UNITED STATES
POSTAL SERVICE

June 26, 2008

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POSTAL INSPECTORY
OFFICE OF INSPECTOR GENERAL

Hon. Steven W. Williams, Secretary
Postal Rate Commission
901 New York Avenue NW, Suite 200
Washington, D.C. 20268-0001

Dear Mr. Williams:

Pursuant to the Commission's periodic reporting rules (39 C.F.R. § 3001.102(a)(5) (2006)), the Postal Service for many years has submitted annually a Civil Service Retirement Fund Deficit Report. As the Commission is aware, amendments to the Civil Service Retirement System (CSRS) incorporated in the Postal Accountability and Enhancement Act (P.L. 109-435) significantly altered the status of the Postal Service's payments and liability under the CSRS. As a result, the Report previously submitted has been overtaken by Postal Service's revised obligations, as prescribed in 5 U.S.C. § 8348(h).

In lieu of the report directed by Rule 102(a)(5), the Postal Service submits the attached letter from the Office of Personnel Management, dated June 15, 2007. This letter describes the status and disposition of the Postal Service's liability under the amended system, during Fiscal Year 2007.

If you have any questions, please contact us.

I have also included a computer disk containing a copy of the letter and attachment in machine-readable form.

Sincerely,

Daniel J. Foucheaux, Jr.

Daniel J. Foucheaux, Jr.
Chief Counsel, Ratemaking

Enclosures

cc: Ms. Taylor

475 L'ENFANT PLAZA SW
WASHINGTON DC 20260

UNITED STATES OFFICE OF PERSONNEL MANAGEMENT
Washington, DC 20415

Strategic Human
Resources Policy
Division

JUN 15 2007

Mr. Glen Walker
U.S. Postal Service
Chief Financial Officer and Executive Vice President
475 L'Enfant Plaza, SW, Room 8021
Washington, DC 20260

Dear Mr. Walker:

Under section 8348(h)(2)(A) of Title 5, U.S. Code, the U.S. Office of Personnel Management is required to determine the Postal surplus or supplemental liability as of September 30, 2006, not later than June 15, 2007. If that result is a surplus, the amount of the surplus shall be transferred to the Postal Service Retiree Health Benefits Fund established under section 8909a by June 30, 2007. We have determined that as of September 30, 2006, there was a Postal surplus of $17.1 billion.

Sincerely,

Michael R. Virga
Senior Actuary for Pension Programs

(11) ITEM 7 - PV RETIREMENT PROGRAMS

Postal Unfunded Liability as of September 30, 2006
As Determined Under P.L. 109-435, the Postal Accountability and Enforcement Act
Postal Service is not Responsible for the Cost of any Military Service

Present Value of Benefits	$193.7 billion
- PV Future Contributions	3.2
- Postal Fund 9/30/2006	207.6
Supplemental Liability	($17.1) billion

Surplus to be Transferred to Postal
Retiree Health Fund on June 30, 2007: $17.1 billion

The long term economic assumptions of a 3.5% COLA for annuitants, 4.25% general salary increase, and 6.25% interest are assumed to apply in FY 2007 and all future years.

No interest on the surplus balance of $17.1 billion as of September 30, 2006, for the period from September 30, 2006 to June 30, 2007, is included in the transfer made on June 30, 2007.

