

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

MARKET DOMINANT PRODUCT PRICES  
BILATERAL  
NEGOTIATED SERVICE AGREEMENT

Docket Nos.  
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

R2010-2

**NOTICE OF THE UNITED STATES POSTAL SERVICE OF FILING RESPONSES TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1, QUESTIONS 1-7 AND 9-11**  
(December 10, 2009)

The United States Postal Service hereby gives notice of filing its responses to questions 1 through 7 and 9 through 11 of Chairman's Information Request No. 1 in this proceeding, issued on December 4, 2009. Responses to questions 10 and 11 are filed non-publicly, in accordance with the filing under seal of the original questions. To the extent that an application for non-public treatment is deemed necessary, the Postal Service incorporates by reference Attachment 4 to its Request to Add Canada Post – United States Postal Service Contractual Bilateral Agreement for Inbound Market Dominant Services to the Market Dominant Product List, Notice of Type 2 Rate Adjustment, and Notice of Filing Agreement (Under Seal), Docket Nos. MC2010-12 and R2010-2, November 19, 2009.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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December 10, 2009

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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].

**RESPONSE**

The figures referenced in [Aa] to [Ab] result from a calculation based on multiple inputs. The appropriate processing costs attributable to Canada are added, and then divided by the ICRA volume provided within the workbook to create a processing unit cost for ALC and SAO. This calculation may be expressed as follows:

- ALC – [Tab IOCSWT2, Worktable G-2 (Column 1, Row 3) + Tab IOCSWT2, Worktable G-2 (Column 1, Row 9)] / Tab DomTransWT4, Worktable G-4 (Column 1, Row 8)
- SAO – [Tab IOCSWT2, Worktable G-2 (Column 1, Row 1) + Tab IOCSWT2, Worktable G-2 (Column 1, Row 7)] / Tab DomTransWT4, Worktable G-4 (Column 1, Row 6)

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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.

**RESPONSE**

Confirmed.

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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.

**RESPONSE**

No preliminary figures are available.

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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.

**RESPONSE**

No preliminary figures are available.

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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 [BI].

**RESPONSE**

The above-referenced source document is dated May 20, 2009.

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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.

**RESPONSE**

Actual values are unavailable for the requested stream breakdown for FY 2008 and FY 2009, because IPA-type Letter Post was not sent in a separate stream from Canada during those fiscal years. Canada Post provided an estimated percentage to the Postal Service for purposes of analysis.

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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.

**RESPONSE**

Due to the lack of data specific to the relevant inbound mail streams, the Postal Service relied on available forecasts for comparable domestic First Class Mail streams as proxies. The data and calculations that informed the adjustment factors for 2008 to 2009 and 2009 to 2010 are contained in the Microsoft Excel document entitled "FY2009Q3v11BRJulyDist\_Revised2.xls," which is filed separately in connection with these responses.

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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.

**RESPONSE**

A brief description of this product suitable for inclusion in the Mail Classification Schedule was established by the Governors of the United States Postal Service and is set forth as Attachment 1 to the Postal Service's November 19, 2009, Request in Docket No. MC2010-12. Nevertheless, if the Commission believes that an alternative description is preferable, the Postal Service offers the following text:

The Canada Post—United States Postal Service Contractual Bilateral Agreement for Inbound Market Dominant Services is a two-year agreement that covers various inbound Letter Post services. In particular, the agreement establishes negotiated rates for inbound priority and non-priority letter trays, flat trays, bags, and containers, including registered mail bags. In addition, the agreement sets forth general operating terms and conditions, on-time delivery and scanning service performance targets and standards, and specifications for mail product categories and formats.

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10. See Attachment A filed under seal.

**RESPONSE**

See response filed under seal.

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11. See Attachment A filed under seal.

**RESPONSE**

See response filed under seal.