

UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners: George Omas, Chairman;
Dana B. Covington, Sr., Vice Chairman;
Ruth Y. Goldway; and Tony Hammond

International Mail Report

Docket No. IM2003-1

FOURTH NOTICE OF INTERNATIONAL MAIL
DATA REQUIREMENTS FOR FY 2002

(Issued May 19, 2003)

In order to help the Commission prepare the report required by 39 U.S.C. Section 3663, on the costs, volumes, and revenues of the Postal Service's international mail services, the Service is requested to provide the information on or before May 23, 2003.

1. In response to the Second Notice, item 2b, the Postal Service states that: "Another contributing factor is that the inclusion of the International Service Centers in the MODS cost pools increased the portion of inbound Express processing costs." In FY 2000 the Postal Service informed the Commission that starting in FY 2000 all MODS activities at International Service Centers would form the international cost pool, while at other facilities, the MODS operations formerly included in the international pool would be assigned to the applicable MODS operation. Is this the change to which your response refers? Please identify any changes that have been made to the MODS cost pools since FY 2000 that would affect international mail cost. Please provide any additional discussion that will clarify this issue.

2. In response to the First Notice, item 1c, the Postal Service provides a table displaying ICM discount percentages and the minimum revenue levels required to qualify for the corresponding discounts. Does the table cover other categories of outbound mail as well as ISAL and IPAS, e.g., Global Priority Mail, Air Parcel Post, Global Express?

3. In response to the Second Notice, item 2b, the Postal Service states that it is considering a rate structure reflecting both pieces and weight for imbalance charges. Are the Postal Service's current imbalance charges on a per-piece basis only?

4. In response to the Third Notice, item 4b, the Postal Service states that the UPU agreed to a floor rate so that postal administrations with low domestic rates would receive enough revenue to cover cost. Does this mean that U.S. Postal Service's domestic rates are so low that it cannot charge more than the floor rate under the current UPU IC-IC terminal dues structure? To calculate the applicable IC-IC terminal dues for inbound mail, did the Postal Service use the 34-cent stamp as the basis for FY 2002? If not, what rate did the Postal Service use? Please provide the calculation showing how the applicable First-Class rate did not yield IC-IC per-item and per-kilogram rates greater than the floor rate for FY 2002.

5. In response to the Third Notice, item 4a, the Postal Service stated that the cap rate was inadvertently not updated in FY 2002.

a. For the PRC version of the FY 2002 ICRA, please provide revised tables A-1, A-2, B-1, B-4, and B-6. Please confirm that the revision to the cap rate would not affect A and B tables other than those listed above.

b. Please provide a revised response to the First Notice (Order No. 1366), item 1b, Attachment II.

It is ordered:

The Postal Service is directed to provide the items in the body of this order on or before May 23, 2003.

By the Commission.

(SEAL)

Steven W. Williams
Secretary