	Employee +Agency Contrib	30-yr Payment	15-yr /40-yr Payment	Total Benefit	Federal Share	Interest Rate	Postal Fund
1972	898.900	0.000	0.000	931.532	930.179	0.0603504	924.631
1973	911.899	0.000	0.000	1073.829	1062.521	0.0564137	1902.788
1974	1043.200	0.000	0.000	1318.314	1287.621	0.0607163	3061.563
1975	1097.600	561.300	0.000	1614.185	1553.738	0.0648389	4892.148
1976	1599.700	385.000	0.000	2353.405	2210.384	0.0873750	7224.917
1977	1262.000	507.200	0.000	2102.575	1906.455	0.0668428	9316.553
1978	1319.300	470.400	0.000	2360.289	2065.926	0.0722324	11521.863
1979	1482.600	657.800	0.000	2659.369	2242.214	0.0715308	14107.382
1980	1572.700	697.100	0.000	3095.178	2503.732	0.0807272	16964.192
1981	1608.900	722.200	0.000	3649.570	2817.651	0.0879055	19988.769
1982	1742.900	850.200	0.000	3992.953	2995.194	0.1124855	23874.466
1983	1784.200	967.000	0.000	4219.098	3057.919	0.1084400	28087.211
1984	1803.100	917.400	0.000	4430.199	3072.467	0.1088976	32532.857
1985	1990.400	1355.400	0.000	4694.875	3099.490	0.1171254	38116.828
1986	1948.499	1353.100	0.000	4974.941	3128.079	0.1150738	43963.658
1987	1983.800	1353.100	0.000	5169.402	3094.117	0.1026309	49732.605
1988	2035.900	1618.000	350.000	5640.574	3205.683	0.1056442	56364.497
1989	2005.699	1617.500	0.000	5935.082	3208.312	0.1045163	63114.254
1990	1930.399	1658.500	73.600	6297.383	3230.904	0.1013078	70046.694
1991	1887.600	1752.200	636.966	6693.070	3245.801	0.1009639	77869.639
1992	1946.300	1918.800	756.779	6684.727	3106.143	0.0974439	86421.323
1993	1712.900	1938.300	866.728	7445.695	3097.948	0.0931438	94518.405
1994	1714.300	1995.899	1036.035	7465.625	3013.106	0.0879041	103000.323
1995	1738.800	2133.800	1159.676	7573.305	2953.712	0.0876421	112313.930
1996	1809.899	2362.200	980.856	7630.797	2853.443	0.0866424	122292.126
1997	1793.300	2395.899	1048.289	7853.137	2799.068	0.0758235	131624.542
1998	1747.500	2434.800	1090.139	7999.539	2703.061	0.0788211	141835.431
1999	1717.500	2508.800	902.735	8097.047	2579.655	0.0738429	151780.312

