

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

NINTH NOTICE OF INTERNATIONAL MAIL
DATA REQUIREMENTS FOR FY 2003

(Issued May 20, 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 May 26, 2004.

1. Unit revenue for Inbound Surface Parcel Post decreased by 16.4 percent between FY 2002 and FY 2003. The corresponding decrease in average weight of 4.9 percent does not account for the 16.4 percent decrease. Please discuss the factors that contributed to the decrease in unit revenue.
2. Inward land charges for inbound air and surface parcel post were non-compensatory in FY 2003. Did the Postal Service increase its air and surface inward land charges for FY 2004? Are there any plans to increase them in FY 2005? Please discuss.

3. Imbalance charges were non-compensatory in FY 2003. Did the Postal Service increase its imbalance charges and did it change the rate structure to a piece- and weight-based structure for FY 2004? Are there any plans to increase the rates or change the structure in FY 2005? Please discuss.
4. The electronic files for FY 2003 data contain the terminal dues rates paid by Canada to the US and the US to Canada.
 - a. For inbound letter-shaped LC/AO mail, why are the surface and air rates (piece and kilogram) equal?
 - b. For inbound flat-shaped LC/AO mail, why are the air rates (piece and kilogram) less than the surface rates (piece and kilogram)?
 - c. It is the Commission's understanding that the unit attributable costs for handling, transporting, and delivering mail in Canada are likely different from the corresponding unit attributable costs for the U.S. Postal Service because of differences in productivity, wage rates, mix of mail processing technologies, mix of shape, geographic dispersion of delivery points, terrain, mix of route types and mix of delivery receptacles (e.g., cluster boxes vs. other receptacles). Even within shape there are likely differences in unit attributable cost between Canada Post and the U.S. Postal Service due to the above factors. Please explain why the Postal Service charges Canada Post the same exact per-piece and per-kilogram rates (by shape and mode) as Canada Post charges it for handling, transporting, and delivering inbound mail.
 - d. It is the Commission's understanding that the bi-lateral agreement with Canada Post expired December 31, 2003. Has the Postal Service negotiated a new agreement? If so, please provide the new rates applicable to outbound mail to Canada Post and to inbound mail from Canada Post. Do the new rates maintain

the rate relationships described in 4a, 4b, and 4c? If so, do the responses to those questions apply to the new agreement? If not, please discuss the rationale for the new rates.

It is ordered:

The Postal Service is directed to provide the items in the body of this Order on or before May 26, 2004.

By the Commission
(S E A L)

Steven W. Williams
Secretary