

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

Before Commissioners:

George Omas, Chairman;
Dawn A. Tisdale, Vice Chairman;
Ruth Y. Goldway; and
Tony Hammond

International Mail Report

Docket No. IM2006-1

THIRD NOTICE OF INTERNATIONAL MAIL
DATA REQUIREMENTS FOR FY 2005

(Issued May 18, 2006)

In order to help the Commission prepare the report required by 39 U.S.C. § 3663 on the costs, volumes, and revenues of the Postal Service's international mail services, the Postal Service is directed to provide the following information on or before May 23, 2006.

1. In response to Question 26a. of Order No. 1457, First Notice of International Mail Data Requirements for FY 2005, the Postal Service indicated that changes in the Registry cost pool contributed to the decrease in mail processing unit costs for LC/AO mail. In response to Question 25 of Order No. 1457, the Postal Service indicated that International Registry service is now assigned to LC/AO. Please explain how assigning more costs to LC/AO would cause the unit cost for LC/AO to decrease.

2. Unit attributable cost for Inbound Surface LC/AO from Canada dropped considerably from FY 2004 to FY 2005. Most of this decrease can be traced to a decline in mail processing unit cost. Please analyze and discuss the change in
 - a. total unit attributable cost;
 - b. unit mail processing costs for cost component 3.1;
 - c. unit costs for cost segment 3 excluding cost component 3.1; and
 - d. unit costs for cost segment 2.

3. In response to the Ninth Notice of International Mail Data Requirements for FY 2003 (Order No. 1406) Question 3, the Postal Service notified the Commission that it “recognizes the need to both revise the imbalance rate and to adopt a per piece plus pound imbalance rate structure in FY 2005.” Please explain why the Postal Service did not implement this change in the rate structure in FY 2005. Additionally, please discuss if and when the Postal Service plans to change the rate structure.

It is ordered:

The Postal Service is directed to provide the items in the body of this Order on or before May 23, 2006.

By the Commission
S E A L

Steven W. Williams
Secretary