

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

ANNUAL COMPLIANCE REPORT, 2009

Docket No. ACR2009

**UNITED STATES POSTAL SERVICE NOTICE OF FILING ERRATA TO
FY 2009 ANNUAL COMPLIANCE REPORT**
(January 6, 2010)

The Postal Service hereby gives notice of the filing of errata to the Postal Service's FY 2009 Annual Compliance Report, filed on December 29, 2009. On page 78 of the report, the Postal Service offered comments on several international ancillary services, including competitive registered mail, competitive insurance, and competitive return receipt. The Postal Service's original comments concerning these three products were erroneously tailored towards inbound international services. Subsequent to the filing, it was revealed that the services to which the comments should be addressed include outbound international ancillary services. The Postal Service has accordingly revised page 78 to reflect its current views regarding the international ancillary services in question. The replacement text is underlined in the attachment. The Postal Service regrets any confusion caused by the errata.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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January 6, 2010

Inbound Surface Parcel Post at Non-UPU Rates (e.g., Canada Post Southbound surface parcels)	These rates are the result of a negotiation with Canada Post Corporation. As explained in Docket No. CP2009-9 and MC2009-8, new, higher rates were implemented in January 2009, and so the first quarter of the fiscal year would have been tendered at lower rates. The Postal Service is once again proposing an increase in inbound surface parcel rates for Canada Post to begin in January 2010 in Docket No. CP2010-13, and the financial workpapers submitted by the Postal Service in that docket show positive contribution under the new rates for CY2010.
International Money Transfer Service (IMTS)	In the FY2008 Annual Compliance Determination at p. 88, the Commission recognized that the Postal Service was in the process of analyzing IMTS “to better estimate volume variable (and product-specific) costs by identifying ‘specific cost drivers’ for this service.” In Docket No. MC2009-19, the Postal Service filed statements attesting to the ongoing efforts to measure and estimate IMTS costs correctly. ²¹ In addition, in Docket No. RM2010-4 (Proposal Twenty-three), the Postal Service proposed a methodological change to provide consistency in the treatment of volume-variable costs between domestic and international money orders for window services. Because of efforts to understand the actual financial situation for IMTS, the Postal Service believes that it would be premature to adjust prices for IMTS until further analysis of the product’s financial performance can be completed.
Competitive Registered Mail	<u>The Postal Service will review this small category of international ancillary services.</u>
Competitive Return Receipt	<u>The Postal Service will review this small category of international ancillary services.</u>
Competitive Insurance	<u>The Postal Service will review this small category of international ancillary services.</u>
International Business Reply	The Postal Service expects to propose price increases for the two competitive IBRS contracts (see Docket Nos.

²¹ Supplemental Response of the United States Postal Service to Order No. 154, PRC Docket No. MC2009-19, July 15, 2009, Attachment A (statement of Virginia Mayes); Request of the United States Postal Service to Add Postal Products to the Mail Classification Schedule in Response to Order No. 154, PRC Docket No. MC2009-19, March 10, 2009, Attachments G (statement of Pranab Shah) and H (statement of Jeff Colvin).