2000	1692.100	2601.900	980.238	8291.395	2469.964	0.0714613	161931.996
2001	1603.600	2628.700	1125.919	8597.711	2386.583	0.0703249	172304.924
2002	1543.600	2635.100	1239.837	8860.789	2285.431	0.0680155	182696.395
2003	1918.199	0.000	0.000	9071.520	2157.157	0.0665783	189697.536
2004	2389.699	0.000	240.000	9429.844	2017.982	0.0606814	196274.113
2005	2233.020	0.000	290.000	9811.059	1932.573	0.0584889	202233.408
2006	2117.895	0.000	257.000	10235.891	1851.530	0.0573286	207638.080
2007	547.395	0.000	0.000	10699.937	1774.215	0.0625000	194173.910
2008	511.907	0.000	0.000	11176.500	1686.947	0.0625000	197055.842
2009	472.774	0.000	0.000	11670.988	1598.284	0.0625000	199476.461
2010	430.784	0.000	0.000	12180.492	1507.959	0.0625000	201386.796
2011	386.713	0.000	0.000	12698.168	1416.665	0.0625000	202743.389
2012	342.023	0.000	0.000	13211.277	1325.213	0.0625000	203515.533
2013	298.287	0.000	0.000	13705.797	1234.375	0.0625000	203687.490
2014	256.189	0.000	0.000	14173.871	1144.796	0.0625000	203251.980
2015	217.001	0.000	0.000	14605.863	1057.113	0.0625000	202213.186
2016	182.324	0.000	0.000	14987.219	971.907	0.0625000	200592.805
2017	152.235	0.000	0.000	15315.996	889.692	0.0625000	198416.491
2018	126.402	0.000	0.000	15591.418	810.953	0.0625000	195712.469
2019	104.508	0.000	0.000	15814.367	736.054	0.0625000	192509.861
2020	86.177	0.000	0.000	15986.762	665.300	0.0625000	188837.569
2021	70.819	0.000	0.000	16112.641	598.920	0.0625000	184721.747
2022	57.791	0.000	0.000	16197.539	537.068	0.0625000	180183.994
2023	46.661	0.000	0.000	16240.707	479.823	0.0625000	175247.653
2024	37.328	0.000	0.000	16240.059	427.159	0.0625000	169939.553
2025	29.647	0.000	0.000	16196.254	378.997	0.0625000	164287.293
2026	23.392	0.000	0.000	16110.305	335.192	0.0625000	158318.754
2027	18.336	0.000	0.000	15982.742	295.552	0.0625000	152062.603
2028	14.205	0.000	0.000	15815.535	259.869	0.0625000	145546.753
2029	10.829	0.000	0.000	15605.852	227.905	0.0625000	138803.369
2030	8.107	0.000	0.000	15354.867	199.395	0.0625000	131865.046
2031	5.902	0.000	0.000	15060.660	174.073	0.0625000	124767.964
2032	4.158	0.000	0.000	14722.223	151.680	0.0625000	117551.287
2033	2.815	0.000	0.000	14338.898	131.974	0.0625000	110256.992
2034	1.810	0.000	0.000	13910.254	114.714	0.0625000	102929.810
2035	1.090	0.000	0.000	13435.934	99.666	0.0625000	95617.345
2036	0.607	0.000	0.000	12916.621	86.616	0.0625000	88369.202
2037	0.308	0.000	0.000	12354.070	75.363	0.0625000	81236.006
2038	0.138	0.000	0.000	11751.180	65.722	0.0625000	74268.313
2039	0.053	0.000	0.000	11111.176	57.524	0.0625000	67516.297
2040	0.021	0.000	0.000	10439.187	50.603	0.0625000	61027.790
2041	0.010	0.000	0.000	9740.855	44.805	0.0625000	54847.586
2042	0.006	0.000	0.000	9023.219	39.992	0.0625000	49015.873
2043	0.005	0.000	0.000	8294.109	36.032	0.0625000	43567.143
2044	0.004	0.000	0.000	7561.812	32.806	0.0625000	38529.378
2045	0.004	0.000	0.000	6834.879	30.201	0.0625000	33923.372
2046	0.003	0.000	0.000	6121.680	28.111	0.0625000	29762.485
2047	0.003	0.000	0.000	5430.504	26.444	0.0625000	26052.269
2048	0.002	0.000	0.000	4769.266	25.123	0.0625000	22790.395
2049	0.002	0.000	0.000	4144.957	24.078	0.0625000	19967.089
2050	0.001	0.000	0.000	3563.459	23.247	0.0625000	17565.868
2051	0.000	0.000	0.000	3029.475	22.578	0.0625000	15564.298
2052	0.000	0.000	0.000	2546.366	22.028	0.0625000	13935.040
2053	0.000	0.000	0.000	2115.914	21.559	0.0625000	12647.170
2054	0.000	0.000	0.000	1738.316	21.145	0.0625000	11667.599
2055	0.000	0.000	0.000	1412.240	20.760	0.0625000	10962.520

2056	0.000	0.000	0.000	1135.073	20.388	0.0625000	10498.686
2057	0.000	0.000	0.000	903.065	20.013	0.0625000	10244.626
2058	0.000	0.000	0.000	711.938	19.626	0.0625000	10171.296
2059	0.000	0.000	0.000	557.021	19.221	0.0625000	10252.651
2060	0.000	0.000	0.000	433.274	18.794	0.0625000	10466.206
2061	0.000	0.000	0.000	335.911	18.340	0.0625000	10792.999
2062	0.000	0.000	0.000	260.272	17.859	0.0625000	11217.688
2063	0.000	0.000	0.000	202.351	17.350	0.0625000	11728.100
2064	0.000	0.000	0.000	158.560	16.814	0.0625000	12314.997
2065	0.000	0.000	0.000	125.822	16.250	0.0625000	12971.740
2066	0.000	0.000	0.000	101.628	15.663	0.0625000	13693.863
2067	0.000	0.000	0.000	83.845	15.052	0.0625000	14478.819
2068	0.000	0.000	0.000	70.869	14.422	0.0625000	15325.561
2069	0.000	0.000	0.000	61.367	13.776	0.0625000	16234.353
2070	0.000	0.000	0.000	54.355	13.117	0.0625000	17206.494
2071	0.000	0.000	0.000	49.185	12.448	0.0625000	18244.032