

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

ANNUAL COMPLIANCE REPORT, 2007

Docket No. ACR2007

RESPONSES OF THE UNITED STATES POSTAL SERVICE  
TO QUESTIONS 15-16 OF COMMISSION INFORMATION REQUEST NO. 2  
(February 26, 2008)

Commission Information Request No. 2 was issued on February 1, 2008.  
The request sought answers "as soon as they are developed." Attached are the  
Postal Service's responses to questions 15-16.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

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February 26, 2008

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
COMMISSION INFORMATION REQUEST NO. 2**

**15.** FY 2007 BillDet Ir-4, file 07 FCM BD.xls, worksheet "A-9 NSA", states that for FY 2006 only one negotiated service agreement achieved volumes that exceeded the threshold levels. Please identify this negotiated service agreement.

**RESPONSE:**

The statement in the First-Class Mail billing determinants file was intended to refer only to NSAs involving First-Class Mail. The sheet is mislabeled as FY 2006, but was intended to refer to FY 2007. The First-Class Mail NSA referenced in that statement was the NSA with Discover Financial Services (MC2004-4).

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**16.** Please identify any negotiated service agreements that were in effect and passed an anniversary during FY 2007 where actual volumes exceeded the threshold levels.

- a. For each of the negotiated service agreements listed above, please analyze the impact of the negotiated service agreement on the Postal Service's contribution for the negotiated service agreement year before the FY 2007 anniversary.
- b. Please show all calculations and fully identify all input sources.
- c. If contribution increased as a result of an increase or shift in volume in response to discount incentives, please estimate relevant mail volumes in the absence of the discounts (*i.e.*, before rates volumes) using an estimate of the Postal Service's elasticities for relevant rate categories in a model along the lines of that described in the opinion on reconsideration of the Bank One Negotiated Service Agreement (Docket No. MC2004-3, Chapter V). Please update inputs such as unit costs by rate category and elasticities to reflect FY 2007.

**RESPONSE:**

The two relevant NSAs are with Discover (MC2004-4) and Bookspan (MC2005-3). The information requested is attached electronically in a zip file (CIR.2.Q.16.NSA.zip) containing two Excel files, one for each of these two NSAs. For additional information on the Discover NSA, please see the Docket No. MC2004-4 data collection reported submitted on February 26, 2008.

## **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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