



Postal regulation: Transition to the new regulatory framework

Royal Mail's response

Annex B Changes to Condition 21 T4

September 2011

Draft 1.2

Note

Our approach to the proposed amendments for the transfer of Condition 21 to T4 follows the following principles:

- the operation of the Licence can be locked down for $t=5$ based on existing audits, which allows references to preceding years to be removed from any calculations;
- there is to be no change to the operation of the licence for Formula Year $t=6$ (2011/12);
- there is no new documentation requirement and only cross reference to existing documents;
- on occasions, the descriptive text of figures is unnecessary e.g. in respect of the pension adjustment;
- compliance with the Postal Services Directive.

We have track changed the original text on this basis.

The draft conditions

Condition	Old wording	New wording	New no	Condition type/applicable to
C21.1	Except in so far as Postcomm on the application of the Licensee and after consultation with the Council directs otherwise, the Licensee shall at all times offer and provide the Regulated Services on as wide a basis within the United Kingdom as they were offered and provided in the month ending on 31 March 2006.	Except in so far as <u>Ofcom</u> on the application of the <u>Universal Service Provider</u> and after consultation with the <u>Council</u> directs otherwise, the <u>Universal Service Provider</u> shall at all times offer and provide the <u>Regulated Services</u> on as wide a basis within the United Kingdom as they were offered and provided in the month ending on 31 March 2006.	T 4.2	<p>Transitory - <u>Universal Service Provider</u></p> <p>The condition as currently drafted is “mixed” (it applies to universal, access and other services) and as such it must be transitory.</p> <p>It is likely to be possible to redraft this so as to separate out those services in relation to which the existing price control could in our view be applied as conditions under Part III of the Act. However, given that the Condition as a whole will fall away on 31 March 2012, it does not appear to us necessary to carry</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
				out this work.
C21.2	Except in relation to Access Services and subject to paragraphs 3 and 4, the Licensee shall at all times offer and provide the Regulated Services on terms other than price that are no less beneficial to the persons for whom the services are offered and provided than the terms on which they were offered and provided in March 2006.	Except in relation to <u>Access Services</u> and subject to T [4.4 and 4.5], the <u>Universal Service Provider</u> shall at all times offer and provide the <u>Regulated Services</u> on terms other than price that are no less beneficial to the persons for whom the services are offered and provided than the terms on which they were offered and provided in March 2006.	T 4.3	<p>Transitory - <u>Universal Service Provider</u></p> <p>The condition as currently drafted is “mixed” (it applies to universal, access and other services) and as such it must be transitory.</p> <p>It is likely to be possible to redraft this so as to separate out those services in relation to which the existing price control could in our view be applied as conditions under Part III of the Act. However, given that the Condition as a whole will fall away on 31 March 2012, it does not appear to us necessary to carry out this work</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
C21.3	<p>The Licensee may apply to Postcomm at any time for approval to change the terms other than price on which any service subject to the obligation in paragraph 2 is offered and provided and if –</p> <p>(a) the application is accompanied by a statement of agreement from the Council, and</p> <p>(b) Postcomm has not, within one calendar month of receipt of the application, given notice in writing to the Licensee that Postcomm –</p> <p>(i) rejects the application as being unclear or insufficiently detailed, or</p> <p>(ii) is of the view that consultation is required before the change may be introduced,</p> <p>then the terms on which the service is offered may be changed from the end of that period of one month in the manner specified in the notice given by the Licensee;</p>	<p>The <u>Universal Service Provider</u> may apply to <u>Ofcom</u> at any time to change the terms other than price on which any service subject to the obligation in T [4.3] is offered and provided and if –</p> <p>(a) the application is accompanied by a statement of agreement from the <u>Council</u>, and</p> <p>(b) <u>Ofcom</u> has not, within one calendar month of receipt of the application, given notice in writing to the <u>Universal Service Provider</u> that <u>Ofcom</u> –</p> <p>(i) rejects the application as being unclear or insufficiently detailed, or</p> <p>(ii) is of the view that consultation is required before the change may be introduced,</p> <p>then the terms on which the service is offered may be changed from the end of that period of one month in the manner specified in the notice given by the <u>Universal Service Provider</u>;</p>	T 4.4	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
C21.4	<p>Where an application by the Licensee under paragraph 3 is not accompanied by a statement of agreement from the Council, or Postcomm has indicated pursuant to paragraph 3(b)(ii) that consultation is required then, if Postcomm has –</p> <p>(a) consulted with the Council and with such other persons as it sees fit,</p> <p>(b) considered such further information (if any) as it may have required to be furnished, and</p> <p>(c) issued to the Licensee a direction in writing stating that it has concluded that the terms on which the service in question is offered may be changed in the manner applied for by the Licensee with such modifications (if any) as may be specified in the direction, then with effect from such date as may be specified in the direction those terms may be changed as provided in the direction</p>	<p>Where an application by the <u>Universal Service Provider</u> under T [4.4] is not accompanied by a statement of agreement from the Council, or <u>Ofcom</u> has indicated pursuant to T [4.4(b)(ii)] that consultation is required then, if <u>Ofcom</u> has –</p> <p>(a) consulted with the <u>Council</u> and with such other persons as it sees fit,</p> <p>(b) considered such further information (if any) as it may have required to be furnished, and</p> <p>(c) issued to the <u>Universal Service Provider</u> a direction in writing stating that it has concluded that the terms on which the service in question is offered may be changed in the manner applied for by the <u>Universal Service Provider</u> with such modifications (if any) as may be specified in the direction, then with effect from such date as may be specified in the direction those terms may be changed as provided in the direction.</p>	T 4.5	<p>Transitory - <u>Universal Service Provider</u></p>
C21.5(a)	<p>Except in so far as Postcomm, on the application of the Licensee in the interest of relieving users of postal services from adverse volatility in prices charged by the Licensee for postal services, may by direction in writing agree otherwise, the Licensee shall take all reasonable steps to ensure that in each Formula Year after Formula Year $t = 0$, and at any time during each Formula Year prior to making any material changes to its prices, it sets prices for the Controlled Services so as to meet the following</p>	<p>Except in so far as <u>Ofcom</u>, on the application of the <u>Universal Service Provider</u> in the interest of relieving <u>users of postal services</u> from adverse volatility in prices charged by the <u>Universal Service Provider</u> for <u>postal services</u>, may by direction in writing agree otherwise, the <u>Universal Service Provider</u> shall take all reasonable steps to ensure that in each Formula Year after Formula Year $t = 0$, and at any time during each Formula Year prior to making any material changes to its prices, it sets prices for the <u>Controlled Services</u> so as to meet the following conditions, namely –</p>	T 4.6	<p>Transitory - <u>Universal Service Provider</u></p> <p>The condition as currently drafted is “mixed” (it applies to universal, access and other services) and as such it must be transitory.</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>conditions, namely –</p> <p>(a) in respect of each of Baskets A and B, and where $t = 6$ for Basket C –</p> $ER_t \leq AR_t$ <p>where –</p> <p>ER_t is the revenue earned from the Basket in Formula Year t calculated on an accruals basis in accordance with paragraph 6, and</p> <p>AR_t is the allowed revenue for the Basket in Formula Year t calculated in accordance with paragraph 7, and</p>	<p>in respect of each of <u>Baskets A</u> and <u>B</u>, and <u>C</u> –</p> $ER_t \leq AR_t$ <p>where –</p> <p>ER_t is the revenue earned from the Basket in Formula Year t calculated on an accruals basis in accordance with paragraph 6, <u>[T 4.7]</u> and</p> <p>AR_t is the allowed revenue for the Basket in Formula Year t calculated in accordance with paragraph 7 <u>[T 4.8]</u>.</p>		<p>It is likely to be possible to redraft this so as to separate out basket C, in relation to which the existing price control could in our view be applied as a USP Access Condition. However, given that the Condition as a whole will fall away on 31 March 2012, it does not appear to us necessary to carry out this work.</p>
C21.5(b)	<p>(b) [subject to paragraph 5B] , and for Formula Years $t = 1$ to $t = 5$ in respect of Access Services the following conditions are met –</p> <p>(i) when the service is priced on a uniform national basis, for each Price Point in respect of each Access Service, s,</p>			<p>Unnecessary</p> <p>$t=5$ was last year</p> <p>A direction has been issued in relation to this paragraph, which it is also unnecessary to transpose.</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	$p_{st} \leq arp_{yt} * \left(\frac{100 - D_{sy}}{100} \right)$ <p>where – p_{st} is the price at any time in Formula Year t for any Price Point for any Access Service, s, arp_{yt} is the Access Reference Price at the same time for the same Price Point for a corresponding end-to-end service in Basket B, numbered y, and D_{sy} is a price differential, calculated as at 30 March 2006, save in respect of Access Services 44A and 44B between the price at each Price Point for an Access Service, s, and the Access Reference Price at the same Price Point for its corresponding end-to end service, y, where – for s = 39, y = 27, for s = 40, y = 28, for s = 41, y = 28, for s = 42, y = 21, for s = 43, y = 22, for s = 44, y = 24, for s = 44A, y = 22A, for s = 44B, y = 22B, for s = 45, y = 36, and s and y refer to the numbers of Controlled Services listed in paragraph 38(a), and D_{sy} shall, save in respect of Access Services 44A and 44B where D_{sy} shall be 19.4% , be calculated for each Price Point for</p>			

