

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2. Please refer to the United States Postal Service, Office of Inspector General (OIG), Audit Report, Report No. 20-208-R21, Uncompensated and Undercompensated Services, April 5, 2021 (OIG Report),⁸ which states that the Postal Service is required by treaties to provide postal services to three countries known as the Freely Associated States (FAS)—the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia. OIG Report at 4. The OIG Report states that the rates do not fully cover the cost of service, and the Postal Service relies on the U.S. Department of Interior to request reimbursement from Congress. *Id.* at 4-5. The OIG Report further states that reimbursement from Congress does not fully cover the difference between the cost of service and the rates charged, leaving the Postal Service with a cumulated shortfall of about \$47.8 million from 2015 to 2019. *Id.* at 5. As a result, the OIG recommends that “the Vice President, Government Relations and Public Policy, in coordination with the General Counsel and Executive Vice President, explore strategies for receiving amounts owed or appropriated for government services and providing the Postal Service reimbursement for these services going forward.” *Id.* at 9. The Postal Service management partially agrees with this recommendation, and states that it is “pursuing strategies to ensure that it is reimbursed for costs incurred in providing services to the FAS” and targets updating the OIG on their efforts by December 31, 2021. *Id.* Appendix B at 3. Please explain the current status of the Postal Service’s strategies to ensure cost reimbursement for services provided to FAS. In the response, please identify and describe any outcomes achieved to date as well as any planned strategies and planned outcomes (and the applicable planned timeframe for achievement).

RESPONSE:

The United States Government is currently in the process of negotiating successor agreements with the Governments of the FAS. The Department of State leads that effort, and the Postal Service is supporting the effort through consultations with the Department of State, the Office of Management and Budget, the Department of the Interior, and other Government agencies. As part of this process, the Postal Service

⁸ Available at <https://www.uspsaig.gov/sites/default/files/reports/2023-01/20-208-R21.pdf> (last visited January 31, 2023).

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has requested the reimbursement of its past shortfalls. In any event, the administration has pledged to support efforts to fund fully future obligations to provide postal services to the FAS under successor agreements. With respect to timing, current agreements with two of the three FAS will expire at the end of FY 2023, and the third will expire at the end of FY 2024; the goal is therefore to have successor agreements enter into force when the current agreements expire. The Postal Service expects that meaningful changes to ensure full reimbursement of costs, which are not otherwise covered, will occur as part of the legislative process that would provide the necessary authorities and appropriations for any new agreements.

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3. Please refer to Compact of Free Association Amendments Act of 2003, Pub. L. No. 108-188, 117 Stat. 2720, Subsidiary Agreements – Compilation for the FSM, Appendix I, Federal Programs and Services Agreement, Article VI. Postal Services and Related Programs, Paragraphs 14 and 15.⁹ Paragraph 14 states that the Postal Service may provide “technical assistance (including technical assistance to provide any employee training)” to the FAS. It also states that this technical assistance would not require compensation from the FAS, provided that the Postal Service is reimbursed the costs of such technical assistance by Congress. Paragraph 15 states that the Postal Service Inspectors “shall be authorized to investigate any incident, issue or claim regarding mail originating from the United States destined for [the FAS], and to seek reimbursement (as pursuant to paragraph 14) for any cost associated with such investigations.” Please provide a table that shows the following:
- a. A description of such technical assistance and the Postal Service Inspectors’ investigatory activities and other similar activities that the Postal Service provided to the FAS under the compacts in FY 2022;
 - b. The actual or estimated cost to the Postal Service of providing such technical assistance and the Postal Service Inspectors’ investigatory activities and other similar activities in FY 2022 (with an explanation of whether the figure is actual or an estimate and the basis for any estimation);
 - c. The amount of any Congressional appropriation to support each such activity in FY 2022; and
 - d. The amount of compensation from the relevant FAS for each such activity in FY 2022, if any.
 - e. If any such information cannot be provided, please explain.

⁹ Available at <http://uscompact.org/files/FSM%20Publications/Compact%20Documents/Compact%20Subsidiary%20Agreements.pdf> (last visited February 3, 2023).

