

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

MARKET TEST OF EXPERIMENTAL PRODUCT
INTERNATIONAL MERCHANDISE RETURN SERVICE
NON-PUBLISHED RATES

Docket No. MT2013-2

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**
(November 5, 2014)

The United States Postal Service (Postal Service) hereby provides its responses to Chairman's Information Request No. 1, issued on October 29, 2014. Each question is stated verbatim and followed by the response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorneys:

Anthony F. Alverno
Chief Counsel
Global Business and Service Development

Kyle Coppin
Attorney

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 268-2368; Fax -6187
Kyle.R.Coppin@usps.gov

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

1. When does the Postal Service plan to begin negotiating IMRS customer agreements using the Updated Contract Template?

RESPONSE:

Now that the Commission has concluded its review of the Royal Mail agreement that is the subject of Docket No. CP2015-1 (Royal Mail agreement),¹ the Postal Service may offer to customers International Merchandise Return Service – Non-Published Rates (IMRS – NPR) contracts based on the updated contract template, which the Postal Service filed in this docket on October 1, 2014.² The updated contract template includes prices for IMRS service from the United Kingdom to the United States.

The effective date of the Royal Mail agreement was contingent on successful review by the Commission of that agreement's provisions for merchandise return service from the United States to the United Kingdom. Therefore, the Postal Service did not consider that it could give effect to international merchandise return service based on the Royal Mail agreement until the Commission completed its review of that agreement, and until an IMRS – Non-Published Rate (NPR) contract based on the updated contract template was signed and put into effect.

The Commission completed its review of the Royal Mail agreement on October 24, 2014, and the agreement went into effect that day.

¹ PRC Order No. 2225, Order Adding Negotiated Service Agreement with Royal Mail Group, Ltd. to the Competitive Product List, Docket No. CP2015-1, October 24, 2014.

² See Notice of the United States Postal Service of Change to Market Test of Experimental Product – International Merchandise Return Service – Non-Published Rates, Docket No. MT2013-2, October 1, 2014, Attachment 1.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

The IMRS – NPR agreement with serial number MT-IMRS-NPR-FY14-001 was scheduled to expire on October 31, 2014. Therefore, prior to the Commission's order concerning the Royal Mail agreement, in order to avoid an interruption in service to the customer, the Postal Service sent the customer a renewal agreement based on the original IMRS – NPR contract template. That renewal agreement was executed and then filed at the Commission on October 27, 2014.³

Should that customer have a need for international merchandise return service involving the United Kingdom, the Postal Service could offer that customer a successor IMRS – NPR agreement based on the updated contract template. Because the Royal Mail agreement was pending before the Commission, in order to maintain service, it was necessary for the Postal Service to send the customer a renewal agreement based on the original IMRS – NPR contract template.

³ Customer Contract Renewal Filing Notice for International Merchandise Return Service – Non-Published Rates Serial Number MT-IMRS-NPR-FY15-001, Docket No. MT2013-2, October 27, 2014

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S
INFORMATION REQUEST NO. 1**

2. Is the Updated Contract Template intended to be a replacement for the Original Contract Template, or does the Postal Service also plan to continue to negotiate IMRS customer agreements using the Original Contract Template?

RESPONSE:

The updated contract template filed in Docket MT2013-2 is intended to be a replacement for the original contract template.

RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S INFORMATION REQUEST NO. 1

3. The Postal Service is required to report data at quarterly intervals following the conclusion of the term of each IMRS customer agreement. Order No. 1806 at 5. Data will include the costs, revenues, and volumes associated with each agreement. *Id.*
 - a. When does the Postal Service plan on filing reporting data on the October 1, 2013 IMRS customer agreement?
 - b. Does the Postal Service anticipate reporting costs, revenues, and volumes associated with the renewal IMRS customer agreement based on the original financial model, the updated financial model, or some hybrid approach? Please explain your response

RESPONSE:

- a. The IMRS – NPR agreement with serial number MT-IMRS-NPR-FY14-001 went into effect on October 1, 2013, and expired on October 31, 2014. The Postal Service's initial notice in this docket explained that "[d]ata would be reported at quarterly intervals following the conclusion of the term of each agreement as Commission orders provide with other international customized agreement filings. Spreadsheets would include the costs, revenues, and volumes associated with each agreement."⁴ The Commission, in Order No. 1806, did not alter the proposed reporting plans applicable to this contract.⁵ Therefore, because the current quarter ends on December 31, 2014, the Postal Service expects to file a quarterly report by that date.
- b. The renewal IMRS customer agreement, which has serial number MT-IMRS-NPR-FY15-001, is based on the original IMRS – NPR contract template and only includes international merchandise return service from Canada and Australia. The Postal Service

⁴ Notice of the United States Postal Service of Market Test of Experimental Product – International Merchandise Return Service – Non-Published Rates (IMRS – NPR) and Notice of Filing IMRS-NPR Model Contract And Application for Non-Public Treatment of Materials Filed Under Seal, Docket MT2013-2. July 1, 2013, at 8.

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO CHAIRMAN'S
INFORMATION REQUEST NO. 1**

is in the process of determining how it will report costs, revenues, and volumes associated with this renewal IMRS customer agreement.

⁵ PRC Order No. 1806, Order Authorizing Market Test to Proceed and Granting Extension, Docket No. MT2013-2, August 12, 2013, at 14-16.