

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

ANNUAL COMPLIANCE REVIEW, 2018

Docket No. ACR2018

**SECOND RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO COMMISSION REQUESTS FOR ADDITIONAL INFORMATION
IN THE FY 2018 ANNUAL COMPLIANCE DETERMINATION**

(August 12, 2019)

In its Fiscal Year 2018 Annual Compliance Determination, issued on April 12, 2019, the Postal Regulatory Commission requested additional information from the Postal Service regarding two matters within 120 days. The Postal Service's responses are attached.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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POSTAL SERVICE RESPONSES TO ACD REQUESTS

1. International Ancillary Services

The Commission finds that International Ancillary Services was not in compliance with 39 U.S.C. § 3633(a)(2) in FY 2018. The Commission directs the Postal Service to investigate the discrepancies between published rates and reported revenue per piece. The Commission further directs the Postal Service to file a report within 120 days of issuance of this ACD on the results of this investigation and on the feasibility of disaggregating indemnities between insurance included in the product and additional insurance purchased for the mailpiece. FY 2018 ACD, Chapter 4 at 106.

RESPONSE:

With regard to the discrepancy between published rates and reported revenue per piece, this question relates to the inquiry posed in Question 1 of ChIR No. 12 earlier in this proceeding. The Postal Service's response was provided as part of the Preface to USPS-FY18-NP39 (February 15, 2019). As revealed in that exchange, the only fee cell with an issue was the PMEI Insurance Indemnity of \$800.01 to \$900. All the other indemnities had reported unit revenues consistent with the published fees. Upon further investigation, it was determined that the source of the problem was within the Product Tracking and Reporting (PTR) system. Within that system, an issue with one of the tables caused some values to be hard-coded, resulting in the discrepancy noted in that particular cell. The problem has been fixed, so that the reports going forward will be correct. Adjustments will be made to Quarters 1 and 2 of FY 2019 in the EOY report, to ensure that the revenue per piece reported for the entire fiscal year is also correct.

With regard to the feasibility of disaggregating indemnities between insurance included in the product and additional insurance purchased for the mailpiece, the Postal Service submitted Proposal Five on July 12, 2019, with a petition to initiate a rulemaking to address this matter. In response, the Commission initiated Docket No. RM2019-10.

POSTAL SERVICE RESPONSES TO ACD REQUESTS

Order No. 5153 (July 15, 2019).

POSTAL SERVICE RESPONSES TO ACD REQUESTS

2. International Money Transfer Service—Inbound

The Commission finds that IMTS—Inbound was not in compliance with 39 U.S.C. § 3633(a)(2) in FY 2018. The Commission directs the Postal Service to provide an update on the status of the request for a delegation of authority under the Circular 175 process from the Department of State to terminate or renegotiate the agreements that comprise the IMTS—Inbound product within 120 days of issuance of this ACD. FY 2018 ACD, Chapter 4 at 107.

RESPONSE:

The Postal Service has been in frequent communication with the Department of State since last summer concerning the Postal Service's request for a delegation of authority from the Department of State under the Circular 175 process to terminate the agreements that comprise the IMTS—Inbound product.¹ The Postal Service awaits further action by the Department of State.

¹ The Postal Service described this request in its Third Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2017 Annual Compliance Determination, Docket No. ACR2017, July 26, 2018.