



December 30, 2008

Hon. Steven W. Williams, Secretary  
Postal Regulatory Commission  
901 New York Avenue NW, Suite 200  
Washington, D.C. 20268-0001

Dear Mr. Williams:

Pursuant to 39 U.S.C. § 2011(i)(1), the Postal Service has submitted a report on the Competitive Products Fund to the Department of the Treasury. In light of Order No. 151, recently issued in Docket No. RM2008-5 (Accounting Practices and Tax Rules for Competitive Products),<sup>1</sup> the Postal Service herewith transmits the following:

Letter from Robert J. Pedersen, Vice President, Treasurer,  
United States Postal Service, to The Honorable Henry M.  
Paulson, Jr., Secretary of the Treasury, December 29, 2008.

Sincerely,

A handwritten signature in cursive script that reads "Daniel J. Foucheaux, Jr.".

Daniel J. Foucheaux, Jr.  
Chief Counsel, Pricing and  
Product Support

Enclosures

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<sup>1</sup> Order Establishing Accounting Practices and Tax Rule for Competitive Products, Order No. 151, at 11, Docket No RM2008-5 (December 18, 2008).

ROBERT J. PEDERSEN  
VICE PRESIDENT, TREASURER



December 29, 2008

The Honorable Henry M. Paulson, Jr.  
Secretary of the Treasury  
Department of the Treasury  
1500 Pennsylvania, Avenue  
Washington, DC 20220

Dear Secretary Paulson:

Pursuant to 39 U.S.C 2011(i)(1), the United States Postal Service hereby submits its *Competitive Products Fund Report* (CPFR) for the fiscal year ending September 30, 2008.

On December 18, 2008, the Postal Regulatory Commission (PRC) issued Order No. 151, Docket No. RM2008-5 Order Establishing Accounting Practices and Tax Rules for Competitive Products. With respect to the Competitive Products Fund (CPF), the final rules are based on a theoretical, on-paper-only enterprise. With respect to any transfer of assumed tax, *Rule 3060.44, Annual Transfer from Competitive Products Fund to Postal Service Fund*, provides for a one-time extension of the assumed Federal income tax due for the fiscal year ending September 30, 2008, until July 15, 2009.

During the fiscal year ending September 30, 2008, there was no activity to report for the CPF, given that the final rules were not established until December 18, 2008, and that the first transfer of assumed Federal tax is not due until July 15, 2009. Additionally, there were no borrowing transactions undertaken during the 2008 fiscal year that were specifically identified as obligations of the CPF, and there were no investments specifically designated as investments of the CPF.

Ideally, the CPFR would be more extensive, covering matters such as risk limitations, reserve balances, allocation or distribution of moneys, liquidity requirements, and measures to safeguard against losses. The statute sets today (the 90<sup>th</sup> day following the end of fiscal year 2008), as the due date for this report, however, such detailed information is not yet available. As the Postal Service, the PRC, and your staff move forward on implementation of the final rules issued by the Commission 11 days ago, there will be more to report for fiscal year 2009.

The 2008 United States Postal Service Annual Report is available on our Web site at <http://www.usps.com/financials/ar/welcome.htm>. We will provide hardcopy annual reports to your staff upon publication and will also keep your staff informed as additional information becomes available.

We appreciate your staff's engagement with us over the past two years, during which we have worked through numerous issues related to the Postal Accountability and Enhancement Act, and we look forward to working with them in the coming months.

Sincerely,

A handwritten signature in cursive script that reads "Robert J. Pedersen".

Robert J. Pedersen

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