

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

Market Dominant Product Prices  
Standard Mail  
PHI Acquisitions, Inc.

Docket No. MC2014-21

Market Dominant Product Prices  
PHI Acquisitions, Inc. (MC2014-21)  
Negotiated Service Agreement

Docket No. R2014-6

CHAIRMAN'S INFORMATION REQUEST NO. 3

(Issued April 11, 2014)

To clarify the basis of the Postal Service's request to add a PHI Acquisitions, Inc. negotiated service agreement (NSA) to the market dominant product list,<sup>1</sup> the Postal Service is asked to provide written responses to the following questions. Answers should be provided to individual questions as soon as they are developed, but no later than April 16, 2014.

1. Please refer to "Panzar\_PHI\_With\_Exigency.xlsx", workbook tab "MC2004-3 Analysis".
  - a. Please confirm that the marginal discount in Cell E11 should be \$0.049 ( $0.243 * 0.20 = 0.049$ ). If not confirmed, please explain.
  - b. Please confirm that the Enhanced Carrier Route (ECR) Flats rebate paid in Cell E14 should be \$1,198,169 as shown in "PHI\_NSA\_Financials

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<sup>1</sup> Notice of the United States Postal Service of Filing of Contract and Supporting Data and Request to Add PHI Acquisitions, Inc. Negotiated Service Agreement to the Market-Dominant Product List, March 5, 2014 (Notice).

FINAL\_Exigent.xlsx", workbook tab "4\_Tier," Cell C32. If not confirmed, please explain.

- c. If part (a) and/or part (b) are confirmed, please provide revised workpapers.
2. Please refer to "PHI\_NSA\_Financials.FINAL.xlsx", filed with the Notice, and "PHI\_NSA\_Financials FINAL\_Exigent.xlsx", which incorporates the reduced Annual Volume Threshold resulting from the exigent rates that went into effect on January 26, 2014. The forecasts for the Before Rates Volume for Year 1 through Year 5 in workbook tab "1\_Inputs", Cells H174 through L174, and the NSA volume forecasts for Year 1 through Year 5 of the contract in workbook tab "1\_Inputs", Cells D200 through H200 in "PHI\_NSA\_Financials FINAL\_Exigent.xlsx" are lower than the corresponding figures in "PHI\_NSA\_Financials.FINAL.xlsx".
  - a. Please provide an explanation for the decrease in before rates volumes and NSA volumes forecasted.
  - b. Please provide the calculation of the adjustments to the before rates volumes and the NSA volumes forecasted.
3. Please refer to "PHI\_NSA\_Financials.FINAL.xlsx", filed with the Notice, and "PHI\_NSA\_Financials FINAL\_Exigent.xlsx", which incorporates the reduced Annual Volume Threshold resulting from the exigent rates that went into effect on January 26, 2014.
  - a. Please provide the billing determinants for PHI Eligible Mail used to calculate the Total Annual Postage increase percentage. (See section III.D. of the Agreement.)
  - b. Please provide workpapers detailing how the Total Annual Postage increase percentage was used to calculate the adjusted thresholds.

4. In "PHI\_NSA\_Financials FINAL\_Exigent.xlsx," workbook tab "3\_Revenue and Cost," Cells F16 through F18, the Postal Service adjusted the price per piece by 4.3 percent to reflect the exigent rates that went into effect on January 26, 2014.
  - a. Please explain how the exigent price increase multiplier of 4.3 percent was derived.
  - b. Please confirm that the price increase used in the calculation of the adjustment to the threshold should also be 4.3 percent, consistent with the adjustment to the price per piece. If not confirmed, please explain.

By the Chairman.

Ruth Y. Goldway