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RESPONSE:

| | |
|----|---|
| a. | During FY 2022, the Postal Service dedicated a full-time Executive and Administrative Schedule (EAS) employee to help administer postal services provided under the FAS Services Agreements. There were no such Postal Inspector activities during FY 2022. |
| b. | An estimate of these costs is based on salary, plus other costs to the Postal Service such as health and retirement benefits, to employ such an EAS employee, during FY 2022; those total estimated costs are \$192,600. |
| c. | None. |
| d. | None. |
| e. | Total Congressional appropriations covered less than the Postal Service's total FAS expenses incurred for FY 2022. Appropriations were not, however, earmarked for particular expenses or activities within the total. |

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4. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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5. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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6. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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7. In connection with their assessment of the accounting treatment and selected technology support associated with the distribution of COVID-19 test kits to the public, the OIG "recommend[ed] the Chief Financial Officer and Executive Vice President direct the Vice President, Controller to strengthen final reconciliation processes for all costs and revenue associated with COVID-19 test kit distribution to ensure accuracy of accounting and reimbursement or payment to the Department of Health and Human Services."¹ Agreeing with that recommendation, the Postal Service's management responded that it "will develop key reconciliation procedures for each reimbursable cost category and will adhere to those steps in performing the final reconciliation," and management provided a target date for implementing this recommendation by January 31, 2023. *Id.* Appendix B at 1-2. Please explain the current status of the Postal Service's efforts to implement this recommendation. In the response, please identify and describe any outcomes achieved to date as well as any planned outcomes (and the applicable planned timeframe for achievement).

RESPONSE:

In light of the extension of the term of the test kit agreement, which will result in a later final reconciliation than was originally envisioned, the Postal Service requested additional time for implementation of the OIG's recommendation. Postal Service management is currently working to develop a set of key reconciliation procedures for each reimbursable cost category, and will adhere to those steps in performing the final reconciliation following expiration of the agreement. The target implementation date for this recommendation has been extended until June 30, 2023.

¹ United States Postal Service Office of Inspector General, COVID-19 Test Kit Distribution, Report No. 22-076-R22, September 28, 2022, at 5, available at <https://www.uspsoidg.gov/sites/default/files/reports/2023-01/22-076-R22.pdf>.

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8. In the FY 2022 ACR the Postal Service states that:

Under new chapter 37 of title 39 added by the Postal Service Reform Act in the spring of 2022, the Postal Service is to submit annual financial information on property or nonpostal services provided pursuant to agreements with other governmental agencies. Similar to information on Competitive nonpostal services discussed immediately above, this information is provided in the preface to USPS-FY22-NP27.

FY 2022 ACR at 102. The application for non-public treatment with respect to Library Reference USPS-FY22-NP27, December 29, 2022, states the need to protect material from disclosure because it contains “cost information at the product level, including disaggregated information for Competitive products.” FY 2022 ACR, Attachment 2 at 5. Additionally, the Postal Service identifies four third parties or categories of third parties that have a proprietary interest in Library Reference USPS-FY22-NP27. FY 2022 ACR, Appendix 1-2 to Attachment 2. The following subparts refer to the information provided on page 5 of Library Reference USPS-FY22-NP27, file “USPS_FY22_NP27_Preface.pdf.”

- a. Does the Postal Service object to filing the information provided on page 5 of Library Reference USPS-FY22-NP27, file “USPS_FY22_NP27_Preface.pdf” publicly? If not, please file the information in the response.
- b. If the Postal Service objects to filing any of the information provided on page 5 of Library Reference USPS-FY22-NP27, file “USPS_FY22_NP27_Preface.pdf” publicly, please explain the basis for the objection and address each of the following subparts in the response.
 - i. Any objection should identify the specific statutory basis for the objection, justify the application of the statute to the information at issue, and explain the nature and extent of the commercial harm alleged to result from disclosure and the likelihood of such harm occurring. See 39 C.F.R. §§ 3011.201(b)(1), (4).
 - ii. The Postal Service should also specify if the objection applies to all or a particular part of the referenced information. If the Postal Service objects to filing particular parts of the information provided on page 5 of Library Reference USPS-FY22-NP27, file “USPS_FY22_NP27_Preface.pdf” publicly (rather than all of that information), please file a redacted (public) version of the material

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that redacts only the information that is claimed to be non-public, consistent with 39 C.F.R. § 3011.202(a).