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>each Access Service using the formula –</p> $D_{sy} = \left(\frac{arp_{yt=0} - ppp_{st=0}}{arp_{yt=0}} \right) * 100$ <p>where</p> <p>(aa) until the introduction of Pricing in Proportion pppst=0 is the price on 30 March in Formula Year t = 0 at a Price Point for an Access Service, s, and arpyt=0 is the Access Reference Price on that date for the same Price Point for the corresponding Controlled Service, y, and</p> <p>(bb) from the introduction of Pricing in Proportion pppst=0 and arpyt=0 shall have such values at each Price Point as may be set out in or calculated pursuant to such direction as may be made by Postcomm for the purpose of this paragraph , provided that for Formula Years subsequent to Formula Year t = 2, if</p> <p>(aa) Postcomm has received a request to review any of the values of Dsy as calculated above from the Licensee, or from any person to whom the Licensee provides an Access Service,</p> <p>(bb) Postcomm has given not less than three months' notice of its intention to review such values to the Licensee, to all persons to whom the Licensee provides an Access Service and to the Council, and</p> <p>(cc) Postcomm has given to the persons</p>			

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>referred to in paragraph (bb) the opportunity in that period to make representations to it in relation to the relevant request, then, to the extent that Postcomm determines that it is appropriate, and if the Licensee consents, there shall be substituted such other value or values for Dsy (if any) as Postcomm may determine by direction in writing, and</p> <p>(ii) [in Formula Years $t = 1$, $t = 2$, $t = 3$ and $t = 4$] when the service is not priced on a geographically uniform basis the Licensee shall set prices by reference to Zones and, for each Price Range in respect of each service, the Zone 3 price shall equal the uniform national price calculated in accordance with paragraph (i) and for each Price Range in respect of every other Zone the price shall be the same multiple of the Zone 3 price as it was on 31 March 2006, provided that for Formula Years subsequent to Formula Year $t = 2$, if</p> <p>(aa) Postcomm has given not less than three months' notice to the Licensee, to all persons to whom the Licensee provides an Access Service and to the Council of its intention to review the relationship of Zone 3 prices to uniform national prices or the relationship of Zone 3 prices to prices in other Zones, and</p> <p>(bb) Postcomm has given to the persons referred to in paragraph (aa) the opportunity in that period to make representations to it in</p>			

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>relation to its intention, then, to the extent that Postcomm determines that it is appropriate, and if the Licensee consents, there shall be substituted such other relationships (if any) between Zone 3 prices and uniform national prices and between Zone 3 prices and prices in other Zones as Postcomm may determine by direction in writing[, and</p> <p>(iii) for Formula Years subsequent to Formula Year t = 4 paragraph 5A shall apply]</p> <p>.</p>			
C21.5(c)	<p>where t = 6, in respect of the Controlled Services set out below, the following conditions are met –</p> $cp_{ct} \geq Rp_{lt} + md_{clt}$ <p>where –</p> <p>cp_{ct} is the price at a Price Point for the conveyance of postal packets by a Controlled Service or the equivalent Advertising Mail, Sustainable Mail or Advertising Sustainable Mail of the Controlled Service, c , reduced by the maximum amount of all discounts available at the time of determination irrespective of any qualification conditions for such discounts, and,</p> <p>Rp_{lt} is the price at the same time for the same Price Point for the Controlled Service's Reference Service, and includes the equivalent Advertising Mail, Responsible Mail and Advertising Responsible Mail, I , and</p>	<p>Until 31 March 2012, except in so far as <u>Ofcom</u>, on the application of the <u>Universal Service Provider</u> in the interest of relieving <u>users of postal services</u> from adverse volatility in prices charged by the <u>Universal Service Provider</u> for <u>postal services</u>, may by direction in writing agree otherwise, the <u>Universal Service Provider</u> shall take all reasonable steps to ensure that in each Formula Year after <u>Formula Year t = 60</u>, and at any time during each <u>that</u> <u>Formula Year</u> prior to making any material changes to its prices, it sets prices for the <u>Controlled Services</u> set out below so as to meet the following conditions, namely –</p> $cp_{ct} \geq Rp_{lt} + md_{clt}$ <p>where –</p> <p>cp_{ct} is the price at <u>a Price Point</u> for the conveyance of <u>postal packets</u> by a <u>Controlled Service</u> or the equivalent Advertising Mail, Sustainable Mail or Advertising Sustainable Mail of the <u>Controlled</u></p>	USPA 4.1	USP Access - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to																																																										
	<p>save as Postcomm may by direction determine,</p> <p><i>[table on pp86-89 not reproduced]</i></p> <p>md_{clt} is the minimum price differential between cp_{ct} and Rp_{lt} within a weight band for each format and is set out below, save in relation to any other Controlled Service (or equivalent Advertising Mail, Sustainable Mail or Advertising Sustainable Mail) and Reference Service (or equivalent Advertising Mail, Responsible Mail and Advertising Responsible Mail) as otherwise determined by Postcomm by direction,</p> <table border="1"> <tr> <th rowspan="2">Weight band</th><th colspan="4">Format</th></tr> <tr> <th>Letters</th><th>Large letters</th><th>Packets</th><th>A3 Packets</th></tr> <tr> <td>0 – 100g</td><td>3p</td><td>5.5p</td><td>33p</td><td>8p</td></tr> <tr> <td>101- 250g</td><td>N/A</td><td>5.5p</td><td>33p</td><td>8p</td></tr> <tr> <td>251- 500g</td><td>N/A</td><td>5.5p</td><td>33p</td><td>8p</td></tr> <tr> <td>501- 750g</td><td>N/A</td><td>5.5p</td><td>33p</td><td>8p</td></tr> <tr> <td>751g- 1kg</td><td>N/A</td><td>N/A</td><td>33p</td><td>N/A</td></tr> </table>	Weight band	Format				Letters	Large letters	Packets	A3 Packets	0 – 100g	3p	5.5p	33p	8p	101- 250g	N/A	5.5p	33p	8p	251- 500g	N/A	5.5p	33p	8p	501- 750g	N/A	5.5p	33p	8p	751g- 1kg	N/A	N/A	33p	N/A	<p><u>Service</u>, (“c” in the table below) , reduced by the maximum amount of all discounts available at the time of determination irrespective of any qualification conditions for such discounts, and,</p> <p>Rp_{lt} is the price at the same time for the same <u>Price Point</u> for the <u>Controlled Service’s Reference Service</u>, and includes the equivalent Advertising Mail, Responsible Mail and Advertising Responsible Mail, (“l” in the table below), and save as <u>Ofcom</u> may by direction determine,</p> <p><i>[table on pp86-89 not reproduced but to be included in Condition]¹</i></p> <p>md_{clt} is the minimum price differential between cp_{ct} and Rp_{lt} within a weight band for each format and is set out below, save in relation to any other Controlled Service (or equivalent Advertising Mail, Sustainable Mail or Advertising Sustainable Mail) and Reference Service (or equivalent Advertising Mail, Responsible Mail and Advertising Responsible Mail) as otherwise determined by <u>Ofcom</u> by direction,</p> <table border="1"> <tr> <th rowspan="2">Weight band</th><th colspan="4">Format</th></tr> <tr> <th>Letters</th><th>Large letters</th><th>Packets</th><th>A3 Packets</th></tr> <tr> <td>0 – 100g</td><td>3p</td><td>5.5p</td><td>33p</td><td>8p</td></tr> <tr> <td>101- 250g</td><td>N/A</td><td>5.5p</td><td>33p</td><td>8p</td></tr> <tr> <td>251- 500g</td><td>N/A</td><td>5.5p</td><td>33p</td><td>8p</td></tr> </table>	Weight band	Format				Letters	Large letters	Packets	A3 Packets	0 – 100g	3p	5.5p	33p	8p	101- 250g	N/A	5.5p	33p	8p	251- 500g	N/A	5.5p	33p	8p		
Weight band	Format																																																													
	Letters	Large letters	Packets	A3 Packets																																																										
0 – 100g	3p	5.5p	33p	8p																																																										
101- 250g	N/A	5.5p	33p	8p																																																										
251- 500g	N/A	5.5p	33p	8p																																																										
501- 750g	N/A	5.5p	33p	8p																																																										
751g- 1kg	N/A	N/A	33p	N/A																																																										
Weight band	Format																																																													
	Letters	Large letters	Packets	A3 Packets																																																										
0 – 100g	3p	5.5p	33p	8p																																																										
101- 250g	N/A	5.5p	33p	8p																																																										
251- 500g	N/A	5.5p	33p	8p																																																										

