

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

COMPETITIVE PRODUCT PRICES  
GLOBAL RESELLER EXPEDITED PACKAGE CONTRACTS  
(MC2010-21)  
NEGOTIATED SERVICE AGREEMENT

Docket No.  
CP2010-36

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1**  
(August 27, 2010)

The Postal Service hereby provides its response to Chairman's Information Request (CHIR) No. 1, issued on August 13, 2010. Each question is stated verbatim and is followed by the response. A redacted version of the supporting financial documentation is included with this filing as a separate Excel file.

Financial documentation in support of question a is being filed separately under seal with the Commission in a nonpublic annex. Since this response concerns materials already filed in this proceeding under seal, this response and supporting financial documentation are covered by the Application for Nonpublic Treatment, incorporated here by reference, and originally included as Attachment 5 to the Postal Service's request and notice in this docket.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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August 27, 2010

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INFORMATION REQUEST NO. 1**

- a. Please advise whether the modification will change the "Postage Vendor Revenue Sharing" input. See March 29, 2010 Postal Service Request at the unredacted version of the supporting financial documentation, "MC2010-21 CP2010-36 Traditional WP.xlsx"; tab: 01\_inputs; cell: C29 and "MC2010-21 CP2010-36 Metro WP.xlsx"; tab: 01\_inputs; cell: C29.

The modification could change the "Postage Vendor Revenue Sharing" input, if the Reseller selects additional PC Postage Providers or a different PC Postage Provider than the one that the Reseller informed the Postal Service that it intended to use at the time of the filing of the March 29, 2010 request in this docket.

The "Postage Vendor Revenue Sharing" input is based on the revenue sharing agreed to by the Postal Service and the PC Postage Provider(s) selected by the Reseller. Revenue sharing agreements between the Postal Service and different PC Postage Providers may vary.

At present, the Postal Service does not know if the Reseller will select additional PC Postage Providers or a different PC Postage Provider than the one the Reseller has already selected. Therefore, as part of this response, the Postal Service is providing a revised version of the financial documentation that it provided to the Postal Regulatory Commission with its March 29, 2010, request in this docket. This revised financial documentation includes as the "Postage Vendor Revenue Sharing" input, the highest percentage for the "Postage Vendor Revenue Sharing" input that can be found among the current contracts that the Postal Service has signed with PC Postage vendors that Global Business is currently working with concerning Express Mail International and/or Priority Mail International services. In other words, this model demonstrates the "worst

case scenario” for cost coverage based on 100 percent use by the Reseller of the PC Postage provider, that Global Business is currently working with, which has the least USPS-favorable revenue sharing agreement. The revised revenue sharing input is found at tab: 01\_Inputs; cell: C34. The summary of the cost coverage using the “worst case scenario” demonstrates that the modified contract should continue to meet the requirements for competitive products to cover their attributable costs and contribute to institutional costs.

**Please refer to:   USPS-CP2010-36/NP1   Nonpublic Materials Filed in  
Response to CHIR No. 1, Question a.**

- b.     Please explain if the modification financially impacts the contract in any other way. If necessary, please provide updated supporting financial documentation.

The modification does not have any other direct financial impact on the contract.