- iii. If the Postal Service's objection is based on the contention that any of the information provided on page 5 of Library Reference USPS-FY22-NP27, file "USPS_FY22_NP27_Preface.pdf" contains "cost information at the product level, including disaggregated information for Competitive products," please specify which particular parts of the information to which this objection applies and explain that position fully.
- iv. If the Postal Service's objection is based on the contention that any of the information provided on page 5 of Library Reference USPS-FY22-NP27, file "USPS_FY22_NP27_Preface.pdf" contains proprietary information of third parties, please specify which particular parts of the information to which this objection applies and explain that position fully.

RESPONSE:

- a. The Postal Service is providing a redacted version of the information submitted on p. 5 of the file, "USPS_FY22_NP27_Preface.pdf" with this response, and objects to public disclosure of the redacted portions of the information. The redaction version is presented in the Excel file associated with this response that is electronically attached to this response set. Note that for reasons discussed in the response to Question 11 of this information request, the amounts in that redacted version differ very slightly from the amounts in the Preface to NP27.
- b. i-iii. The redacted information constitutes cost, revenue, and contribution information for each category of interagency agreement that is included in the content provided on p. 5. The specific statutory basis for the objection to making

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the information public is 39 U.S.C. Section 410(c)(2). As explained in the Application of the United States Postal Service for Non-Public Treatment of Materials, submitted as Attachment 2 to the ACR, disaggregated cost data and revenue data relating to competitive products constitute commercially sensitive information and should not be publicly disclosed. Although the Postal Service is not required to identify nonpostal services provided to federal government agencies as either market dominant or competitive, each category of agreements that the Postal Service has entered into with other agencies is vulnerable to actual or potential competition and is the subject of arms-length negotiations with the other agencies as each agreement is pursued. Specifically: (1) other entities with established retail footprints could offer the identity verification and similar services the Postal Service provides within the Retail Services category; (2) a competitor or commercial entity could offer the services that the Postal Service provided in connection with the COVID Test Kit initiative pursuant to its interagency agreement with the Department of Health and Human Services (HHS); (3) other sources of addressing and geospatial information are available from commercial entities that might have been tailored to meet the needs of the agencies that currently license data from the Postal Service; (4) many private sector enterprises offer conference, hotel, and training options comparable to the facilities that are the subject of the Postal Service's short-term rental and training facility services; (5) countless other entities own real estate that could be outleased to federal agencies in many if not all of the geographical markets in

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which the Postal Service outleases space to its agency partners; and (6) the Postal Service is not unique in its ability to provide the contracting services that it offers to federal agencies to assist them in handling Equal Employment Opportunity investigations and similar matters relating to management or training of their workforces.

If the information the Postal Service determined to be protected from disclosure due to its commercially sensitive nature were to be disclosed publicly, the Postal Service considers it quite likely that it would suffer commercial harm. Even for the categories as to which cost, revenue, and contribution data are aggregated, providing access to the costs the Postal Service incurs to provide each category of service, the prices it charges for those services (represented by the revenue information), and the resulting contribution for each category of agreement would give the agencies with whom the Postal Service seeks to do business inside information that could impact its negotiating position. It would also provide competitors with valuable information that they could use to better understand the Postal Service's cost structures, operational capabilities, and pricing and marketing strategies. This information is commercially sensitive, and the Postal Service does not believe that it would be disclosed under good business practices. In this regard, the Postal Service is not aware of any business with which it competes (or in any other commercial enterprise), that would disclose publicly information and data of comparable nature and detail.

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- b. iv. The information on revenues received in connection with the COVID Test Kit initiative is proprietary to the Postal Service and could also constitute proprietary information of HHS, since it reflects the non-public amount that HHS paid to the Postal Service in connection with the initiative during Fiscal Year 2022.