¹ A copy is available on request from Ofcom.

Condition	Old wording	New wording	New no	Condition type/applicable to										
		<table border="1"> <tr> <td>501-750g</td><td>N/A</td><td>5.5p</td><td>33p</td><td>8p</td></tr> <tr> <td>751g-1kg</td><td>N/A</td><td>N/A</td><td>33p</td><td>N/A</td></tr> </table>	501-750g	N/A	5.5p	33p	8p	751g-1kg	N/A	N/A	33p	N/A		
501-750g	N/A	5.5p	33p	8p										
751g-1kg	N/A	N/A	33p	N/A										
C21.5A.1	By 1 July 2009 the Licensee shall allocate postcode sectors to GZones and shall publish those allocations for Formula Year t = 4, by making them available on the Royal Mail Wholesale website.	The <u>Universal Service Provider</u> shall maintain on its website a document showing the allocation of <u>postcode sectors to GZones for Formula Year t=6 in the Formula Year ending 31 March 2010, in accordance with its Condition USPA [4] costing methodology. at</u> http://www.royalmailwholesale.com/index.php/systems/access-database/access-database-download/	USPA 4.2	USP access - <u>Universal Service Provider</u>										
C21.5A.2	The Licensee shall no later than 1 July 2009 submit to Postcomm and publish a statement setting out its process for updating the allocation of, and allocating new postcode sectors to, GZones in a manner which is consistent with the allocation made for the purpose of paragraph 1.	<p>The <u>Universal Service Provider</u> must ensure that the allocation (including re-allocation) of, and allocating new <u>postcode sectors to, GZones</u> is made in accordance with <u>the Condition USPA [4] Costing Methodology</u> its published statement in http://www.royalmailwholesale.com/index.php/news/archive-news/.</p> <p>The <u>Condition [4] costing methodology for allocating costs to postcode sectors must be in accordance with must use, as far as reasonably practical—</u></p> <p>(a) <u>actual cost and volume data which can be directly assigned to a particular delivery office, and</u></p> <p>(b) <u>a statistical model that determines the unit costs for each GZone based on specific data associated with each postcode sector within each delivery office.</u></p>	USPA 4.3	USP access - <u>Universal Service Provider</u> See C.21.5A.6-10										

Condition	Old wording	New wording	New no	Condition type/applicable to
		The Universal Service Provider shall publish its Condition USPA [4] costing methodology published documentation².		
C21.5A.3	Not later than nine weeks before the implementation of any change in allocation of postcode sectors to GZones pursuant to paragraph 2 the Licensee shall – (a) submit to Postcomm, a statement in writing from its Auditors certifying that in their opinion the allocation has been determined reasonably and in a manner consistent with the requirements of the statement published in accordance with paragraph 2 and (b) publish the proposed allocations on the Royal Mail Wholesale website in a manner which will make them readily available to persons having an interest in them.	Not later than nine weeks before the implementation of any change in allocation of postcode sectors to GZones pursuant to USPA [4.3] the Universal Service Provider shall – (a) submit to Ofcom a statement in writing from its Auditors certifying that in their opinion the allocation has been determined reasonably and in a manner consistent with the requirements of the statement published in accordance with USPA [4.3] and (b) publish the proposed allocations on its website in a manner which will make them readily available to persons having an interest in them.	USPA 4.4	USP access - <u>Universal Service Provider</u>
C21.5A.4	For Formula Years subsequent to Formula Year t = 4, if an Access Service is not priced on a geographically uniform basis –	If an Access Service is not priced on a geographically uniform basis –	USPA 4.5	USP access - <u>Universal Service Provider</u>
C21.5A.4(a)	the Licensee shall be assumed in Formula Year t = 4 to have set prices by reference to GZones and, for each Price Range in respect of each Access Service shall ensure that the assumed price GP(s,t,z) for each Controlled	a) the Universal Service Provider shall be assumed to have set prices by reference to GZones in Formula Year t = 4 in accordance with the document provided by Royal Mail to the Postal Services Commission entitled “Assumed Zonal	USPA 4.5(a)	USP access - <u>Universal Service Provider</u>

² The Condition USPA [4] costing methodology has been published at http://www.royalmailwholesale.com/index.php/download_file/view/607/.

Condition	Old wording	New wording	New no	Condition type/applicable to
	Service s, in Formula Year t = 4 and GZone z shall be set out in a table to be provided to Postcomm and published by making it reasonably available on the Royal Mail Wholesale website by 1 July 2009 and shall be such that the following conditions are complied with –	Access Percentage Price Variation from National Price for 2009-10 – New Zonal Structure”³ (the “Assumed Prices document”) For each <u>Price Range</u> in respect of each <u>Access Service</u> the <u>Universal Service Provider</u> shall ensure that the following conditions are complied with –		
C21.5A.4(a)(i)	(i) where t < 6, $\sum_{z=A}^{z=D} (GP_{(s,t,z)} * GW_{(t-2,z)}) = p_{(s,t)}$			Unnecessary (t = 6)
C21.5A.4(a)(i)	and where t = 6, $\sum_{z=A}^{z=D} (GP_{(s,t,z)} * GW_{(t-1*,z)}) = \bar{p}_{(s,t)}$ $p_{(s,t)} * (1 - \mu) \leq \bar{p}_{(s,t)} \leq p_{(s,t)}$	$\sum_{z=A}^{z=D} (GP_{(s,t,z)} * GW_{(t-1*,z)}) = \bar{p}_{(s,t)}$ $p_{(s,t)} * (1 - \mu) \leq \bar{p}_{(s,t)} \leq p_{(s,t)}$	USPA 4.5(a) continued	USP access - <u>Universal Service Provider</u>
C21.5A.4(a)(i)	where – GW(t-2,z) is the proportion delivered in GZone z in Formula Year t - 2 of all inland addressed mail delivered through the Licensee’s delivery offices as measured by the Licensee’s Mail Characteristics Survey, GW(t-1*,z) is the proportion delivered in GZone z in the 12 months up to September in Formula Year t - 1 of all inland addressed mail delivered through the Licensee’s delivery offices as measured by the Licensee’s Mail	where – z is the <u>GZone</u> GP(s,t,z) is the assumed price for each <u>Controlled Service</u> “s”, in <u>Formula Year t = 4 based on the Assumed Prices document</u> . GW(t-1*,z) is the proportion delivered in GZone “z” in the 12 months up to September in <u>Formula Year t-1</u> of all inland addressed mail delivered through the <u>Universal Service Provider’s</u> delivery offices as measured by the <u>Universal Service Provider’s</u> Mail	USPA 4.5(a) continued	USP access - <u>Universal Service Provider</u> Definition of GW(t-2,z) not needed – only applies in t<6 and does not affect GW(t-1*,z).

