

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

ANNUAL COMPLIANCE REPORT, 2007

Docket No. ACR2007

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 1 AND 26 OF COMMISSION INFORMATION REQUEST NO. 1
(March 12, 2008)

Commission Information Request No. 1 was posted on January 25, 2008. The request sought answers “as soon as they are developed.” Attached are the Postal Service’s responses to questions 1 and 26. These responses refer to materials which are being separately provided to the Commission as part of the non-public annex of materials relating to this proceeding. A separate notice regarding such materials is also being filed today.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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March 12, 2008

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO COMMISSION
INFORMATION REQUEST NO. 1**

1. This item concerns International Customized Mail (ICM). Please provide the FY 2007 revenue, pieces, weight, volume variable cost, and product-specific cost for each ICM contract by accounting period. Please provide this information separated by product.
 - a. Please also provide a revised page A-2 showing revenue, cost, and volume data without including ICM data.
 - b. Please describe in detail the computation of the volume variable cost for each ICM contract and provide the underlying worksheets or electronic spreadsheets.
 - c. If the ICMs include Initiatives, please provide revised Initiative data that exclude ICM data.
 - d. How many ICM agreements were in effect during FY 2007?

RESPONSE:

Please see USPS-FY07-NP14.

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26. The following question requests additional information concerning the FY 2007 International Mail Billing Determinants for Market Dominant and Competitive Products.

- a. Please provide a table summarizing FY 2007 International Mail Billing Determinants for Market Dominant and Competitive Products. The structure of the table should be similar to the exhibit "Summary of Volume and Revenues, Base Year 2005" provided in USPS-LR-L-196, Docket R2006-1 by witness O'Hara. The columns of the table should include the following items for each mail category and special service: Volume, Postage Revenue, Fees, Total Revenue (Postage Revenue plus Fees), and Revenue per Piece (Total Revenue divided by Volume). The rows of the table should include the mail categories, special services and summations listed below in Attachment 2A.
- b. Please provide the number of transactions and revenue in a separate table or as a footnote to the main table for each international mailing fee listed below in Attachment 2B. Please show the international mailing fees that are distributed to mail categories separately from the rest of the fees.
- c. Please add mail categories, special services, or mailing fees, or assign them to different groupings, if needed, to refine the two lists (*i.e.*, Attachment 2A and 2B) provided below. For example, if a mailing fee has been listed as a special service in the main table (Attachment 2A) it should be in the fee table (Attachment 2B).
- d. Please link all data entries in the two tables to the source files in FY 2007 International Mail Billing Determinants.

RESPONSE:

Please see USPS-FY07-NP14.

INTERNATIONAL MAIL CATEGORIES AND SPECIAL SERVICES

MARKET DOMINANT PRODUCTS

First-Class Mail:

First-Class International:

- Outbound Single-piece First-Class Mail
- Inbound Single-piece First-Class Mail (Terminal Dues):
- Industrialized Countries (ICs) Using UPU Rates
- ICs using negotiated rates
 - Canada
 - Other
- Developing Countries (DCs) using UPU rates
- DCs (if any) using negotiated rates

Total Inbound Single-piece First-Class Mail

Total First-Class International

Package Services:

- Inbound Surface Parcel Post (at UPU rates)

Special Services:

International Special Services:

International Ancillary Services:

- International Certificate of Mailing
- International Registered Mail
- Inbound International Registered Mail
- International Return Receipt
- Inbound International Return Receipt
- International Restricted Delivery
- Inbound International Restricted Delivery
- Inbound International Insurance
- Customs Clearance and Delivery Fee

Total International Ancillary Services

International Reply Coupon Services:

- International Reply Coupon Service
- Inbound International Reply Coupon Service

Total International Reply Services

International Business Reply Mail Services:

- International Business Reply Mail Service
- Inbound International Business Reply Mail Service

Total International Business Reply Service

Total International Market Dominant Products

COMPETITIVE PRODUCTS

Priority Mail:

International Priority Mail:

- Outbound Priority Mail International
- Inbound Air Parcel Post:**
 - At UPU Rates
 - At Non-UPU Rates:
 - Canada
 - Other

Total Inbound Air Parcel Post

Total International Priority Mail

Express Mail:

International Express Mail:

- Outbound International Expedited Services (EMS)
- Inbound International Expedited Services (EMS):
 - At UPU Rates
 - At Non-UPU Rates:
- Total Inbound International Expedited Services (EMS)**
- Total International Express Mail:**

International:

- International Priority Airlift (IPA)
- International Surface Airlift (ISAL)
- International Direct Sacks-M-Bags
- Global Customized Shipping Services
- Inbound Surface Parcel Post (at non-UPU rates):
 - Canada
 - Other
- Total Inbound Surface Parcel Post (at non-UPU rates)**
- Total International**

International Special Services:

- International Money Transfer Service

International Ancillary Services:

- International Certificate of Mailing
- International Registered Mail
- International Return Receipt
- Inbound International Return Receipt
- International Restricted Delivery
- International Insurance
- Inbound International Insurance
- Custom Clearance and Delivery Fee

Total International Ancillary Services

Total International Special Services

International Negotiated Service Agreements:

Outbound International:

- Global Package Discount (GPC) Contracts
- Global Expedited Package Services (GEPS) Contracts
- Global Direct Contracts
- Global Bulk Economy (GBE) Contracts
- Global Plus Contracts

Total Outbound International

Inbound International:

- International Business Reply Service (IBRS) Contracts
- Inbound Direct Entry Contracts with Customers
- Inbound Direct Entry Contracts with Foreign Postal Administrations

Total Inbound International

Total International Negotiated Service Agreements

Total International Competitive Products

Total International Mail & Services (Market Dominant & Competitive)

INTERNATIONAL MARKET DOMINANT AND COMPETITIVE MAIL FEES

INTERNATIONAL MAIL FEES:

MARKET DOMINANT PRODUCTS

International Certificate of Mailing

Customs Clearance and Delivery Fee

Total International Mail Market Dominant Fees

COMPETITIVE PRODUCTS

International Money Transfer Service

International Certificate of Mailing

Customs Clearance and Delivery Fee

Total International Mail Competitive Products Fees

Total International Mail Fees (Market Dominant & Competitive)

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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