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9. In response to Chairman's Information Request (CHIR) CHIR No. 5,² the Postal Service provided copies of specific interagency agreements that were in effect during Fiscal Year (FY) 2022, as well as a summary Excel file providing high-level information with respect to those agreements and information pertaining to costs and volumes associated with those agreements. This information was filed as part of Library Reference USPS-FY22-NP35, January 25, 2023.³ In the application for nonpublic treatment with respect to Library Reference USPS-FY22-NP35, the Postal Service states that "[t]he IAA materials in question relate to specific IAA agreements and specific IAA counterparties, . . . [and] may be proprietary both to the Postal Service and the counterparties."⁴ The application for nonpublic treatment also incorporates by reference the prior application for nonpublic treatment with respect to Library Reference USPS-FY22-NP27. Notice at 1. The Postal Service states that "[o]ne . . . counterparty has already been identified in [the application for nonpublic treatment with respect to Library Reference USPS-FY22-NP27] [and] [f]or the other counterparties . . . the Postal Service identifies a postal employee as the point of contact for IAA materials in USPS-FY22-NP35." *Id.* at 1-2. The following subparts refer to the information provided in Library Reference USPS-FY22-NP35, folders "Q 5" and "Qs 6 & 7."
- a. Does the Postal Service object to filing the information provided in Library Reference USPS-FY22-NP35, folders "Q 5" and "Qs 6 & 7" publicly? If not, please file the information in the response.
 - b. If the Postal Service objects to filing any of the information provided in Library Reference USPS-FY22-NP35, folders "Q 5" and "Qs 6 & 7" publicly, please explain the basis for the objection and address each of the following subparts in the response.
 - i. Any objection should identify the specific statutory basis for the objection, justify the application of the statute to the information at issue, and explain the nature and extent of the commercial harm alleged to result from disclosure and the likelihood of such harm occurring. See 39 C.F.R. §§ 3011.201(b)(1), (4).
 - ii. The Postal Service should also specify if the objection applies to all or a particular part of the referenced information. If the Postal Service objects to filing particular parts of the information provided

² Responses of the United States Postal Service to Questions 1-7 of Chairman's Information Request No. 5, January 25, 2023, question 5-7 (Response to CHIR No. 5).

³ See Library Reference USPS-FY22-NP35, folders "Q 5," "Qs 6 & 7."

⁴ Notice of the United States Postal Service of Filing of USPS-FY22-NP35 and Application for Nonpublic Treatment, January 25, 2023, at 1 (Notice).

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in Library Reference USPS-FY22-NP35, folders "Q 5" and "Qs 6 & 7" publicly (rather than all of that information), please file a redacted (public) version of the material that redacts only the information that is claimed to be non-public, consistent with 39 C.F.R. § 3011.202(a).

- iii. If the Postal Service's objection is based on the contention that any of the information provided in Library Reference USPS-FY22-NP35, folders "Q 5" and "Qs 6 & 7" contains "cost information at the product level, including disaggregated information for Competitive products," please specify which particular parts of the information to which this objection applies and explain that position fully.
- iv. If the Postal Service's objection is based on the contention that any of the information provided in Library Reference USPS-FY22-NP35, folders "Q 5" and "Qs 6 & 7" contains proprietary information of third parties, please specify which particular parts of the information to which this objection applies and explain that position fully.

RESPONSE:

- a. Yes, the Postal Service objects to filing this information publicly. The Postal Service intends to file redacted versions of interagency agreements that were provided under seal in response to Question No. 5 of Chairman's Information Request No. 5. These redacted versions of the agreements are the subject of a Motion for an Extension of Time and for Partial Reconsideration relating to this Question, which was filed on February 9, 2023.
- b. i-iv. Objections relating to the interagency agreements filed in response to Question No. 5, together with the information pulled from those agreements that is the subject of the Excel file that was also provided in response to Question No. 5, will be provided when the Postal Service submits redacted versions of those

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agreements, after coordinating with each agency partner on the content of the redactions.

The Postal Service objects to filing the information submitted in response to Questions 6 and 7 publicly based on 39 U.S.C. Section 410(c)(2). See the response to Question No. 8.b.i-iii herein for an explanation as to why this detailed revenue and cost information is commercially sensitive. Some of the information may also constitute proprietary information of the third-party agencies with whom the Postal Service has entered into the agreements.