³ Published on Royal Mail’s website..

Condition	Old wording	New wording	New no	Condition type/applicable to																																															
	<p>Characteristics Survey,</p> <p>$\overline{P}_{(s,t)}$</p> <p>is the weighted average price for the zonal prices of Controlled Service, s, and μ is 0.02</p> <p>p(s,t) is the price for the same service when priced on a geographically uniform basis, where up to and including t =,5 it is calculated in accordance with Condition 21 (5)(b)(i), and where t = 6 it is calculated having regard to Condition 21(5)(c)</p>	<p>Characteristics Survey,</p> <p>$\overline{P}_{(s,t)}$</p> <p>is the weighted average price for the zonal prices of <u>Controlled Service</u>, s, and μ is 0.02</p> <p>p(s,t) is the price for the same service when priced on a geographically uniform basis, where in the year ending 31 March 2012 it is calculated having regard to Condition USPA [4.1]</p>																																																	
C21.5A.4(a)(ii)	<p>$\left(\frac{GP_{s,t,z}}{P_{s,t}} \right) = \left(1 + \frac{\partial_{s,t,z}}{100} \right)$</p> <p>where the value for $\partial_{s,t,z}$ is defined for all Access Services for Formula Year $t = 4$ as –</p> <table><tr><td></td><td></td><td>Letter</td><td>Large Letter</td><td>A3 Packets</td><td>Packets</td></tr><tr><td>Urban</td><td>A</td><td>10.3</td><td>-10.1</td><td>-</td><td>-</td></tr><tr><td>Suburban</td><td>B</td><td>-0.9</td><td>-1.4</td><td>4.2</td><td>14</td></tr><tr><td>Rural</td><td>C</td><td>10.7</td><td>10.5</td><td>-2.5</td><td>.2</td></tr><tr><td></td><td>D</td><td>14.3</td><td>15.4</td><td>26.9</td><td>-</td></tr><tr><td></td><td></td><td></td><td></td><td>6.2</td><td>2.</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>5</td></tr><tr><td></td><td></td><td></td><td></td><td></td><td>26</td></tr></table>			Letter	Large Letter	A3 Packets	Packets	Urban	A	10.3	-10.1	-	-	Suburban	B	-0.9	-1.4	4.2	14	Rural	C	10.7	10.5	-2.5	.2		D	14.3	15.4	26.9	-					6.2	2.						5						26		<p>Unnecessary</p> <p>The calculation relates only to year t=4 and has therefore been done already and published pursuant to C21.4.(a) as part of the Assumed Price document.</p>
		Letter	Large Letter	A3 Packets	Packets																																														
Urban	A	10.3	-10.1	-	-																																														
Suburban	B	-0.9	-1.4	4.2	14																																														
Rural	C	10.7	10.5	-2.5	.2																																														
	D	14.3	15.4	26.9	-																																														
				6.2	2.																																														
					5																																														
					26																																														

Condition	Old wording							New wording	New no	Condition type/applicable to
	Lon					.9				
	don					6.				
						2				
C21.5A.4(b)	<p>the Licensee shall set prices by reference to GZones and so as to meet the condition, in paragraph (a)(i) and so that the following conditions are complied with, namely that for each Controlled Service s and GZone z, in Formula Year t, GP(s,t,z) is such that for each Price Point –</p> $\left(\frac{GP_{s,t,z}}{GP_{s,t-1,z}} \right) \geq 0.97 \left(\frac{\overline{p_{s,t}}}{p_{s,t-1}} \right)$ <p>and</p> $\left(\frac{GP_{s,t,z}}{GP_{s,t-1,z}} \right) \leq 1.03 \left(\frac{\overline{p_{s,t}}}{p_{s,t-1}} \right)$ <p>provided that, for Formula Year t = 5, GPs,t-1,z shall be the assumed value for GPs,t,z for Formula Year t = 4 (as set out in the table published pursuant to sub-paragraph (a) of this paragraph),</p>							<p>The <u>Universal Service Provider</u> shall set prices by reference to <u>GZones</u> so that the following conditions are complied with, namely that for each <u>Controlled Service</u> “s” and GZone “z”, in <u>Formula Year</u> “t”, GP(s,t,z) is such that for each <u>Price Point</u>:</p> $\left(\frac{GP_{s,t,z}}{GP_{s,t-1,z}} \right) \geq 0.97 \left(\frac{\overline{p_{s,t}}}{p_{s,t-1}} \right)$ <p>and</p> $\left(\frac{GP_{s,t,z}}{GP_{s,t-1,z}} \right) \leq 1.03 \left(\frac{\overline{p_{s,t}}}{p_{s,t-1}} \right)$ <p>provided that, for the purposes of this calculation, GPs,t-1,z for <u>Formula Year</u> t=5 shall be the assumed value for GPs,t,z for <u>Formula Year</u> t = 4 (as set out in the <u>Assumed Prices</u> document).</p>	USPA 4.5(b)	<p>USP access - <u>Universal Service Provider</u></p> <p>“and so as to meet the condition, in paragraph (a)(i)” deleted because paragraph (a)(i) imposes the obligation.</p>
C21.5A.4(c)	<p>in exercising the discretion conferred by this paragraph to alter prices in one GZone relative to prices in other GZones the Licensee shall seek to ensure that zonal</p>							<p>In exercising the discretion conferred by this paragraph to alter prices in one <u>GZone</u> relative to prices in other <u>GZones</u> the <u>Universal Service Provider</u> shall seek to ensure that zonal access</p>	USPA 4.5(c)	<p>USP access - <u>Universal Service Provider</u></p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	access prices are no less cost reflective from one year to the next.	prices are no less cost reflective from one year to the next.		
C21.5A.5	<p>Not later than nine weeks before the implementation of any change in prices pursuant to paragraph 4(b) the Licensee shall –</p> <p>(a) procure a statement in writing from its Auditors certifying that in their opinion the prices intended to be introduced by the Licensee have been determined in a reasonable manner consistent with the conditions referred to and set out in paragraph 4(b),</p> <p>(b) submit to Postcomm the statement referred to in sub-paragraph (a) of this paragraph, and</p> <p>(c) publish the proposed prices on the Royal Mail Wholesale website in a manner which will make them readily available to persons having an interest in them</p>	<p>Not later than nine weeks before the implementation of any change in prices pursuant to USPA [4.5(b)] the <u>Universal Service Provider</u> shall –</p> <p>(a) procure and submit to <u>Ofcom</u> a statement in writing from its <u>Auditors</u> certifying that in their opinion the prices intended to be introduced by the <u>Universal Service Provider</u> have been determined in a reasonable manner consistent with the conditions referred to and set out in USPA [4.5(b)], and</p> <p>(b) publish the proposed prices on its website in a manner which will make them readily available to persons having an interest in them.</p>	USPA 4.6	USP access - <u>Universal Service Provider</u>
C21.5A.6	<p>Subject to paragraph 7, the Licensee shall develop, publish and implement no later than July 2011 a costing methodology for the purpose of calculating the cost of GZones which uses, as far as reasonably practical –</p> <p>(a) actual cost and volume data which can be directly assigned to a particular delivery office, and</p> <p>(b) a statistical model that determines the unit costs for each GZone based on specific data associated with each postcode sector within each delivery office.</p>			See C.21.5A.2
C21.5A.7	For the purpose of developing the costing			See C.21.5A.2

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>methodology referred to in paragraph 6 the Licensee shall conduct a consultation exercise which –</p> <p>(a) will enable all persons likely to be affected by the introduction of the costing methodology to have a reasonable opportunity to comment on it,</p> <p>(b) will be conducted so as to enable the Licensee to publish a response on the consultation exercise and announce changes to the allocation of postcode sectors to GZones not less than six months before those changes take effect.</p>			
C21.5A.8	<p>The Licensee shall continue to allocate postcode sectors to GZones as specified in paragraphs 2 and 3 of this Condition until such time as it is able to amend the allocation of Postcode sectors to GZones with a view to ensuring that such allocation reflects as far as possible the costs of delivering letters in different postcode sectors as calculated using the costing methodology developed and implemented pursuant to paragraph 6.</p>			See C.21.5A.2
C21.5A.9	<p>The Licensee will only implement an amended allocation of Postcode sectors to GZones pursuant to paragraph 8 where following consultation:</p> <p>(a) it is satisfied on reasonable grounds that there is broad agreement among persons likely to be affected by the amendment that it should be made; or</p> <p>(b) it is not satisfied that there is broad agreement among persons likely to be</p>			See C.21.5A.2

