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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Hon. Steven W. Williams, Secretary
Postal Rate Commission
1333 H Street, NW, Suite 300
Washington, D.C. 20268-0001

Dear Mr. Williams:

This transmits materials responsive to Commission Rule 103 (39 C.F.R. §3001.103), in connection with the Commission's annual Report to Congress on the costs, volumes and revenues associated with international mail (39 U.S.C. § 3663). We have attached a listing that itemizes the materials provided in two levels of documentation. The first level includes the FY 2002 International Cost and Revenue Analysis (ICRA) Report (PRC Version), a FY 2002 International Cost Segments and Components (ICSC) Report (PRC Version), a FY 2002 Cost and Revenue Analysis (CRA) Report (PRC Version), and a FY 2002 Cost Segments and Components (CSC) Report (PRC Version). These reports have not been audited. The remainder of the first level includes Volume I of the documentation, titled, "Overview/Technical Description." This corresponds to Workpapers 1A and 1B in the first level of documentation provided in previous years. The second level includes several additional volumes of supporting documents, as listed in the attachment.

The items listed in the second level of documentation this year do not correspond exactly to the items listed at that level last year. Level II documentation in previous years was designated as Workpapers 2A through 2E (Appendices Documentation Parts 1 through 5). These have been largely eliminated in hardcopy format, since, as in previous years, the complete documentation is provided on a CD ROM. In the past, Workpapers 2A through 2E consisted mainly of one or two page representative samples from spreadsheets contained on the CD ROM. The hard copy documents illustrated the types of records found on the disk, but, the user needed to refer to the electronic Excel files on the CD ROM to understand the calculations and results of the spreadsheets. Consequently, the samples had no value beyond display purposes. Furthermore, some of the hard copy illustrations provided in previous years were not spreadsheets, but rather samples of reports provided by other departments, for instance, the St. Louis Accounting Branch. These non-spreadsheet samples also are contained on the CD ROM as PDF files.

We have simply eliminated the hard copy illustrations of the electronic files from the materials provided this year. A complete listing of the FY 2002 files contained on the CD ROM is presented in Chapter 11 of Volume I, Overview/Technical Description, in the Level I documentation.

Level II documentation designated as Workpapers 2F and 2G in previous years is now provided in Volume II, Parts 1 and 2 (Domestic Processing Model) for FY 2002. The documents in Level II designated as Exhibits 5 and 6 (Billing Determinants and F-85 Handbook Updates Statistical Programs Letters) in previous years are again designated as Exhibits 5 and 6. Finally, the Cost Segment 3 Supporting Documents and Cost Segment 7 Supporting Documents, designated as Workpapers 2H and 2I in the documentation provided last year, are designated as Exhibits 7 and 8 (Cost Segment 3 Supporting Documents and Cost Segment 7 Supporting Documents for FY 2002) in the materials we are providing today.

As we did last year, we have also enclosed a document labeled "Compliance Guide" that is patterned after the compliance statements typically filed with Postal Service Requests under 39 U.S.C. §§ 3622 and 3623. This guide restates each provision of Rule 103 and indicates which of the materials listed in the two levels of documentation and on the CD ROM address the information requirements. In some instances, the guide provides a discussion addressing the requirement, attaches a responsive internal Postal Service document, or both. Please note that in some instances the narratives contain commercially sensitive information, and that all of the attachments are considered commercially sensitive. We therefore request that, if this letter is posted on the Commission's web site, the Compliance Guide not be included.

Rule 103 indicates that the Postal Service should identify parts of these materials that are considered commercially sensitive. The rule states that the Commission will not publicly disclose such information, except as required by applicable law. In previous years, I described our efforts to incorporate a means for identifying sensitive information, as a function of the development and production of the pertinent reports and documentation. The ultimate goal of that effort has been to indicate on the documentation itself, through some combination of highlighting or shading, together with explanatory annotations, which information should be withheld from public disclosure.

We have made considerable progress in completing this project. Review of the electronic files will produce annotated comments. The annotations refer to analyses in materials we have previously provided that explain and justify nondisclosure of certain types of information. Nevertheless, this system of identification has not yet been completed. Consequently, as was the situation last year, while the sensitive status of information might be partially indicated on some of the documentation provided at this time, the identification is not comprehensive, and therefore should not be taken as complete for purposes of guiding public disclosure.

Most of the materials we are transmitting today consist of Postal Service internal documents that have been assembled and organized according to the types of information outlined in Rule 103, but that would not be accurately described as developed primarily to assist the Commission in preparing its annual reports to Congress. We would include in this category the basic reports pertaining to the Postal Service's international mail business (ICRA and ICSC), including the "PRC versions" provided here. While the PRC versions reflect application of Commission methodologies, rather than approaches determined by the Postal Service to be more appropriate, the basic information remains integral to analysis of international postal business, and parallels in most respects the same or similar information contained in the Postal Service versions of the reports. Consequently, we have labeled these documents in accordance with the Commission's preference for referring internal Postal Service records to the Postal Service, if they are requested under the FOIA.

With regard to the substance of the parts of these reports and documents that the Postal Service considers sensitive and exempt from mandatory disclosure, we again direct the Commission's attention to materials transmitted to Ms. Crenshaw by letter dated April 4, 2000, in connection with a FOIA request for information related to the Commission's FY 1998 Report to Congress on international mail. These were supplemented by information that the Postal Service transmitted by letter to Ms. Crenshaw dated August 22, 2000, in connection with a FOIA request for the Commission's FY 1999 Report to Congress, and by my letter to you dated October 12, 2001, regarding pending FOIA requests. These views substantially represent the Postal Service's positions regarding the types of information that should not be disclosed publicly. Based on previous correspondence, including your letter to me dated October 2, 2001, we understand that the Commission largely concurs with the Postal Service's views on the information that could and should be lawfully withheld under applicable statutes. I further discussed our respective positions on particular information in my letter to you dated October 12, 2001.

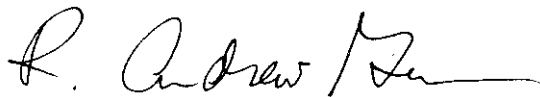
In general, the Postal Service maintains its position that most of the records submitted in connection with the Commission's annual Report to Congress are internal documents of a commercially sensitive nature that under good business practices should not be disclosed publicly. Accordingly, the Postal Service requests that the Commission withhold all of these materials from public disclosure, consistent with the Commission's and the Postal Service's views. The limitations discussed above do not extend to the domestic cost reports we are filing today – the CRA (PRC Version) and the CSC (PRC Version) – but they do apply to the ICRA and the ICSC.

We will continue to work toward providing more specific information and annotations regarding sensitive information that should not be disclosed. If you have any questions or concerns about the Postal Service's position on disclosure of any information provided today or subsequently, please contact me. As in the past, the Postal Service expects that any FOIA request for the records and information

provided at this time will entail consultation between the Postal Service and the Commission, before any records are made publicly available. This approach accords with Department of Justice guidance and with our understanding of the Commission's current policy regarding such requests, which I described last year in my letter to you dated March 15, 2002.

We have provided multiple copies of the materials submitted. We have provided 10 hard copies of the first level of documentation and 4 copies of the second level. We have also provided electronic versions of the second level of documentation on 10 copies of a CD ROM. As in the past, we will readily provide more copies, if they are needed. In addition, the Postal Service will provide clarifications or explanations if required.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Andrew German". The signature is fluid and cursive, with a long horizontal stroke at the end.

R. Andrew German
Managing Counsel
Legal Policy and Ratemaking Law

Enclosures