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- 10.** Please refer to Library Reference USPS-FY22-5, December 29, 2022, Excel file "FY22.5 RealTB.Public.Redacted.xlsm," tab "COVID Test Kits," which contains redacted data with respect to costs associated with "COVID-19 Test Kit Fulfillment Expenses." The unredacted data corresponding to this tab is reflected in Library Reference USPS-FY22-NP29, December 29, 2022, Excel file "FY22.NP29 RealTB.NonPublic.xlsm," tab "COVID Test Kits." The following subparts refer to the information provided in Library Reference USPS-FY22-NP29, Excel file "FY22.NP29 RealTB.NonPublic.xlsm," tab "COVID Test Kits."
- a. Does the Postal Service object to filing the information provided in Library Reference USPS-FY22-NP29, Excel file "FY22.NP29 RealTB.NonPublic.xlsm," tab "COVID Test Kits" publicly? If not, please file the information in the response.
 - b. If the Postal Service objects to filing any of the information provided in Library Reference USPS-FY22-NP29, Excel file "FY22.NP29 RealTB.NonPublic.xlsm," tab "COVID Test Kits" publicly, please explain the basis for the objection and address each of the following subparts in the response.
 - i. Any objection should identify the specific statutory basis for the objection, justify the application of the statute to the information at issue, and explain the nature and extent of the commercial harm alleged to result from disclosure and the likelihood of such harm occurring. See 39 C.F.R. §§ 3011.201(b)(1), (4).
 - ii. The Postal Service should also specify if the objection applies to all or a particular part of the referenced information. If the Postal Service objects to filing particular parts of the information provided in Library Reference USPS-FY22-NP29, Excel file "FY22.NP29 RealTB.NonPublic.xlsm," tab "COVID Test Kits" publicly (rather than all of that information), please file a redacted (public) version of the material that redacts only the information that is claimed to be non-public, consistent with 39 C.F.R. § 3011.202(a).

RESPONSE:

- a. Yes, the Postal Service objects to filing this information publicly.
- b. i-ii. The Postal Service objects to filing publicly the information submitted in USPS-FY22-NP29, Excel file "FY22.NP29 RealTB.NonPublic.xlsm," tab "COVID Test

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Kits,” based on 39 U.S.C. Section 410(c)(2). See the response to Question No. 8.b.i-iii herein for an explanation as to why this detailed cost information is commercially sensitive. This objection and explanation applies equally to all subcomponents within the Postal Service’s overall costs of providing the Fulfillment services associated with the COVID Test Kit initiative.

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11. In its response to Chairman's Information Request No. 5, the Postal Service states "[i]n the limited time available to respond to this request, it was not possible to gather a complete set of agreement documents." Please provide the total number of interagency agreements that were active in FY 2022 for each agreement category. For each interagency agreement, please provide the identity of the other Government agency with which the agreement was made, as well as the total revenue and total cost associated with the agreement.

RESPONSE:

The Postal Service has now gathered copies of all agreement documents, and is submitting under seal full copies of all agreements that were not previously provided in USPS-FY22-NP35 in response to ChIR No. 5 Question No. 5. The documents relating to these additional agreements are provided as part of USPS-FY22-NP39, in a subfolder associated with this question. The agency with whom each agreement was made is identified in the agreement documents. The total number of agreements within each category is as follows:

Retail Services: 4

COVID Test Kit IAA: 1

Addressing and Geospatial Technology Services: 2

Short-Term Rental/Training Facility Services: 5

Lease Agreements: 46

Contracting Services: 56

With the exception of EEO agreements, revenue and cost information for each agreement is provided in the Excel files associated with this response that are submitted under seal as part of USPS-FY22-NP39. Costs are not available per individual EEO agreement because the costs largely arise from analysts that work on

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several agreements simultaneously, and it is not feasible to isolate analyst costs per individual agreement.

Also included in the subfolder of USPS-FY22-NP39 associated with this response is an updated version of the Excel file that was previously provided in association with Questions 6 and 7 of ChIR No. 5. (That file is also the source of the revenue and cost figures for each Leasing Agreement.) That file has been updated slightly in response to the discovery of additional cost and revenue figures associated with small IAAs. Those updates also affect the table originally submitted on page 5 of the Preface of USPS-FY22-NP27. The changes, as noted, are slight – in the Total row of that table, the aggregate revenue, costs, and contribution figures would all change by under 0.05 percent. The minor updates can be found in the rows for Addressing and Geospatial Technology Services, Lease Agreements, and Contracting Services.

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12. Please refer to Library Reference USPS-FY22-NP35, folder "Qs 6 & 7," Excel file "ChIR.5.Qs.6_7.IAA Combined.xlsx," tab "Short Term Rental- Training."
- a. Please explain the term "Direct Expense" in cell C2 and what it includes.
 - b. Please provide all underlying sources and calculations for the values in cells C3 and C4.