Condition	Old wording	New wording	New no	Condition type/applicable to
	affected by the amendment and it requests Postcomm to make a direction as to whether the proposed amendment has been developed and implemented pursuant to paragraph 8 and Postcomm subsequently directs that the amendment is so consistent.			
C21.5A.10	Not later than nine weeks before the implementation of any change in allocation of postcode sectors to GZones pursuant to paragraph 8 the Licensee shall – (a) submit to Postcomm, a statement in writing from its Auditors certifying that in their opinion the allocation is in accordance with the methodology published in accordance with paragraph 6 and (b) publish the proposed allocations on its web site in a manner which will make them readily available to persons having an interest in them.			See C.21.5A.2
C21.5A.11	From the introduction of the methodology referred to in paragraph 6 the Licensee will cease to apply the statement submitted in accordance with paragraph 2 and where new postcode sectors have to be created and allocated to GZones, or for operational reasons postcode sectors have to be re-allocated to GZones, the Licensee shall make such allocations and re-allocations on the basis of the methodology referred to in paragraph 6 and in accordance with paragraph 10.			See C.21.5A.2
C21.5A.12	Subject to paragraph 9, the Licensee by 30 September in the Formula Year commencing			Unnecessary

Condition	Old wording	New wording	New no	Condition type/applicable to
	on 1 April 2011 and in each Formula Year thereafter shall submit to Postcomm a report, showing the allocation of actual cost and volume data to delivery offices and postcode sectors, resulting from the application of the costing methodology referred to in paragraph 6			Ofcom has information gathering powers.
C21.5B	Where $t < 6$, where there is a Sustainable Mail Retail equivalent of each of the services $y = 27, 28, 21, 22, 24, 22A, 22B$ and 36, then the prices of those services, and not the Sustainable Mail Retail equivalent, shall continue to be the Access Reference Prices for Access Services $s = 39, 40, 41, 42, 43, 44, 44A, 44B$ and 45 respectively and as between the Sustainable Mail Retail equivalents of services $y = 27, 28, 21, 22, 24$ and 36 and the equivalent Sustainable Mail Access services, the formula in paragraph 5(b)(i) of this Condition shall apply.			Unnecessary $t=6$
C21.6	For each Formula Year, t , the term ER_t shall be calculated for each of Baskets A and B, and where $t = 6$ Basket C, using the formula – $ER_t = \sum_{s=a}^{s=b} er_{st}$ where – er_{st} is the revenue earned from the conveyance of postal packets by a Controlled Service, s , in Formula Year t , and s is the number of a Controlled Service within	For each <u>Formula Year</u> , t , the term ER_t shall be calculated for each of <u>Baskets A</u> , <u>B</u> , and <u>C</u> , using the formula – $ER_t = \sum_{s=a}^{s=b} er_{st}$ where – er_{st} is the revenue earned from the conveyance of <u>postal packets</u> by a <u>Controlled Service</u> , s , in <u>Formula Year</u> t , and s is the assigned number of the <u>Controlled Service</u> within the <u>Basket</u> , from the lowest to the highest.	T 4.7	<u>Transitory - Universal Service Provider</u> The condition as currently drafted is “mixed” (it applies to universal, access and other services) and as such it must be transitory.

