

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

MARKET DOMINANT PRODUCT PRICES  
INBOUND MARKET-DOMINANT MULTI-SERVICE AGREEMENTS  
WITH FOREIGN POSTAL OPERATORS 1

Docket Nos.  
MC2010-35

MARKET DOMINANT PRODUCT PRICES  
STRATEGIC BILATERAL AGREEMENT BETWEEN UNITED  
STATES POSTAL SERVICE AND KONINKLIJKE TNT POST BV  
AND TNT POST PAKKETSERVICE BENELUX BV (MC2010-  
35)  
NEGOTIATED SERVICE AGREEMENT

R2010-5

MARKET DOMINANT PRODUCT PRICES  
CHINA POST GROUP - UNITED STATES POSTAL SERVICE  
LETTER POST BILATERAL AGREEMENT (MC2010-35)  
NEGOTIATED SERVICE AGREEMENT

R2010-6

**NOTICE OF FILING RESPONSE TO CHAIRMAN'S INFORMATION REQUEST NO. 1**  
(September 10, 2010)

The United States Postal Service hereby gives notice of filing its response to Chairman's Information Request No. 1 in this proceeding, issued on September 3, 2010. Certain information is being filed non-publicly, and a redacted version is filed publicly in connection with this Notice. The Postal Service incorporates by reference Attachment 4 to its Request to Add Inbound Market-Dominant Multi-Service Agreements with Foreign Postal Operators to the Market Dominant Product List, Notice of Type 2 Rate Adjustments, and Notice of Filing Two Functionally Equivalent Agreements (Under Seal), Docket Nos. MC2010-35, R2010-5, and R2010-6, August 13, 2010.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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September 10, 2010

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO  
CHAIRMAN'S INFORMATION REQUEST NO. 1  
DOCKET NOS. MC2010-35, R2010-5, AND R2010-6**

1. Please refer to the Strategic Bilateral Agreement between the United States Postal Service and Koninklijke TNT Post B.V. and TNT Post Pakketservice Benelux BV (TNT Post), Attachment 1.
  - a. Attachment 1 to the Agreement lists the Netherlands to USA product streams. Please describe in greater detail the content of each of the inbound product streams. For example, in the case of the product stream "Priority Letter Tray" is the content single-piece letter post mail?
  - b. Attachment 1 to the Agreement also states that:  
The rates are set on the conditions that current work-sharing arrangements are substantially maintained. Any changes to current work-sharing (i.e. sortation and preparation) arrangements will be subject to negotiations and mutual written agreement, including, but not limited to, agreement as to any impact on pricing.  
Please describe any entry and worksharing (i.e., sortation and preparation) arrangements applicable to each of the inbound product streams.

**RESPONSE**

- a-b. The chart below describes the contents and entry and worksharing arrangements for each stream.

| The Netherlands to USA |                          |                               |  |                               |                    |
|------------------------|--------------------------|-------------------------------|--|-------------------------------|--------------------|
| Stream                 | Service Description      | Retail or Bulk                | Entry Exchange Office (+sort by ZIP split) | Mail preparation arrangements | Additional savings |
| A,UL,IL-P              | PRIORITY LETTER* TRAY    | RETAIL PRIORITY LETTERS       |  |                               |                    |
| A,UL,IL-G              | PRIORITY FLAT TRAY*      | RETAIL PRIORITY FLATS         |  |                               |                    |
| A,UN,BG                | PRIORITY BAG*            | RETAIL PRIORITY SMALL PACKETS |  |                               |                    |
| A,UN,PC or CN          | PRIORITY BULK CONTAINER* | RETAIL PRIORITY SMALL PACKETS |  |                               |                    |
| A,UZ,BG                | PRIORITY IPA*            | BULK PRIORITY                 |  |                               |                    |

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|               |                                 |                           |  |
|---------------|---------------------------------|---------------------------|--|
|               |                                 |                           |  |
| A,UR,BG       | PRIORITY REGISTERED MAIL BAG    | PRIORITY REGISTERED ITEMS |  |
| B,UL,IL-P     | SAL LETTER TRAY                 | BULK                      |  |
| B,UL,IL-G     | SAL FLAT TRAY                   | BULK                      |  |
| B,UN,BG       | SAL BAG                         | BULK                      |  |
| B,UN,PC or CN | SAL BULK CONTAINER              | BULK                      |  |
| B,UM,BG       | SAL M-BAG                       | BULK                      |  |
| C, UN, BG     | SURFACE BAG                     | <i>Placeholder</i>        |  |
| C, UM, BG     | SURFACE M-BAG                   |                           |  |
| C,UN,PC       | SURFACE BULK CONTAINER          |                           |  |
| C,UL,IL       | SURFACE LETTER TRAY             |                           |  |
| TBD           | Global Confirmation Under 2 lbs |                           |  |
| TBD           | Global Confirmation Over 2 lbs  |                           |  |