RESPONSE:

- a. The term "Direct Expenses" is used to describe expenses that can be directly related to activities performed during or in advance of a specified time of stay. These types of expenses include labor for room turnover, food, goods and supplies, and transportation.
- b. The source of this information is the supplier with whom the Postal Service contracts to run the facility. The overall annual direct expenses (of the types described above) across all external customers are summed and divided by the sum of the total number of rooms occupied by external customers each night across all nights in the year. Essentially transforming overall direct expenses into a per room per night cost. This cost is multiplied by the number of IAA occupants and number of nights to compute the direct expenses associated with the event(s) agreed upon in the IAA.

$$\text{Per Room Per Night Expense} = \frac{\text{Annual Facility External Customer Direct Expenses}}{\text{Total External Customer Rooms Occupied During Year}}$$

$$\text{Total Agency Cost Per Event} = \text{Per Room Per Night Expense} \times \text{Number of Rooms} \times \text{Number of Nights}$$

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The figures in cells C3 and C4 are, for each of the two facilities, the sums of IAA partner agency costs per event across all IAA events at the facility in FY 2022.

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- 13.** Please refer to Library Reference USPS-FY22-NP35, folder "Q 5," subfolder "Copies of IAAs," subfolder "Row 6 COVID Test Kit IAA," file "HHS-ASPR Test Distribution SOW.pdf," section 4.A.1-14. For each of the 14 "Responsibilities of USPS" listed in section 4.A., please identify and describe the activities that incur costs to the Postal Service and specify whether the Postal Service categorized the cost components as either fulfillment or delivery cost. Please also provide the unit cost(s) for each activity.

RESPONSE:

Costs associated with the fulfillment and delivery of the COVID Test Kits were likely incurred for all 14 responsibilities listed in section 4 of the Adobe file cited in the question. However, the costs were not organized or separated by those 14 responsibilities. Thus, the Postal Service does not have isolated costs for each of the 14 responsibilities listed. Moreover, many of those responsibilities incurred joint costs for both fulfillment and delivery. Responsibility number 11, for example, requires that United States Postal Inspection Service (USPIS) regional staff be able to assist with any security measures that USPIS determines may be required relating to their storage or delivery. As such, incurred costs from this responsibility would include those for both fulfillment and delivery.

Delivery costs were expenses incurred after the Test Kits were inducted into the postal network and all other costs were deemed to be fulfillment costs.

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14. Please refer to Library Reference USPS-FY22-NP35, folder “Qs 6 & 7,” Excel file “ChIR.5.Qs.6_7.IAA Combined.xlsx,” tab “COVID.” Please also refer to Library Reference USPS-FY22-NP29, December 29, 2023, Excel file “FY22.NP29 RealTB.NonPublic.xlsx,” tab “COVID Test Kits,” wherein the Postal Service provides the sum of expenses by cost segment for COVID-19 Test Kit fulfillment. Please provide a detailed description of all underlying cost modeling and sources used to determine the costs for COVID-19 Test Kit fulfillment across all cost segments.

RESPONSE:

Cost modeling was performed to distribute COVID Test Kit fulfillment bargaining labor costs across employee categories in cost segments 2 and 3 and facility types. This was required because the bargaining labor costs were not incurred at finance numbers for COVID Test Kit fulfillment, but rather under the finance numbers for the facilities (predominantly MODS processing and distribution centers and NDCs) where the work was carried out.

The Bargaining Labor Expenses table uses data from the Time and Attendance Collection System (TACS) and the National Payroll Hours Summary Report (NPHSR) to distribute COVID Test Kit fulfillment expenses for bargaining labor to cost segments (Cost Segments 2 and 3) as well as to facility groups (MODS, NDC, and non-MODS) within Cost Segment 3. The distribution approach is needed because the bargaining labor costs are provided as a total amount—incorporating supervisor, technical personnel, clerk, and mail handler labor—in the HHS billing data.

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TACS provides workhours by labor category, quarter, and facility group for the MODS/TACS operations for COVID Test Kit fulfillment. These data include straight time, overtime, and penalty overtime hours. NPHSR provides unit (hourly) labor costs by labor category for straight time hours (including benefits), as well as premium amounts for overtime and penalty overtime hours. Quarterly unit labor costs are computed by differencing year-to-date amounts from the NPHSR reports for the pay periods nearest to the start and end of the quarters. The quarterly distribution keys used to assign the bargaining labor expenses to cost segments (and other cost categories below cost segments, as needed) are obtained by multiplying the quarterly workhours by the applicable wage rates. To apply the distribution key, the key totals are scaled to the actual bargaining labor expenses from the HHS billing data.

