

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Market Dominant Product Prices
Bilateral
Negotiated Service Agreement

Docket No. MC2010-12

Market Dominant Product Prices
Canada Post—United States Postal Service
Contractual Bilateral Agreement for Inbound
Market Dominant Services (MC2010-12)
Negotiated Service Agreement

Docket No. R2010-2

CHAIRMAN'S INFORMATION REQUEST NO. 1
AND NOTICE OF FILING OF QUESTIONS UNDER SEAL

(Issued December 4, 2009)

To clarify the basis of the Postal Service's proposal in the captioned dockets, the Commission requests the Postal Service to provide a written response to the following questions. Questions 10 and 11 are being filed under seal. Answers to the questions should be provided as soon as they are developed, but no later than December 10, 2009.

1. In sheet "06_Product_Unit_Cost_Inputs," the following source is provided for figures in [Aa] to [Ab]: Summary of FY2008 IOCS Attributable Costs for Inbound Mail by Category and Terminal Dues Group (PRC Docket # PRC-ACR2008-NP-LR3). Please identify the cell(s) in PRC-ACR2008-NP-LR3 for the figures referenced in [Aa] to [Ab].
2. Please confirm that the figures in [Da] to [Eb] represent the cost per kilogram, rather than the cost per piece as suggested by the heading.

3. For Inbound Surface AO and Inbound Air LC, please provide the FY 2009 cost per piece for processing, delivery, and other, even if those per piece costs are preliminary figures.
4. For Inbound Surface AO and Inbound Air LC, please provide the FY 2009 cost per kilogram for domestic air transportation and domestic surface transportation, even if those per kilogram costs are preliminary figures.
5. In sheet "11_PFP_QoS_LP 2011," please provide the date of the USPS/CPC Quality of Service Dashboard and Settlement referred to as the source for [Ba] to [B].
6. Please refer to Sheet "01_Inputs," cells C155 and C156. These cells contain the "stream breakdown" between IPA and Non-IPA volumes. Please provide the actual stream breakdown for FY 2008 and FY 2009. If the actual values are different from the values used in cells C155 and C156, please provide a rationale for preferring these values over the most recently available actual data.
7. Please refer to Sheet "01_Inputs," cells C111 to F124. Please provide the data that informed the Postal Service's decision for the adjustment factors for 2008 to 2009 and 2009 to 2010. If these factors are based on calculations based on historic data, please provide the calculations
8. The following questions refer to the development of unit costs in sheet "07_Stream_Unit_Cost_Inputs".
 - a. Please confirm that the methodology the Postal Service employs for calculating shape specific unit mail processing attributable cost for Air LC is to (1) multiply unit cost for Air LC by the total volume of Air LC to obtain the total Air LC attributable mail processing cost, (2) for each shape, multiply total Air LC mail processing attributable cost by the applicable

shape-related FY08 Canada IOCS Dollar Weighted Tallies percentage to obtain the total Air LC mail processing attributable cost for each shape, and (3) divide the total Air LC mail processing attributable cost for each shape by the number of Air LC pieces of that shape to obtain the Air LC unit mail processing attributable cost by shape.

- b. Please confirm that the volume used in step one of the methodology described above is the volume from Canada FY08 IB SIRVI Data for All Countries. Please confirm that this is only LC/AO volume.
 - c. Please confirm that the total LC/AO volume from Canada based on “Canada FY08 IB SIRVI Data for All Countries” is the sum of the amounts in cells C152 and D152. If not confirmed, please explain.
 - d. If 8(c) is confirmed, please confirm that this value differs from the volume in tab “DomTransWT4 “in worksheet PRC-ACR2008-NP-LR3_WB2 in PRC-ACR2008-NP-LR3.
 - e. Please confirm that when multiplying by the volume in step (1) of the procedure above using the Canada FY08 IB SIRVI Data for All Countries for Air LC and performing a similar calculation for Surface AO, the sum of the mail processing costs derived do not produce the IOCS attributable cost found in tab “IOCSWT2” in worksheet PRC-ACR2008-NP-LR3_WB2 in PRC-ACR2008-NP-LR3.
 - f. If 8(e) is confirmed, please provide a revised calculation of processing, delivery and other unit costs that reflect the IOCS attributable costs found in tab “IOCSWT2” in worksheet PRC-ACR2008-NP-LR3_WB2 in PRC-ACR2008-NP-LR3.
9. Please provide a brief description of the product “Canada Post—United States Postal Service Contractual Bilateral Agreement for Inbound Market

Dominant Services” suitable for inclusion in the Mail Classification Schedule.

10. See Attachment A filed under seal.
11. See Attachment A filed under seal.

Ruth Y. Goldway
Chairman