



DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

December 19, 2007

The Honorable Dan G. Blair
Chairman
Postal Regulatory Commission
901 New York Avenue, NW, Suite 200
Washington, DC 20268-0001

Dear Chairman Blair:

We are pleased to submit, on behalf of Secretary Paulson, the enclosed Department of the Treasury (Treasury) report, which provides Treasury's recommendations on the accounting principles and practices for the operation of the United States Postal Service (USPS) Competitive Products Fund (CPF). Treasury submits these recommendations to the Postal Regulatory Commission (PRC) pursuant to section 401 of P.L. 109-435, the "Postal Accountability and Enhancement Act."

The operation of the CPF and the delivery of USPS competitive products and services in a more rigorous competitive environment is a significant undertaking. The USPS and PRC will need to make complex decisions that balance the information needed by management, the quality and precision of that information, and the cost of obtaining that information. Treasury's recommendations in the enclosed report are intended to provide a backdrop against which these decisions can be made. Treasury derived its recommendations based on its own accounting experience and expertise and in consultation with an independent, certified public accounting firm and the USPS. Treasury acknowledges that, in addition to these recommendations, the PRC will need to consider a number of factors, including pre-existing regulations and policies as well as market dynamics, before it issues the required final regulations governing the accounting for USPS competitive products in the future.

We hope the Treasury report proves helpful to the PRC. Please do not hesitate to contact us if you have any questions regarding the report.

Sincerely,

Anthony W. Ryan
Assistant Secretary for Financial Markets

Kenneth E. Carbone
Fiscal Assistant Secretary

Enclosure