

ORIGINAL

ORDER NO. 1226

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

Before Commissioners: Edward J. Gleiman, Chairman;
W.H. "Trey" LeBlanc III, Vice Chairman;
Dana B. Covington, Sr.;
Ruth Y. Goldway and George A. Omas

International Mail Report

Docket No. IM99-1

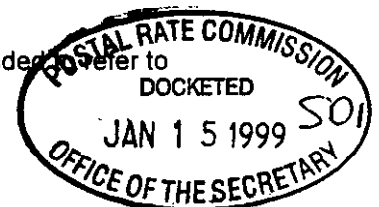
ORDER ADDRESSING PETITION OF UNITED PARCEL SERVICE
FOR RULEMAKING, ESTABLISHING INTERNATIONAL MAIL DOCKET
AND SOLICITING COMMENTS

(Issued January 15, 1999)

On October 21, 1998, Public Law 105-277 was signed into law, adding § 3663 to the Postal Reorganization Act [39 U.S.C. § 3663]. It requires that by July 1 of each year, the Commission "transmit to each House of Congress a comprehensive report of the costs, revenues, and volumes" accrued by the Postal Service "in connection with mail matter conveyed between the United States and other countries" for the prior fiscal year.¹ To enable the Commission to carry out that directive, § 3663 requires the Postal Service to provide, by March 15, "such data as the Commission may require" to prepare that report. It states that the data provided "shall be in sufficient detail to enable the Commission to analyze the costs, revenues, and volumes for each international mail product or service, under the methods determined appropriate by the Commission for analysis of rates for domestic mail."

On December 16, 1998, United Parcel Service (UPS) asked the Commission to institute a rulemaking to determine "(1) the data to be provided to the Commission by

¹ The docket designation for this order is "Docket No. IM99-1" which is intended to refer to international mail, and reflect the unique, ongoing nature of the § 3663 report.



the United States Postal Service and (2) the methods to be used by the Commission in analyzing the costs, revenues, and volumes of each international mail product" to prepare the report required by § 3663. Petition of United Parcel Service to Institute Rulemaking Proceeding to Study International Costs and Revenues, December 16, 1998 ("Petition"), at 3.

UPS asserts that it has a vital interest in ensuring that the Postal Service's international products with which it competes are not subsidized by other Postal Service offerings. It notes that the GAO has recently reported that several of the Postal Service's competitive international mail products are currently being provided at a loss. It observes that analyzing the costs, volumes, and revenues of international mail is a new responsibility for the Commission, and argues that in deciding what data and what methods to use, the Commission is likely to benefit from the input of interests affected by international mail. Petition at 1-3.

Section 3663 contemplates an ongoing responsibility of the Commission to analyze international mail costs and revenues. It therefore may be appropriate to establish permanent rules concerning data that the Postal Service should provide to enable the Commission to carry out this responsibility. However, it appears that initiating traditional procedures that lead to the adoption of permanent data reporting rules would not be useful at this time, given the short period that remains for obtaining the data on which the study will be based.

Establishing permanent data reporting rules will involve a 5 U.S.C. § 553 rulemaking of the type suggested by United Parcel Service, but a rulemaking ordinarily would require more time than is available to obtain data for the initial report required by § 3663. The Commission must decide what data are necessary in advance of that deadline, and a rulemaking could delay identifying the information needed to prepare a report by July 1. Therefore, the Commission will defer establishing a rulemaking docket as requested by United Parcel Service, although the Commission expects to initiate such an inquiry shortly after the July 1, 1999 report is completed.

Despite the short time remaining for identifying data necessary for preparing the first report, input from interested parties would be helpful, since the report required by § 3663 covers ground that is largely new to the Commission. Therefore, the Commission requests written comments on this topic on or before January 29, 1999, and reply comments on or before February 5, 1999.²

In order to help interested parties focus their comments, the Commission invites them to identify the international mail products or services that they believe should be analyzed in the report required by § 3663, and to discuss their reasons for believing that these products should be included. In that regard, an examination of relevant documents, including the International Mail Manual, USPS Publication 51, and the recent GAO report on new postal products [GAO/GGD-99-15], suggests that it might be appropriate for the § 3663 report to consist of an analysis of the international products or services listed in the Attachment to this order. Interested persons may wish to comment on whether this list is complete and whether the level of disaggregation is appropriate.

The Postal Service annually compiles an International Cost and Revenue Analysis (ICRA) which contains data on international mail services that are generally comparable to those presented in the Cost and Revenue Analysis (CRA) for domestic mail. The Commission believes that the data in the ICRA are necessary to support the report required by § 3663. Additionally, supporting data on international mail services comparable to those provided in the Cost Segments and Components (CSC) report for domestic mail will be necessary to support the § 3663 report. The Commission invites parties to identify any additional data that they believe are likely to be helpful or necessary. Questions of commercial sensitivity should not be an obstacle to submission of data for the Commission's analysis, since the Commission has procedures that allow it to maintain and analyze *in camera* data found to be commercially sensitive.

² In order to facilitate replies, all comments will be made available on the Commission's website (www.prc.gov) as well as in the Commission's docket section.

Finally, the Commission invites comments on any other issues that interested parties consider relevant to the Commission's duty to analyze and report on international mail costs, volumes, and revenues under § 3663.

It is ordered:

1. Interested persons are requested to submit comments on the data needed to carry out the Commission's responsibilities under § 3663 and related issues on or before January 29, 1999.

2. Interested persons are requested to submit reply comments on or before February 5, 1999.

3. The Secretary is directed to cause an appropriate request for comments to appear in the *Federal Register*.

By the Commission.

(S E A L)



Margaret P. Crenshaw
Secretary

LIST OF CANDIDATE INTERNATIONAL MAIL
PRODUCTS AND SERVICES FOR PURPOSES OF § 3663

INBOUND MAIL

Letters and cards/AO
Express
Parcels

OUTBOUND MAIL

Letters and Cards

- Letters and letter packages
- Post cards and postal cards
- Aerograms

Other Articles

- Printed matter, including small packets and matter for the blind
 - Air
 - Surface
- M-bags
 - Air
 - Surface

Parcel Post

- Air
- Surface

Express Mail International Service (EMS)

International Priority Airmail (IPA)

International Surface Airlift (ISAL)

Valuepost/Canada

Bulk Letter Service to Canada

Global Priority Mail

Global Package Link

Global Parcel Services

Direct Entry

International Customized Mail (ICM)

International Special Services

TRANSIT MAIL