Condition	Old wording	New wording	New no	Condition type/applicable to
	a Basket, as set out in paragraph 38(a) and up to and including t = 6, for Basket A a = 1 and b = 13, and up to and including t = 5, for Basket B a = 14 and b = 38, and where t = 6, a = 14 and b = 32, and where t = 6, for Basket C a = 39 and b = 51.			It is likely to be possible to redraft this so as to separate out basket C, in relation to which the existing price control could in our view be applied as a USP Access Condition. However, given that the Condition as a whole will fall away on 31 March 2012, it does not appear to us necessary to carry out this work.
C21.7	<p>For each Formula Year the term AR_t shall be calculated for each of Baskets A and B, and where t = 6 for Basket C, using the formula –</p> $AR_t = BR_t - K_t + C_t + PP_t + G_t$ <p>BR_t is the revenue from the services in the Basket in Formula Year t that would be derived from pricing those services in accordance with a basket of prices determined in the manner described in paragraphs 8, 9 and 10, K_t is an adjustment factor for over or under</p>	<p>For each <u>Formula Year</u> the term AR_t shall be calculated for each of <u>Baskets A</u>, <u>B</u>, and <u>C</u>, using the formula –</p> $AR_t = BR_t - K_t + C_t + PP_t + G_t$ <p>where – BR_t is the revenue from the services in the <u>Basket</u> in <u>Formula Year</u> t that would be derived from pricing those services in accordance with a basket of prices determined in the manner described in T [4.9, 4.10, 4.11 and 4.12], K_t is an adjustment factor for over or under</p>	T 4.8	<p>Transitory - <u>Universal Service Provider</u></p> <p>The condition as currently drafted is “mixed” (it applies to universal, access and other services) and as such it must be transitory.</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>recovery of revenue from the services in the Basket in Formula Year t - 1, calculated in accordance with paragraph 11,</p> <p>C_t is a customer service quality factor for services in the Basket in Formula Year t calculated in accordance with paragraph 12,</p> <p>PP_t is a pension deficit pass-through for services in the Basket in Formula Year t calculated in accordance with paragraph 13, and</p> <p>G_t is a volume growth or decline factor for services in the Basket in Formula Year t calculated in accordance with paragraph 14.</p>	<p>recovery of revenue from the services in the <u>Basket</u> in <u>Formula Year</u> t - 1, calculated in accordance with T [4.13],</p> <p>C_t is a customer service quality factor for services in the <u>Basket</u> in <u>Formula Year</u> t calculated in accordance with T [4.14],</p> <p>PP_t is a pension deficit pass-through for services in the <u>Basket</u> in <u>Formula Year</u> t calculated in accordance with T [4.15], and</p> <p>G_t is a volume growth or decline factor for services in the <u>Basket</u> in <u>Formula Year</u> t calculated in accordance with T [4.16].</p>		<p>It is likely to be possible to redraft this so as to separate out basket C, in relation to which the existing price control could in our view be applied as a USP Access Condition.</p> <p>However, given that the Condition as a whole will fall away on 31 March 2012, it does not appear to us necessary to carry out this work.</p>
C21.8	The term BR _t shall be calculated–	The term BR _t shall be calculated–	T 4.9	Transitory - <u>Universal Service Provider</u>
C21.8(a)	<p>(a) for Basket A using the formula</p> $BR_t = \left(\frac{100 - QP}{100} \right) * \left(\sum_{s=1}^{s=9} br_{st} \right) + \sum_{s=10}^{s=13} br_{st}$	<p>for Basket A using the formula</p> $BR_t = \left(\frac{100 - QP}{100} \right) * \left(\sum_{s=1}^{s=9} br_{st} \right) + \sum_{s=10}^{s=13} br_{st}$	T 4.9(a)	Transitory - <u>Universal Service Provider</u>
C21.8(b)	where t < 6 for Basket B using the formula <i>Not reproduced</i>			Unnecessary – t=6
C21.8(c)	where t = 6 for Basket B using the formula	for Basket B using the formula	T 4.9(b)	Transitory - <u>Universal Service</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	$BR_t = \sum_{s=14}^{s=32} br_{st}$	$BR_t = \sum_{s=14}^{s=32} br_{st}$		<u>Provider</u>
C21.8(d)	<p>where t = 6 for Basket C using the formula</p> $BR_t = \sum_{s=39}^{s=51} br_{st}$	<p>for Basket C using the formula</p> $BR_t = \sum_{s=39}^{s=51} br_{st}$	T 4.9(c)	<p><u>Transitory - Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>
C21.8	<p>and in the formulae used in paragraphs (a), (b), (c) and (d)</p> <p>QP, the quality percentage, is 5 percentage points,</p> <p>br_{st} is the revenue that would have been derived from a service, s, in Formula Year t if it had been calculated in accordance with paragraph 9, and</p> <p>s is the number of one of the Controlled Services, as set out in paragraph 38(a) of this Condition.</p>	<p>where-</p> <p>QP, the quality percentage, is 5 percentage points,</p> <p>br_{st} is the revenue that would have been derived from a service, s, in <u>Formula Year t</u> if it had been calculated in accordance with T <u>[4.10]</u>, and</p> <p>s is the number of one of the <u>Controlled Services</u>.</p>	T 4.9 continued	<u>Transitory - Universal Service Provider</u>
C21.9	<p>For any Controlled Service, s, in each of the Baskets A and B, the term br_{st} in paragraph 8 shall be calculated for any Formula Year, t, using the formula –</p> $br_{st} = \sum_{pr=1}^{pr=n} (bp_{prt} * v_{prt})$	<p>For any <u>Controlled Service</u>, s, in each of the <u>Baskets A, and B and C</u>, the term br_{st} in T <u>[4.9]</u> shall be calculated for any <u>Formula Year</u>, t, using the formula –</p>	T 4.10	<u>Transitory - Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>n is the number of Price Ranges for the service,</p> <p>v_{prt} is the number of postal packets conveyed in Formula Year t under each Price Range for the service, calculated as described in paragraph 10(a), and</p> <p>bp_{prt} is the basket price for each of the Price Ranges for the service for Formula Year t calculated –</p> <p>in Formula Year $t = 1$ using the formula –</p> $bp_{prt} = bp_{pr(t=0)} * \left(\frac{100 + P_0}{100} \right)$ <p>in which –</p> <p>P_0 is 4.0 percentage points for Controlled Services in both Baskets A and B and</p> <p>$bp_{pr(t=0)}$ is determined in the manner described in paragraph 10(c), and</p> <p>in subsequent Formula Years using the</p>	$br_{st} = \sum_{pr=1}^{pr=n} (bp_{prt} * v_{prt})$ <p>n is the number of <u>Price Ranges</u> for the service,</p> <p>v_{prt} is the number of <u>postal packets</u> conveyed in <u>Formula Year t</u> under each <u>Price Range</u> for the service, calculated as described in T [4.12(a)], and</p> <p>bp_{prt} is the basket price for each of the <u>Price Ranges</u> for the service for <u>Formula Year t</u> calculated</p> <p>in Formula Year $t = 1$ using the formula –</p> $bp_{prt} = bp_{pr(t=0)} * \left(\frac{100 + P_0}{100} \right)$ <p>in which –</p> <p>P_0 is 4.0 percentage points for <u>Controlled Services</u> in both <u>Baskets A</u> and <u>B</u> and</p> <p>$bp_{pr(t=0)}$ is determined in the manner described in T [4.12(c)], and</p> <p>in subsequent<u>for</u> Formula Year <u>t</u>s using the formula –</p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>formula –</p> $bp_{prt} = bp_{prt-1} * \left(\frac{100 + RPI_t - X}{100} \right)$ <p>in which -</p> <p>RPI_t subject to paragraph 10(d), is the change in percentage points (whether of a positive or negative or zero value) between the average of the levels of the Retail Price Index published or determined with respect to each of the six months up to and including September in Formula Year $t - 1$ and the average of those levels with respect to each of the six months up to and including September in the preceding year, and</p> <p>X is 0.14 percentage points for Controlled Services in Basket A and 1.96 percentage points for Controlled Services in Basket B.</p> <p style="text-align: center;">and where $t = 6$,</p> <p>X is 0.14 percentage points for Controlled Services in Basket A, and -</p>	$bp_{prt} = bp_{prt-1} * \left(\frac{100 + RPI_t - X}{100} \right)$ <p>in which -</p> <p>RPI_t subject to T [4.12(d)], is the change in percentage points (whether of a positive or negative or zero value) between the average of the levels of the Retail Price Index published or determined with respect to each of the six months up to and including September in <u>Formula Year $t - 1$</u> and the average of those levels with respect to each of the six months up to and including September in the preceding year, and</p> <p>X is 0.14 percentage points for <u>Controlled Services in Basket A</u> and -5.19 percentage points for <u>Controlled Services in Baskets B and C.</u></p> <p><u>$bp_{prt=5}$ take the values consistent with the audit report submitted to Postcomm in July 2011, save that for the purposes of these calculations it is 4.96 percentage points in <u>Formula Year $t < 6$</u> for <u>Basket B.</u></u></p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	5.19 percentage points for Controlled Services in Basket B and Basket C.			
