

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

ANNUAL COMPLIANCE REVIEW, 2017

Docket No. ACR2017

**THIRD RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO COMMISSION REQUESTS FOR ADDITIONAL INFORMATION
IN THE FY 2017 ANNUAL COMPLIANCE DETERMINATION**
(July 26, 2018)

In its Fiscal Year 2017 Annual Compliance Determination, issued on March 29, 2018, the Postal Regulatory Commission requested additional information from the Postal Service regarding several matters. The Postal Service's response to the last matter, due within 120 days, is attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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POSTAL SERVICE RESPONSES TO ACD REQUESTS

1. IMTS -- Inbound

The Commission finds that IMTS—Outbound and IMTS—Inbound were not in compliance with 39 U.S.C. § 3633(a)(2) in FY 2017. Given the recurring volatility in unit costs, the Postal Service has not provided sufficient evidence that the FY 2018 price increases will result in full cost coverage. Therefore, the Commission directs the Postal Service to increase the prices for IMTS—Outbound in order to bring the product into compliance in its next request for a rate adjustment for Competitive rates of general applicability. The Commission expects the Postal Service to request a delegation of authority from the Department of State under the Circular 175 process to terminate or renegotiate the agreements that comprise the IMTS—Inbound product, and to provide an update on the status of this process within 120 days of issuance of this ACD. If the Postal Service identifies competing priorities as a reason for it not being able to comply fully with the Commission's directive, it should fully describe those competing priorities and provide a clear justification for why the Commission's directive was not followed. FY 2017 ACD, Chapter 4 at 86.

RESPONSE:

Postal Service management plans to seek approval from any newly appointed Governors on proposals to increase prices for IMTS—Outbound in its next request for a rate adjustment for Competitive rates of general applicability, in order to bring the product into compliance.

The Postal Service is in the process of examining various options concerning continuing to offer international money transfer to its customers. In correspondence being sent from Franca Davis, Managing Director, Global Business, to the Honorable Kevin E. Moley, Assistant Secretary, Bureau of International Organization Affairs, Department of State, the Postal Service requested a delegation of authority from the Department of State under the Circular 175 process to terminate the agreements that comprise the IMTS—Inbound product.