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2. Please refer to the Strategic Bilateral Agreement between the United States Postal Service and TNT Post, Attachment 1, and the following note:
- \* Rates for letter post streams listed above incorporate provisional 2010 quality linked rates, but are subject to adjustment at year end settlement based on the final rates for each calendar year.
- a. As there is no single asterisk associated with any product stream, please identify the stream(s) to which the note quoted above applies.
  - b. The note above suggests that rates would be adjusted to reflect updated final rates. Are updated final rates possible? If so, please explain.
  - c. Are there any other adjustments to rates that might apply and occur during settlement at year end? If so, please explain.

**RESPONSE**

- a. Quality of service adjustments apply to all Letter Post streams, including priority, priority bulk, and surface, with the exception of registered, SAL, and M-bag streams.
- b. Updated final rates will be based on the final quality of service scores for the year in question. Provisional quality linked rates are based on the latest year available.
- c. As rates already reflect provisional quality of service scores, upon receiving final 2010 scores, rates will be adjusted based on the difference in multipliers between provisional quality-adjusted rates and final quality-adjusted rates.

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3. Please refer to the Agreement between the United States Postal Service and TNT Post, Article 1, paragraph 3, concerning rates for the exchange of international products and services between the Parties. Please confirm that each of the inbound product streams will originate in the Netherlands. If not confirmed, please explain. Also, please explain how the Postal Service intends to verify that each of the inbound product streams originate in the Netherlands.

**RESPONSE**

Confirmed. The Postal Service requires that all dispatches originate in the country shown on the items' indicia. The Postal Service conducts spot verification at the Postal Service's inbound exchange offices .

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4. Please refer to the China Post Group–United States Postal Service Letter Post Bilateral Agreement, Annex 1: Letter Post Settlement Rates.
- a. Annex 1 lists the China to USA product streams. Please describe in greater detail the content of each of the inbound product streams. For example, in the case of the product stream “Priority Letter Tray” is the content single-piece letter post collection mail?
  - b. Annex 1 to the Agreement also states that:  
The rates are set on the conditions that current work-sharing arrangements are substantially maintained. Any changes to current specifications (i.e. sortation and preparation) must be agreed to in writing by both parties as provided in Article 18 of this Agreement.  
Please describe any entry and worksharing (i.e., sortation and preparation) specifications applicable to each of the inbound product streams.

**RESPONSE**

- a. China Post sends all inbound streams to the U.S. in bags. The rates divide inbound volumes into the Small Packet with Delivery Scanning stream sent in bags and all other Letter Post formats which are also sent in bags. Entries in the rate chart for trays and other non-bag streams are only placeholders, as China Post does not tender volume to the United States in these streams.
- b. There are no existing entry or worksharing requirements for China Post. Annexes 2 and 5 of the agreement encourage, but do not require, sortation to designated Postal Service Exchange Offices based on the destinating delivery area. Under current practice, China

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Post enters inbound Letter Post at

[REDACTED]

[REDACTED]

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5. Please refer to the Agreement between the United States Postal Service and the China Post Group, Annex 1: Letter Post Settlement Rates, and the following note:
- \* Rates for letter post streams listed above incorporate provisional 2010 quality linked rates, but are subject to adjustment at year end settlement based on the final rates for each calendar year.
- a. As there is no single asterisk associated with any product stream, please identify the stream(s) to which the note quoted above applies.
  - b. The note above suggests that rates would be adjusted to reflect updated final rates. Are updated final rates possible? If so, please explain.
  - c. Are there any other adjustments to rates that might apply and occur during settlement at year end? If so, please explain.

**RESPONSE**

- a-c. Quality of service-based adjustment does not apply to this agreement, because China Post is not currently participating in the Quality of Service Link to Terminal Dues. This asterisked footnote, which is not connected to any item on the chart and which derives from boilerplate language, is superseded by footnote 1 to the chart, which links to the chart's title and acknowledges that the rates are not subject to adjustment according to quality of service.