	<p>and for Basket C bp_{prt} is calculated using the formula –</p> $bp_{prt} = bp_{pr(t=5)} * \left(\frac{100 + RPI_t - X + 2.5}{100} \right)$ <p>and, $bp_{pr(t=5)}$ for Basket C is calculated in accordance with paragraph 10(e)</p>	<p>For any Controlled Service, “s” in Basket C, the term br_{st} in T [4.9] shall also be calculated using the formula</p> $\del{br_{st} = \sum_{pr=1}^{pr=n} (bp_{prt} * v_{prt})}$ <p>For any Controlled Service, “s” in Basket C, bp_{prt} is calculated using the formula –</p> $\del{bp_{prt} = bp_{pr(t=5)} * \left(\frac{100 + RPI_t - X + 2.5}{100} \right)}$ <p>where $bp_{pr(t=5)}$ for Basket C is calculated in accordance with paragraph 10(e) RPI_t is as defined above. X is 5.19 percentage points.</p>	T 4.11	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>
C21.10	The following provisions shall apply for the purpose of calculating terms used in paragraph 9.	The following provisions shall apply for the purpose of calculating terms used in T[4.10 and 411].	T 4.12	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
C21.10(a)	<p>v_{prt} shall be calculated for each Price Range for each Controlled Service in each Formula Year after Formula Year $t = 0$, including where $t = 6$, using the formula –</p> $v_{prt} = \left(\frac{er_{prt}}{rp_{prt}} \right)$ <p>in which – er_{prt} is the revenue earned from the conveyance of postal packets in that Formula Year in that Price Range for that service, and rp_{prt} is the representative price in that Formula Year for postal packets conveyed in that Price Range for that service established in the manner set out in paragraph (b).</p>	<p>v_{prt} shall be calculated for each <u>Price Range</u> for each <u>Controlled Service</u> in each <u>Formula Year</u> using the formula –</p> $v_{prt} = \left(\frac{er_{prt}}{rp_{prt}} \right)$ <p>in which – er_{prt} is the revenue earned from the conveyance of <u>postal packets</u> in that <u>Formula Year</u> in that <u>Price Range</u> for that service, and rp_{prt} is the representative price in that <u>Formula Year</u> for <u>postal packets</u> conveyed in that <u>Price Range</u> for that service established in the manner set out in T[4.12(b)].</p>	T 4.12(a)	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>
C21.10(b)	<p>where $t = 6$ rp_{prt} is</p> <p>(i) for every Price Range for all Controlled Services , a price that is fairly representative of the prices at which postal packets are conveyed in that Price Range in that Formula Year taking account of all relevant discounts and shall be –</p> <p>(aa) where the Modal Price for that Price Range for that service in that year has been Certified as fairly representative by the Auditors, the Modal Price, or</p> <p>(bb) where the Auditors have not Certified that Modal Price for that Price Range for that service in that year such other price fairly representing the price for postal packets conveyed in that Price Range for that service</p>	<p>rp_{prt} is</p> <p>(i) for every <u>Price Range</u> for all <u>Controlled Services</u> , a price that is fairly representative of the prices at which <u>postal packets</u> are conveyed in that <u>Price Range</u> in that <u>Formula Year</u> taking account of all relevant discounts and shall be –</p> <p>(aa) where the <u>Modal Price</u> for that <u>Price Range</u> for that service in that year has been <u>Certified</u> as fairly representative by the <u>Auditors</u>, the <u>Modal Price</u>, or</p> <p>(bb) where the <u>Auditors</u> have not <u>Certified</u> that <u>Modal Price</u> for that <u>Price Range</u> for that service in that year such other price fairly representing the price for postal packets conveyed in that <u>Price Range</u> for that service in that year as <u>Ofcom</u> may reasonably determine on the basis of such financial</p>	T 4.12(b)	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	in that year as Postcomm may reasonably determine on the basis of such financial and statistical advice as it may reasonably seek, and if the Licensee changes the price or prices at any Price Range for any Controlled Service within a Formula Year, then paragraphs (aa) and (bb) shall be applied so as to give a value of rp_{prt} for the Formula Year by weighting values of rp_{prt} immediately before and after the change pro-rata to the reasonable estimates of the Licensee (or in the case of paragraph (bb) of Postcomm) of the numbers of postal packets conveyed by the Licensee within the Formula Year in that Price Range before and after the change in price or prices.	and statistical advice as it may reasonably seek, and if the <u>Universal Service Provider</u> changes the price or prices at any <u>Price Range</u> for any <u>Controlled Service</u> within a <u>Formula Year</u> , then paragraphs (aa) and (bb) shall be applied so as to give a value of rp_{prt} for the <u>Formula Year</u> by weighting values of rp_{prt} immediately before and after the change pro-rata to the reasonable estimates of the <u>Universal Service Provider</u> (or in the case of paragraph (bb) of <u>Ofcom</u>) of the numbers of postal packets conveyed by the <u>Universal Service Provider</u> within the <u>Formula Year</u> in that <u>Price Range</u> before and after the change in price or prices.		
C21.10(c)	$b_{pr}(t=0)$ is – (i) for any Price Range, pr , up to 1Kg for Controlled Services 1 to 3, 10 to 12, 25 to 36, and 38, the price published for that Price Range for that Controlled Service in the Licensee's statement entitled "Pricing in Proportion – Indicative Prices – Amended November 2005", a copy of which has been placed on the register maintained by Postcomm pursuant to section 38 of the Act and for the same Price Ranges for Controlled Services 4 and 13 the prices published in that statement for Controlled Service 3, and (ii) for every other Price Range for those Controlled Services and for each Price	$b_{pr}(t=0)$ is – (i) for any Price Range, "pr", up to 1Kg for Controlled Services 1 to 3, 10 to 12, 25 to 36, and 38, the price published for that Price Range for that Controlled Service in the Universal Service Provider's statement entitled "Pricing in Proportion – Indicative Prices – Amended November 2005", a copy of which has been placed on the register maintained by Royal Mail in November 2005⁴, and for the same Price Ranges for Controlled Services 4 and 13 the prices published in that statement for Controlled Service 3, and (ii) for every other Price Range for those Controlled Services and for each Price Range for every other Controlled Service, a price that is fairly representative of the prices at which postal packets	T 4.12(c)	Transitory - <u>Universal Service Provider</u> See comments in relation to C21.7 above

