

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

Before Commissioners:

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

International Mail Report

Docket No. IM2004-1

FIRST NOTICE OF INTERNATIONAL MAIL  
DATA REQUIREMENTS FOR FY 2003

(Issued March 19, 2004)

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 following information on or before April 1, 2004.

1. This item concerns International Customized Mail (ICM).
  - a. Please provide the FY 2003 revenue, pieces, weight, volume variable cost, and product-specific cost for each ICM contract by accounting period. Please provide this information separated by type of mail.
  - b. Since the requested data in "a." above is incorporated into the data shown on page A-2 of the FY 2003 ICRA Report, please provide a revised page A-2 showing revenue, cost and volume data without including ICM data.

- c. Please describe how the volume variable cost for each ICM mailing or contract was computed. Please provide the underlying worksheets or electronic spreadsheets.
  - d. If the ICMs include Initiatives, please provide revised Initiative data that excludes ICM data.
2. Please provide the tables on page A-7 and B-7 of the FY 2003 ICRA Report broken out for Canada, Mexico, ICs, and DCs.
3. Please provide the most recent price elasticities available for each of the outbound products shown on page A-2 of the FY 2003 ICRA Report. Also, please provide the equation forms used to estimate the price elasticities (e.g. linear, log-linear, other).
4. Please provide any memoranda from the UPU that contain the allowable terminal dues charges for all postal administrations for calendar years 2002 and 2003.
5. Global Direct Outbound declined substantially between FY 2002 and FY 2003.
  - a. Please discuss the reasons for the decline.
  - b. It is our understanding that Global Direct Outbound is comprised of ICMs. What differentiates these ICMs from those whose data is reported in the host international mail category, e.g., IPAS?
6. Global Direct Inbound grew substantially between FY 2002 and FY 2003.
  - a. Please discuss the reasons for the increase.
  - b. Please explain how this service is structured. For example, does the U.S. Postal Service enter into an agreement with a foreign mailer or with a foreign postal administration? Is this agreement treated as an ICM? Does the foreign mailer give the mail to the foreign postal administration, which then enters it directly into the U.S. mailstream? Alternatively, does the foreign mailer enter the mail directly

- into the U.S. mailstream? Does the foreign mailer pay U.S. domestic postage rates? Do these mail pieces have U.S. stamps or indicia on them?
- c. If this mail pays domestic postage and is entered directly into the U.S. domestic mailstream, shouldn't the volumes, revenues, and costs be assigned to the applicable classes of domestic mail? What is the rationale for treating these data as international data?
  - d. According to the Summary Description and Documentation, Volume 1, Part 2, p. 41, the attributable costs of Global Direct Inbound are calculated using the average attributable cost for the applicable domestic rate category. Are these calculated attributable costs subtracted from the attributable costs of the applicable domestic subclass in the domestic CRA? If not, why not? Please provide the workpapers showing the calculation of these attributable costs or identify their location in the supporting documentation already filed.
7. The information that the Postal Service filed on March 15, 2004 included some of the electronic files used to produce the FY 2003 International CRA and the Cost Segments and Components reports. These files include the manual input report, the "A" report, the row titles, and the segment and component titles. Please provide the equivalent electronic files used to produce the FY 2003 Domestic CRA – PRC Version and the accompanying Cost Segments and Components reports. Please also include the files that contain the operating control string commands that produce the C report from the manual input. These files are usually referred to as A, B, and F.

It is ordered:

The Postal Service is directed to provide the items in the body of this order on or before April 1, 2004.

By the Commission.

(S E A L)

Steven W. Williams  
Secretary