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

ANNUAL COMPLIANCE REPORT, 2008	Docket No. ACR2008

RESPONSES OF THE UNITED STATES POSTAL SERVICE
TO QUESTIONS 2-5 OF COMMISSION INFORMATION REQUEST NO. 1
(January 22, 2009)

Commission Information Request No. 1 was posted on January 14, 2009. The request sought answers "as soon as they are developed," or by January 21. Attached are the Postal Service's responses to questions 2-5. Some of the 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. Responses to additional questions will be submitted as they are developed.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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January 22, 2009

2. The following questions pertain to the quality of service link to terminal dues.

(a) For Quarter 4 of CY 2007, please provide the quality of service measurement results for the link to terminal dues that were provided to the Postal Service by the International Post Corporation or its contractor, Research International.

(b) For each quarter (*i.e.*, Quarters 1, 2, and 3, covering the period January – October 2008) of CY 2008, and for CY 2008 Year-to-Date, please provide the preliminary quality of service measurement results for the link to terminal dues that were provided to the Postal Service by the International Post Corporation or its contractor, Research International.

(c) Please confirm that the Postal Service is submitting queries to the International Post Corporation or its contractor, Research International, concerning questionable test items and panelists. If confirmed, please identify the number and subject matter of such inquiries. If those queries are resolved in favor of the Postal Service, please provide the expected change in the performance scores and the impact on revenue.

RESPONSE:

a) Responsive data is provided under seal in USPS-FY08-NP-28. Please note that data provided by the IPC are provided on a monthly rather than quarterly basis, and weighting of the results is annualized. The Postal Service does not attempt to convert IPC data on a quarterly basis. Hence, the Postal Service is furnishing responsive data, to include the quality of service measurement results for the months in quarter 4 of CY 2007, which covers October, November, and December 2007 data.

b) Responsive data is provided under seal in USPS-FY08-NP-28. Please note that data provided by the IPC are provided on a monthly rather than quarterly basis, and weighting of the results is annualized. We note, moreover, that the process of weighting the data in CY 2008 is different from CY 2007 due to changes in the definition of the term “city” in city pairings, as well the participation of countries in the system. The Postal

Service is furnishing responsive data, to include the quality of service measurement results for the months of January to October 2008. November data is also provided; however the data for this month are subject to validation. December data has not been released to query, and the normal practice is for the IPC to release annualized data by March of the following year in time for the spring session of the Postal Operations Council; monthly data for December 2008 would also not be finalized until that time.

c) Response filed under seal as part of USPS-FY08-NP28.

3. Please provide attributable costs for inbound international mail products separated between Canada, ICs, and DCs. In the past, the Postal Service has conducted a special IOCS tally study for the purpose of separating IOCS-related attributable costs between Canada, ICs, and DCs. See the Postal Service response to Commission Information Request (CIR) No. 1, Question 2, Docket No. ACR2007. Please provide the requested attributable cost separation using the special IOCS tally study. Also, please provide supporting workpapers in electronic format.

RESPONSE:

Excel file, Question 3.xls, that is provided under seal in USPS-FY08-NP28 and is intended to accompany this response, provides the break out of inbound FY 2008 IOCS costs by Canada, ICs and DCs (Mexico is included as a DC). Tab <CS 2 Attrib Cost> presents the attributable cost for Cost Segment 2, Supervisors and Technicians. Tab <CS 3 Direct Tals> shows the Direct Tally dollar values for Cost Segment 3, Clerks and Mailhandlers, and tab <CS 3 Attrib Cost> shows the resulting attributable costs after controlling ICRA subclass totals to country group using the direct tallies. Tab <CS 6 Direct Tals> displays the Direct Tally dollar values for Cost Segment 6, City Delivery Carriers Office Activity, and tab <CS 6 Attrib Cost> displays the resulting attributable costs after controlling ICRA subclass totals to country group using the direct tallies.

The terminal dues, pieces and weight data needed to complete the analysis is available from tab <Pivot3> of the Reports.xls file of USPS - FY08-NP2, FY08 International Cost and Revenue Analysis (ICRA) Report. Tab <Question 3> of Excel file CIR_1_Q_3_5 Data.xls displays the results.

4. Please refer to USPS-FY-08-NP2, Excel file “Reports.xls”, worksheet A-Pages (c), Tables A-1 and A-2, and worksheet B-Pages (md), Table B-1.

(a) For the products outbound IPA, inbound Surface Parcel Post at non-UPU rates, and inbound Single-Piece First-Class Mail International at non-UPU rates from Industrialized Countries, please explain why volume-variable costs exceed revenues. Please describe what steps the Postal Service will take to ensure that revenues exceed attributable costs in the future.

(b) For International Money Transfer Service (inbound and outbound), please explain why volume-variable costs exceed revenues. Please describe what steps the Postal Service will take to ensure that revenues exceed attributable costs in the future.

RESPONSE:

Response filed under seal as part of USPS-FY08-NP28.

5. The following question concerns inbound international mail. For FY 2008, please provide the number of cubic feet separately for inbound Air LC/AO, Surface LC/AO, Surface Parcel Post, Air Parcel Post, and Express Mail from Canada and the rest of the world (separated by ICs and DCs, if possible).

RESPONSE:

Tab <Pivot3> of the Reports.xls file of USPS -FY08-NP2, FY08 International Cost and Revenue Analysis (ICRA) Report provides the data for the calculations. Tab <Question 5> of Excel file CIR_1_Q_3_5 Data.xls, which is provided under seal as part of USPS-FY08-NP28 and is intended to accompany this response, displays the results.

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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