

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, D.C. 20268-0001

Inquiry Concerning Competitive Products Fund

Docket No. PI2013-1

COMMISSION INFORMATION REQUEST NO. 1

(Issued July 19, 2013)

To assist the Commission in its inquiry concerning the Competitive Products Fund, the Postal Service is requested to provide written responses to the following questions. The responses should be provided as soon as possible, but no later than August 2, 2013.

1. Please review the discussion of the Competitive Products Fund in the Annual Compliance Determination Report Fiscal Year 2012, at 174-75. It notes that less information on the fund was publicly available than in prior years. To assist in future transparency and accountability, can the Postal Service suggest one or more ways to improve the quality of information on the funds available for investment in Competitive Products? In answering this question, the Postal Service is to focus on its accounting and reporting practices, rather than its current financial situation.
2. The Public Inquiry initiated today by the Commission focuses on three developments that occurred in the past fiscal year: transfers of amounts from the

Postal Service Fund to the Competitive Products Fund, the use of amounts from the Competitive Products Fund to prepay competitive products' future years' institutional costs, and the transfer of amounts from the Postal Service Fund to the Competitive Products Fund to pay the assumed federal income tax.

- a. Did the Postal Service consult with the Secretary of the Treasury or his designee on these payments and transfers?
  - b. If yes, did the Secretary or his designee provide a written opinion on whether any or all of these actions were consistent with Section 2011 of Title 39 and/or 39 CFR part 3060? If so, please provide all such opinions.
  - c. Please explain why the Postal Service considers that each of these payments and transfers is consistent with Section 2011 of Title 39 and/or 39 CFR part 3060.
3. Section 2011 of title 39 establishes the Competitive Products Fund, which is to be used for the payment of costs attributable to competitive products and all other costs of the Postal Service to the extent allocable to competitive products. Revenues from competitive products and other amounts associated with competitive products are to be deposited in the Competitive Products Fund. 39 U.S.C. 2011 (a), (b).
- a. Please confirm that competitive products' volumes and revenues are calculated on a monthly basis.
  - b. Please explain the frequency and process by which attributable costs related to competitive products are calculated.

4. The USPS FY 2013 Integrated Financial Plan included a FY 2013 capital commitment amount of \$1.0 billion.<sup>1</sup> In FY 2011, the Postal Service's actual capital expenditures were \$1.2 billion, and in FY 2012, the Postal's Service actual capital expenditures were \$0.8 billion. *Id.*
- a. Please identify the portion of the FY 2013 \$1.0 billion capital commitment apportioned to competitive products. Please identify the portion of the FY 2013 \$1.0 billion capital commitment apportioned to market dominant products. In the response, please explain the methodology used to derive the competitive products' portion and the market dominant products' portion of the capital commitment.
  - b. Please identify the portion of the Postal Service's actual capital expenditures in FY 2011 and FY 2012 that was apportioned to competitive products. Please identify the portion of the Postal Service's actual capital expenditures in FY 2011 and FY 2012 that was apportioned to market dominant products. In the response, please explain the methodology used to determine the competitive products' portion and the market dominant products' portion of the capital commitment.
  - c. Beginning in October 2012, (FY 2013), the Competitive Products Fund showed a zero balance on the National Trial Balance and had been eliminated from Table III of the Monthly Statement of Public Debt. Please identify any funds the Postal Service has available to pay for capital expenditures that benefit competitive products in future years.
5. The Postal Service's calculation of the assumed federal income tax is due no later than the January 15 following the close of the fiscal year. 39 CFR 3060.40.

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<sup>1</sup> United States Postal Service, Fiscal Year 2013 Integrated Financial Plan, November 23, 2012, at 5.

The Postal Service's other reports required by 39 CFR part 3060 are due no later than 90 days after the close of the fiscal year. *Id.* section 3060.20.

- a. Please explain whether having a single deadline for the calculation of the assumed federal income tax and the reports required by 39 CFR part 3060 would impact the ease, accuracy, and/or transparency of the reporting requirements. In the response, please detail the benefits and burdens, if any, that a single deadline would create.
- b. Please confirm that the Postal Service is able to calculate the assumed federal income tax by the deadline for the other reports required by 39 CFR part 3060. If not confirmed, please explain the specific challenges that do not make an earlier tax calculation possible.

By the Commission.

Shoshana M. Grove  
Secretary