

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

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

International Mail Report

Docket No. IM2004-1

SIXTH NOTICE OF INTERNATIONAL MAIL
DATA REQUIREMENTS FOR FY 2003

(Issued April 23, 2004)

In order to help the Commission prepare the report required by 39 U.S.C. § 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 29, 2004.

1. These questions concern the Postal Service's response to the Fourth Notice (Order No. 1401).

- a. The Postal Service states that it used direct tallies to distribute IOCS-related attributable costs by country group. Was this distribution performed by cost component? For example, the attributable mail processing cost for inbound Canadian Surface LC/AO could be computed by multiplying the ratio of the mail processing direct tallies for Canadian Surface LC/AO to the total mail processing direct tallies for all inbound mail times the total attributable mail processing cost

for all inbound mail. Alternatively, this computational procedure could have been performed mail category by mail category for each cost component. For example, the Postal Service could have multiplied the ratio of the direct tallies for mail processing inbound Canadian Surface LC/AO to the total mail processing direct tallies for inbound Surface LC/AO.

- b. For each of the cost components in Cost Segments 2 and 3, the sum of the attributable costs across country group within an inbound mail category does not equal the corresponding amount in the International Cost Segments and Components Report. Please explain.
 - c. Did the Postal Service use *weighted* direct tallies? If not, why not?
 - d. Please provide the weighted direct tallies by inbound mail category, country group, and cost component for Cost Segments 2, 3, and 6.
 - e. Attachment 1 shows attributable costs for inbound Express Mail from Canada. Dividing the sum of the IOCS-related costs for this category and country by the volume figure from "File: Inbound Calcs, Sheet: VOL" yields a very high attributable cost per piece. Please discuss.
2. Are all ICMs developed on the basis of a unique customer-specific cost profile? If not, what proportion of ICM revenue is generated on the basis of customer-specific costing?
 3. It is the Commission's understanding that ICM pricing is based on discounts from published rates. Please confirm, or explain, as necessary. For ICM agreements that reflect a discount from published rates, please provide a schedule of discounted rates in effect during FY 2003, an explanation of how this schedule was determined, and how the Postal Service tracks the revenue and cost relationship.

4. How many ICM agreements were in effect during FY 2003?
5. According to the minutes of the March 2, 2004 Board of Governors' meeting, "Changes to the premium international service 'Global express' were noted." Please identify those changes and their effective date.
6. Please list any changes in international mail rates or rate structures that occurred during FY 2003.

It is ordered:

The Postal Service is directed to provide the items in the body of this Order on or before April 29, 2004.

By the Commission
(S E A L)

Steven W. Williams
Secretary