Facility rental costs were determined by multiplying actual square footage assigned to COVID Test Kit fulfillment by rental costs per square foot. Customer Service costs were tracked by the number of calls time a standard rate per call. Transportation costs were tracked through trucking logs. Other expenses for COVID Test Kit fulfillment generally were directly tracked at the required level of detail. Notably, the "COVID-19 Test Kit Fulfillment Finance Numbers Expenses" are actual expenses by account recorded in finance numbers dedicated to COVID Test Kit fulfillment costs.

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15. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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16. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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17. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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18. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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19. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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20. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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21. Please see Attachment, filed under seal.

RESPONSE:

Please see the response filed under seal as part of USPS-FY22-NP39.

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- 22.** Please refer to the Postal Service's discussion of Periodicals cost coverage. FY 2022 ACR at 40-41. The Postal Service states that "[t]he cost per piece decreased from 48.1 cents in [Docket No.] ACR2021 to 46.2 cents in [Docket No.] ACR2022." *Id.* at 40. Please discuss the drivers behind the 4.0 percent decrease in cost-per-piece for Periodicals in FY 2022. In the response, please discuss the impact of any prior mitigation efforts to control costs for Periodicals and provide quantitative support to the extent available. If no quantitative support is available, then please provide qualitative support.

RESPONSE:

In FY2022, Periodicals unit cost decreased by 1.9 cents (4.0 percent). This decrease was driven by decreases in mail processing and delivery unit costs. However, the impact of the lower unit costs in these two functions was blunted by an increase in transportation (purchased transportation and VSD) unit cost.

Mail processing unit costs for Periodicals decreased by 2.4 cents (11.6 percent), and delivery unit cost decreased by 0.5 cents (2.2 percent) compared to the previous fiscal year. This result is likely the combination of many factors. While it is difficult to isolate the impact of specific cost mitigation efforts, the implementation of certain recent initiatives may have applied downward pressure on costs for Periodicals. As explained in the Annual Report on Service Performance for Market Dominant Products, the Postal Service is implementing a broader strategy of shape-based processing, whereby products of the same shape are processed together as opposed to being processed separately by class. This initiative is expected to increase consistency and service performance and achieve economies of scale (Report at 27). Further descriptions of these initiatives are described in USPS-FY22-45 Rule 3050.50, FY22 Paragraph (f)

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Flats Operational Initiatives Report. In FY 2022, the percent of flat-shaped Periodicals mail manually processed decreased by 1.9 percent compared to the previous fiscal year.¹⁴ This change is partially the result of a reduction in the leakage of flats from FSS operations.¹⁵

In contrast to the previously described cost declines, purchased transportation unit cost for Periodicals increased by 1.1 cents (22.1 percent). Increases in highway transportation costs were the primary source of this rise. Accrued and total volume variable highway transportation costs increased by \$744 (8.2 percent) million and \$854 million (12.0 percent), respectively, in FY 2022.

¹⁴ See USPS-FY22-45, Rule 3050.50, FY22 Paragraph (b) Financial Report, FY22.Rule.3050.50.Para.B.xlsx.

¹⁵ See USPS-FY22-45, Rule 3050.50, FY22 Paragraph (b) Financial Report, Part B Narratives at 14.

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- 23.** Chairman's Information Request No. 6 asked the Postal Service to provide a copy of or link to the most recent version of the Postal Operations Manual (POM).¹⁶ In its response, the Postal Service provided a website link to the POM on the Postal Service's internal-only *Blue* website.¹⁷ For external users, however, clicking on the website link leads to a webpage showing an error message rather than the POM.¹⁸ Please provide a public copy of or working website link (that is, accessible to the general public rather than restricted to Postal Service employees) to the most recent version of the POM.

RESPONSE:

Please see the pdf document filed in association with this response.

¹⁶ Chairman's Information Request No. 6 and Notice of Filing Under Seal, January 20, 2023, question 7 (CHIR No. 6).

¹⁷ Responses of the United States Postal Service to Questions 1-9 of Chairman's Information Request No. 6, January 27, 2023, question 7.a. (Response to CHIR No. 6). The link provided was: "<https://blue.usps.gov/cpim/ftp/manuals/pom/pomtc.pdf>."

