

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

Annual Compliance Report, 2014

Docket No. ACR2014

CHAIRMAN'S INFORMATION REQUEST NO. 18

(Issued July 15, 2015)

To clarify the basis of the Postal Service's response, filed June 25, 2015,<sup>1</sup> to the Commission's request for additional information in its FY 2014 Annual Compliance Determination (ACD), the Postal Service is requested to provide written responses to the following questions and requests. Answers should be provided to individual questions and requests as soon as they are developed, but no later than July 29, 2015.

Please refer to Item No. 2 of the Response, which addresses the Commission's finding that the "NSA with Royal PostNL did not comply with 39 U.S.C. § 3622(c)(10)(A)." FY 2014 ACD at 57. The Postal Service concluded in Item No. 2 that "According to the Postal Service's analysis of the negotiated rates in the Royal PostNL NSA, compared to the respective 2013 and 2014 UPU terminal dues rates, the cost coverage of the negotiated rates actually exceeded the cost coverage of the UPU rates in FY 2014." Response at 5.

In its response to Chairman's Information Request (CHIR) No. 3, question 12, February 9, 2015, the Postal Service also provided, in Library Reference USPS-FY14-NP35, an analysis of the Royal PostNL NSA. That analysis showed that the cost coverage at the negotiated rates applicable to the inbound volumes entered pursuant to

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<sup>1</sup> Responses of the United States Postal Service to Commission Requests for Additional Information in the FY 2014 Annual Compliance Determination, June 25, 2015 (Response).

the Royal PostNL NSA did not exceed the cost coverage at the UPU terminal dues rates applied to those same volumes.

1. Please confirm that the Postal Service's Item No. 2 analysis used the same attributable costs presented in its analysis in Library Reference USPS-FY14-NP35 to reach the conclusion in Item No. 2 that "the cost coverage of [the Royal PostNL NSA at] the negotiated rates actually exceeded the cost coverage of the UPU rates in FY 2014." Response at 5. If not confirmed, please explain.
2. In both the Item No. 2 analysis and the analysis in Library Reference USPS-FY14-NP35, the amount of revenue for the Royal PostNL NSA at the negotiated rates is the same. However, the calculated revenue for the Royal PostNL NSA at the UPU terminal dues rates in the analysis in Library Reference USPS-FY14-NP35 is nearly 27 percent greater than the calculated revenue in the Item No. 2 analysis. Please explain why there is such a large decrease in calculated revenue at the UPU terminal dues rates in the Item No. 2 analysis compared to the analysis in Library Reference USPS-FY14-NP35.
3. Please confirm that in its analysis in Library Reference USPS-FY14-NP35, the Postal Service used the "Base TD rates in SDR for 2014" for Switzerland presented in Table 1.1 of UPU International Bureau (IB) Circular 111, Provisional 2014 Quality of Service Linked Terminal Dues Rates, July 1, 2013, rather than UPU terminal dues rates applicable to inbound letter post entering the United States. If not confirmed, please explain.
4. To calculate the cost coverage at the UPU terminal dues rates in its analysis in Library Reference USPS-FY14-NP35, please confirm that the Postal Service should have used: (1) for FY 2014, Quarter 1, the "Final QS linked TD Rates in SDR for 2013" for the United States presented in

Table 1.1 of IB Circular 68, Final 2013 Quality of Service-Linked Terminal Dues Rates, April 28, 2014; and (2) for FY 2014, Quarters 2-4, the "Provisional QS linked TD Rates in SDR for 2014" for the United States presented in Table 1.1 of IB Circular 111. If not confirmed, please explain.

By the Acting Chairman.

Robert G. Taub