

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

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

International Mail Report

Docket No. IM2005-1

SECOND NOTICE OF INTERNATIONAL MAIL  
DATA REQUIREMENTS FOR FY 2004

(Issued May 18, 2005)

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 Postal Service is requested to provide the following information on or before May 24, 2005.

1. In response to item "1.c." of the First Notice (Order No. 1435), the Postal Service provided Attachment IV which shows the development of ICM-specific cost for six categories of mail containing ICM mail.
  - a. The column entitled "VVC" contains four cost figures that are manual inputs. In the Excel spreadsheet that accompanies Attachment IV, these cost figures are located in cells F4, F5, F30, and F36. Although the Postal Service provided an explanation of the costing methodology used to

develop these figures in the introductory text to the table, the numbers are difficult to replicate. Please provide the electronic spreadsheet showing the calculations for these four cost figures complete with sources for each input to the calculation.

- b. The column entitled “tdu” contains the Postal Service’s calculated settlement cost within each category of mail containing ICM mail for both ICM and Non-ICM mail. For each category, comparing the total “tdu” cost in this column with the total “tdu” cost in the ICRA report [obtained by multiplying the unit settlement cost for the applicable category from page B-1 of the FY 2004 ICRA Report by the corresponding piece volume] produces, except for Express Mail, amounts that do not match the USPS figures in attachment IV. Some of the Attachment IV TDU cost figures are higher and others lower than the corresponding FY 2004 ICRA figures. It is the Commission’s understanding that the ICRA figure is the control amount and that a separation of settlement costs between ICM mail and Non-ICM should sum to the ICRA total. Please reconcile the figures shown in Attachment IV with the figures in the ICRA Report.
2. In FY 2004, inbound Express Mail experienced a larger shortfall than in FY 2002 and FY 2003. In the previous Report to Congress, the Commission recommended that the Postal Service restructure its rates for inbound Express Mail to reflect a piece charge and a kilogram charge. Last year, the Postal Service informed the Commission that based on an internal study available to it since August, 2003, it “recognizes the need to both revise the imbalance rate and to adopt a piece plus pound imbalance rate structure in FY 2005.” Docket No. IM2004-1, Materials Responsive to the Ninth Notice of International Mail Data Requirements for FY 2003 (Order No. 1406), Item 3. Does the Postal Service plan to make a change to a piece and kilogram structure? If so, when? If not,

why not? In what year does the Postal Service expect inbound Express Mail to begin to cover its attributable costs?

It is ordered:

The Postal Service is directed to provide the items in the body of this Order on or before May 24, 2005.

By the Commission

(S E A L)

Steven W. Williams  
Secretary