¹⁸ The error message states "This site can't be reached - blue.usps.gov's server IP address could not be found."

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- 24.** CHIR No. 6 asked the Postal Service about the September 8, 2022 issue of the *Postal Bulletin*, which provided a list of recently discontinued post offices via website link rather than in the *Postal Bulletin* itself. CHIR No. 6, question 9. In response, the Postal Service stated that it “currently plans to publish the list referenced in this information request in a future edition of the Postal Bulletin.” Response to CHIR No. 6, question 9.
- a. Please provide an estimated date for publishing in a future edition of the *Postal Bulletin* the list of discontinued post offices referenced in the September 8, 2022 issue.
 - b. Please explain how the Postal Service plans to publish lists of discontinued post offices in future *Postal Bulletin* issues. In the response, please indicate whether the list will be printed in the *Postal Bulletin* itself or provided via website link or other method.
 - c. If the Postal Service intends to provide future lists of discontinued post offices via website link or other method, please explain why. In the response, please explain how the Postal Service determines whether to publish these lists in the *Postal Bulletin* or provide them via website link or other method, including any factors considered (e.g., costs incurred from publishing in the *Postal Bulletin*).
 - d. If the Postal Service intends to provide future lists of discontinued post offices via website link or other method, please indicate if the Postal Service plans to amend 39 C.F.R. § 241.3(g)(2) accordingly. If it does not plan to amend 39 C.F.R. § 241.3(g)(2), please explain why.

RESPONSE:

- a. The list of discontinued office was published on February 9, 2023, in Postal Bulletin Postal Bulletin No. 22617.
- b. In the future, lists of discontinued Post Offices will be printed in the Postal Bulletin.
- c-d. See the response to subpart b. above.

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- 25.** Please provide a public copy of or working website link (that is, accessible to the general public rather than restricted to Postal Service employees) to the most recent version of Handbook PO-101, *Postal Service-Operated Retail Facilities Discontinuance Guide*.

RESPONSE:

Please see the pdf document filed in association with this response.

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- 26.** In the FY 2022 ACR, the Postal Service describes a three-pronged approach “[f]or the resolution of all remaining suspended Post Offices” FY 2022 ACR at 89.
- a. Please describe in detail how the Postal Service plans to resolve the post offices suspended after the end of FY 2016.
 - b. Please provide a timeline for resolving all remaining suspended Post Offices, including the 79 post offices that were suspended at the end of FY 2016.¹⁹ If a timeline is not available, please explain why and when the Postal Service will determine a timeline for resolving all remaining suspended post offices.

RESPONSE:

- a. As noted in the FY 2022 ACR, the Postal Service plans in Quarter 2 of FY 2023 to lift the pause on customer-facing activities that was put in place in FY 2020. The process for resolving suspensions, delineated by Handbook PO-101, which was impeded by that pause, will then resume for suspended Post Offices. Meanwhile, the Postal Service will continue to explore options for reopening suspended Post Offices where feasible and appropriate. Finally, docket content review will be conducted for any Post Offices suspended after 2016 that are found to have incomplete internal dockets (i.e., dockets lacking steps prescribed by the Handbook PO-101 discontinuance process) and that cannot be reopened.
- b. As noted in the FY 2022 ACR,²⁰ 40 suspended Post Offices currently await finalization. The Postal Service aims to complete these discontinuances by the end of

¹⁹ See FY 2022 ACR at 89; Docket No. ACR2021, *Annual Compliance Determination*, March 29, 2021, 211.

²⁰ See FY 2022 ACR at 89; Docket No. ACR2021, *Annual Compliance Determination*, March 29, 2021, 211.

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June 2023. As noted above, moreover, the Postal Service plans to lift the pause on customer-facing activities, and thus to resume the Handbook PO-101 discontinuance process for those suspended Post Offices that are not eligible to be reopened; however, timelines for the resolution of individual suspensions vary, and as a result, no timeline can be produced at this time for the completion of the Handbook PO-101 process for all suspended Post Offices. Such a timeline would be further affected by the fact that even as suspensions are resolved, suspensions in need of resolution continue to arise. Finally, for those Post Offices with incomplete internal dockets, the review process will include completion of the necessary steps, and the date of its completion cannot at this time be predicted.