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ORDER NO. 1236  
POSTAL RATE COMMISSION  
OFFICE OF THE SECRETARY

UNITED STATES OF AMERICA  
POSTAL RATE COMMISSION  
WASHINGTON, DC 20268-00001

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

International Mail Report

Docket No. IM99-1

## SECOND NOTICE OF INTERNATIONAL MAIL DATA REQUIREMENTS

(Issued April 9, 1999)

In order to help the Commission prepare the report required by 39 U.S.C. Section 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 April 19, 1999. If any of the items listed below can be provided sooner, the Postal Service is requested to do so.

1. Please provide the international CRA manual input, A, B, C, and factor reports on a CD-ROM. This should be in the same format as the Postal Service used in Docket No. R97-1 to transmit Base Year data to the Commission and the same format transmitted to the Commission in August, 1998 to support the Service's development of the FY 1997 CRA (PRC Version).
2. Please provide a hard copy of the C report. This is the international version of the Cost Segments and Components Report.



3. Some electronic spreadsheets that develop figures for inclusion in the International CRA reference worksheets were not provided to the Commission. These include File: lcraprc4.xls which contains a linked reference to File: GROUPE98.xls and File: llinkc98.xls which references File: TRN98V24.xls. Please provide a disk or disks containing all missing spreadsheet files that are linked to the spreadsheets already provided.
4. Please provide the "MODS Based Costing Study: MODS 1 & 2 Version=PRC" referenced on footnote [a] of W/S 3.1.1(I) of the FY 1998 - International CRA (PRC Version). The materials should include all the data bases, SAS and other programs, and output worksheets. The materials should be similar in content to that provided in the Service's development of the FY 1997 Cost and Revenue Analysis Report - PRC Version, transmitted to the Commission in August of 1998.
5. Please provide the FY 1998 Cost Segment 7 CRA Worksheets and all supporting files in the same format provided in the Service's development of the FY 1997 Cost and Revenue Analysis Report - PRC Version, transmitted to the Commission in August of 1998.
6. In W/S 7.0.1 (I), please confirm that the distribution keys in columns (1) and (2) are based only on volumes. If confirmed, please explain why the data from the City Carrier Cost System are not used.
7. Please provide ICRA Reports for as far back as they exist.
8. Please provide the data for the Global Package Link model and the model itself.
9. Please show the derivation of the \$61,568,000 figure for International Business Unit (IBU) overhead shown in the ICRA Report at page A-1, footnote 3.

10. Please provide the derivation of the \$70,242,000 difference between international settlement accruals and volume variable settlement costs shown in the ICRA Report at Page A-1, footnote 3. Please explain why the Postal Service classifies this amount as "other" cost rather than volume variable or attributable.

11. Please show the derivation of the product-specific costs for Global package Link and Global Priority Mail. The amounts are \$6,151,000 and \$18,913,000, respectively (See the ICRA Report, page A-1).

12. The report shows that the revenues for (1) Surface AO, excluding ISAL, (2) Global Package Link, and (3) Global Priority Mail did not cover the sum of volume variable cost and product-specific cost in FY 1998. Please identify any special factors that might have contributed to the failure of revenues to cover volume variable plus product-specific cost (e.g., the recession in Japan) and the Postal Service's assumptions regarding the effect of these factors in FY 1999 and beyond. Does the Postal Service expect revenue to cover costs in FY 1999 and what steps is the Postal Service taking to ensure that revenues cover costs?

13. Please provide the number of weighted IOCS tallies for each of the services listed in the Appendix to Order No. 1228. Please separate clerk and mailhandler weighted tallies from city carrier in-office weighted tallies. Please separate the clerk and mailhandler tallies between mail processing, window service, and all other.

14. Please provide the coefficients of variation for the following data systems and cost components for each of the international mail categories listed in the appendix to Order No. 1228: (a) IOCS for Clerk and Mailhandlers separated by mail processing, window service, and all other; (b) IOCS for City Delivery In-Office; and (c) TRACS for Purchased Transportation separated by International, Air, Railroad, and other. Also,

please provide the overall coefficients of variation for the unit cost for the international mail categories listed in the appendix to Order No. 1228.

15. Please provide tables similar to the tables at pages A-6 and B-8 of the ICRA Report separated between these four categories: (1) UPU high category, (2) UPU low category, (3) the European Bilateral group, and (4) Canada. Please describe the process by which terminal dues are set for each of the groupings.

16. For the requested comparison in item 15, please separate the LC/AO data between LC and AO. *The Manual for SIRV/I indicates that the Service collects the volume information separately.* (If this request is time consuming, please do not hold up filing responses to the other requests.)

17. Please provide the coefficients of variation for the outbound and inbound volume estimates for each of the international mail categories listed in the appendix to Order No. 1228. Also, please provide the requested information for inbound volumes separated by Canadian mail only (UCAN), European mail only (CEPT), and all other mail (TDS).

18. Please provide the information on rate design described at page 6 of Order No. 1228. (See the first full paragraph of page 6.)

19. Page B-1 of the ICRA Report shows a mail processing unit cost of \$5.209 for Surface Parcel Post and \$3.410 for Air Parcel Post. Please discuss the operational and other factors that contribute to making the processing for surface parcel post more expensive than air parcel post. The processing unit costs for inbound mail show the opposite results with a cost of \$2.305 for Surface Parcel Post and a cost of \$2.953 for Air Parcel Post. (See ICRA Report, page B-8.) Please explain these apparently inconsistent results.

20. Pages B-1 to B-6, Surface Parcel Post, show the same unit costs for processing, delivery and other. Please explain.

21. Please provide the percentage of household mail and the percentage non-household mail for each outbound international mail category listed in the appendix to Order No. 1228.

22. Please provide the percentage of single-piece mail and the percentage of bulk mail for each outbound international mail category listed in the appendix to Order No. 1228.

23. For each of the international categories shown in the list appended to Order No. 1228, please indicate what the Postal Service considers to be the most closely analogous subclass of domestic mail and discuss the reasons for these conclusions.

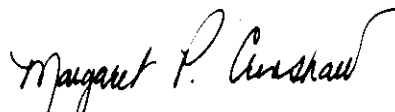
*It is ordered:*

1. The Postal Service shall provide the information described in the body of this Order on or before April 19, 1999.

2. If any of the listed items of information cannot be provided by that time, the postal Service shall provide a schedule of when those items can be provided.

By order of the Commission.

(S E A L)

  
Margaret P. Crenshaw  
Secretary