⁴ Available at: ftp://ftp.royalmail.com/Downloads/public/ctf/rm/pip_indicative_prices_nov_2005_v1.2.pdf

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>Range for every other Controlled Service, a price that is fairly representative of the prices at which postal packets were conveyed in that Price Range on 31 March in that Formula Year and shall be –</p> <p>(aa) where there is a Modal Price for that Price Range for that service in that year and it has been Certified as fairly representative by the Auditors, that Modal Price, or</p> <p>(bb) where there is not a Modal Price for that Price Range for that service on that date, such other price as the Auditors may have certified as being fairly representative of the price that prevailed for that Price Range for that service on that date, or</p> <p>(cc) where no price is certified by the Auditors under paragraphs (aa) or (bb) above, such other price fairly representing the price for postal packets conveyed in that Price Range for that service on that date as Postcomm may reasonably determine on the basis of such financial and statistical advice as it may reasonably seek.</p>	<p>were conveyed in that Price Range on 31 March in that Formula Year and shall be –</p> <p>(aa) — where there is a Modal Price for that Price Range for that service in that year and it has been Certified as fairly representative by the Auditors, that Modal Price, or</p> <p>(bb) — where there is not a Modal Price for that Price Range for that service on that date, such other price as the Auditors may have certified as being fairly representative of the price that prevailed for that Price Range for that service on that date, or</p> <p>(cc) — where no price is certified by the Auditors under paragraphs (aa) or (bb) above, such other price fairly representing the price for postal packets conveyed in that Price Range for that service on that date as Ofcom may reasonably determine on the basis of such financial and statistical advice as it may reasonably seek.</p>		
C21.10(d)	RPI _t in the Formula year $t = 5$ shall be not less than zero.]	RPI_t in the Formula year $t = 5$ shall be not less than zero	T 4.12(d)	Transitory - <u>Universal Service Provider</u>
C21.10(e)	where $t = 6$, $b_{pr}(t=5)$ for Basket C is a price that is fairly representative of the prices taking account of all discounts at which postal packets were conveyed in that Price Range on 31 March in that Formula Year and shall be –	<p>$b_{pr}(t=5)$ for Basket C is a price that is fairly representative of the prices taking account of all discounts at which postal packets were conveyed in that Price Range on 31 March in that Formula Year and shall be –</p> <p>(aa) — where there is a Modal Price for that Price</p>	T 4.12(e)	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>(aa) where there is a Modal Price for that Price Range for that service in that year and it has been Certified as fairly representative by the Auditors, that Modal Price, or</p> <p>(bb) where there is not a Modal Price for that Price Range for that service on that date, such other price as the Auditors may have certified as being fairly representative of the price that prevailed for that Price Range for that service on that date, or</p> <p>(cc) where no price is certified by the Auditors under paragraphs (aa) or (bb) above, such other price fairly representing the price for postal packets conveyed in that Price Range for that service on that date as Postcomm may reasonably determine on the basis of such financial and statistical advice as it may reasonably seek.</p>	<p>Range for that service in that year and it has been Certified as fairly representative by the Auditors, that Modal Price, or</p> <p>(bb) where there is not a Modal Price for that Price Range for that service on that date, such other price as the Auditors may have certified as being fairly representative of the price that prevailed for that Price Range for that service on that date, or</p> <p>(cc) — where no price is certified by the Auditors under paragraphs (aa) or (bb) above, such other price fairly representing the price for postal packets conveyed in that Price Range for that service on that date as Ofcom may reasonably determine on the basis of such financial and statistical advice as it may reasonably seek.</p>		above
C21.11	<p>The correction factor K_t is calculated for each Basket for each Formula Year as follows –</p> <p>(a) in Formula Year $t = 1$ for Basket A using the formula –</p> $K_t = K_{old} * \left(\frac{Arev}{Arev + Brev} \right)$ <p>and for Basket B using the formula –</p> $K_t = K_{old} * \left(\frac{Brev}{Arev + Brev} \right)$	<p>The correction factor K_t is calculated for each <u>Basket</u> for each <u>Formula Year</u> as follows –</p> <p>(a) in Formula Year $t = 1$ for Basket A using the formula –</p> $K_t = K_{old} * \left(\frac{Arev}{Arev + Brev} \right)$ <p>and for Basket B using the formula –</p> $K_t = K_{old} * \left(\frac{Brev}{Arev + Brev} \right)$ 	T 4.13	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>(b) and thereafter for each of Baskets A and B using the formula –</p> $K_t = \left(ER_{t-1} - AR_{t-1} \right) * \left(\frac{100 + i_t}{100} \right),$ <p>and</p> <p>(c) in the formulae in paragraphs (a) and (b) – K_{old} is the value of K_t calculated in accordance with the Previous Control for Formula Year $t = 1$ of this control, A_{rev} is the revenue earned in Formula Year $t = 0$ from the services in Basket A, B_{rev} is the revenue earned in Formula Year $t = 0$ from the services in Basket B, ER_{t-1} and AR_{t-1} are calculated in accordance with paragraphs 6 and 7 respectively for each of Baskets A and B for Formula Year $t - 1$, save that for $t = 6$ the Controlled Services taken into account for the purposes of paragraph 11 (b) as applied to Basket B shall be the Controlled Services for Basket B as defined for $t = 6$, and i_t is a rate of interest in percentage points which for each Basket is the Base Rate on 30 September in Formula Year $t - 1$ if $ER_{t-1} < AR_{t-1}$ and is that Base Rate + 4 percentage points if $ER_{t-1} > AR_{t-1}$.</p>	<p>(b) and thereafter for each of <u>Baskets A</u> and <u>B</u> using the formula –</p> $K_t = \left(ER_{t-1} - AR_{t-1} \right) * \left(\frac{100 + i_t}{100} \right), \text{ and}$ <p>(b) in the formulae in paragraphs (a) and (b) – K_{old} is the value of K_t calculated in accordance with the Previous Control for Formula Year $t = 1$ of this control, A_{rev} is the revenue earned in Formula Year $t = 0$ from the services in Basket A, B_{rev} is the revenue earned in Formula Year $t = 0$ from the services in Basket B, ER_{t-1} and AR_{t-1} are calculated in accordance with Condition T [4.7 and 4.8] respectively for each of <u>Baskets A</u> and <u>B</u> for <u>Formula Year $t - 1$</u>, save that for the <u>Formula Year</u> ending on 31 March 2012, the <u>ER</u> and <u>AR</u> of the <u>Controlled Services</u> taken into account for the purposes of paragraph T 4.1344 (b)(a) as applied to <u>Basket B</u> shall be the <u>ER</u> and <u>AR</u> in Formula Year $t = 5$ of the <u>Controlled Services</u> for <u>Basket B</u>, and i_t is a rate of interest in percentage points which for each <u>Basket</u> is the <u>Base Rate</u> on 30 September in Formula Year $t - 1$ if $ER_{t-1} < AR_{t-1}$ and is that <u>Base Rate + 4 percentage points</u> if $ER_{t-1} > AR_{t-1}$. (c) For Basket C, K_t for $t=6$ shall be equal to 0 and for Baskets A and C takes the values consistent with the audit report submitted to the Postcomm in</p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
		<u>July 2011.</u>		
C21.12	<p>The customer service quality factor, C_t, in any Formula Year, t, is zero for Basket B, and zero for Basket C where $t = 6$ and for Basket A is the amount found using the formula –</p> $C_t = \left(\frac{QP}{100} \right) * f_t * \left(\sum_{s=1}^{s=9} br_{st} \right)$ <p>where – QP is 5 percentage points, br_{st} is the revenue that would have been derived from a Controlled Service, s, as defined in paragraph 38(a) if it had been calculated in accordance with paragraph 9, f_t is a performance fraction for Formula Year t found using the formula –</p> $f_t = \sum_{m=1}^{m=8} \left(\frac{\left(5 - n * \left(tm_{mt} - pm_{mt} \right) \right) * mw_m}{5} \right)$ <p>tm_{mt} is the Licensee's standard in percentage points in Formula Year t for each of the quality measures, m, set out in the table below, pm_{mt} is the Licensee's performance in percentage points in Formula Year t against each of those quality measures, n is a normalising factor which is 1 for quality measures $m = 1, 2, 3, 4$ and 5 and 10 for quality measures $m = 6, 7$ and 8,</p>	<p>The customer service quality factor, C_t, in any Formula Year, t, is zero for <u>Baskets B</u>, and zero for Basket C and for <u>Basket A</u> is the amount found using the formula –</p> $C_t = \left(\frac{QP}{100} \right) * f_t * \left(\sum_{s=1}^{s=9} br_{st} \right)$ <p>where – QP is 5 percentage points, br_{st} is the revenue that would have been derived from a <u>Controlled Service</u>, s, if it had been calculated in accordance with T <u>[4.10 and 4.11]</u>, f_t is a performance fraction for <u>Formula Year</u> t found using the formula –</p> $f_t = \sum_{m=1}^{m=8} \left(\frac{\left(5 - n * \left(tm_{mt} - pm_{mt} \right) \right) * mw_m}{5} \right)$ <p>tm_{mt} is the <u>Universal Service Provider's</u> standard in percentage points in <u>Formula Year</u> t for each of the quality measures, m, set out in the table below, pm_{mt} is the <u>Universal Service Provider's</u> performance in percentage points in <u>Formula Year</u> t against each of those quality measures, n is a normalising factor which is 1 for quality measures $m = 1, 2, 3, 4$ and 5 and 10 for quality measures $m = 6, 7$ and 8, mw_m is the weight applicable to each of those</p>	T 4.14	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>mw_m is the weight applicable to each of those quality measures, as set out in the table below,</p> <p><i>[table on page 101-102 not reproduced]</i></p> <p>provided that –</p> <p>in any evaluation of $(tm_{mt} - pm_{mt})$ for $m = 1, 2, 3, 4$ and 5 in the formula for f_t above, –</p> <p>if $(tm_{mt} - pm_{mt}) < 1$ then the value of $(tm_{mt} - pm_{mt})$ shall be taken to be 0, and</p> <p>if $(tm_{mt} - pm_{mt}) > 5$ then the value of $(tm_{mt} - pm_{mt})$ shall be taken to be 5, and</p> <p>in any evaluation of $(tm_{mt} - pm_{mt})$ for $m = 6, 7$ and 8 in the formula for f_t above, –</p> <p>if $(tm_{mt} - pm_{mt}) < 0.1$ then the value of $(tm_{mt} - pm_{mt})$ shall be taken to be 0, and</p> <p>if $(tm_{mt} - pm_{mt}) > 0.5$ then the value of $(tm_{mt} - pm_{mt})$ shall be taken to be 0.5,</p> <p>and provided further that, on the application of the Licensee on the basis that industrial action has prejudiced or may prejudice the ability of the Licensee to finance the activities authorised or required by this Licence, the value of f_t for any Formula Year, t, may be increased to such number not exceeding 1 as Postcomm may, by direction in writing, determine</p>	<p>quality measures, as set out in the table below,</p> <p><i>[table on page 101-102 not reproduced but we propose to include it in the Condition⁵]</i></p> <p>provided that –</p> <p>in any evaluation of $(tm_{mt} - pm_{mt})$ for $m = 1, 2, 3, 4$ and 5 in the formula for f_t above, –</p> <p>if $(tm_{mt} - pm_{mt}) < 1$ then the value of $(tm_{mt} - pm_{mt})$ shall be taken to be 0, and</p> <p>if $(tm_{mt} - pm_{mt}) > 5$ then the value of $(tm_{mt} - pm_{mt})$ shall be taken to be 5, and</p> <p>in any evaluation of $(tm_{mt} - pm_{mt})$ for $m = 6, 7$ and 8 in the formula for f_t above, –</p> <p>if $(tm_{mt} - pm_{mt}) < 0.1$ then the value of $(tm_{mt} - pm_{mt})$ shall be taken to be 0, and</p> <p>if $(tm_{mt} - pm_{mt}) > 0.5$ then the value of $(tm_{mt} - pm_{mt})$ shall be taken to be 0.5,</p> <p>and provided further that, on the application of the <u>Universal Service Provider</u> on the basis that industrial action has prejudiced or may prejudice the ability of the <u>Universal Service Provider</u> to finance the provision of <u>regulated postal services</u>, the value of f_t for any <u>Formula Year</u>, t, may be increased to such number not exceeding 1 as <u>Ofcom</u> may, by direction in writing, determine.</p>		
C21.13(a)	The pension deficit pass-through, PP_t , shall be determined in accordance with the following provisions of this paragraph.	The pension deficit pass-through, PP_t , shall be determined in accordance with the following provisions of this paragraph.	T 4.15(a)	Transitory - <u>Universal Service Provider</u>

⁵ A copy is available on request from Ofcom.

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>(a) PP_t shall be calculated for each Formula Year, t, using the formulae – for Basket A –</p> $PP_t = GAPP_{t-1} * \left(\frac{RA_{t-1}}{RT_{t-1}} \right)$ <p>and for Basket B where $t < 6$ –</p> $PP_t = GAPP_{t-1} * \left(\frac{RB_{t-1}}{RT_{t-1}} \right)$ <p>and where $t = 6$ – for Basket B –</p> $PP_t = GAPP_{t-1} * \left(\frac{RB_{new}}{RT_{t-1}} \right)$ <p>for Basket C –</p> $PP_t = GAPP_{t-1} * \left(\frac{RC_{t-1}}{RT_{t-1}} \right)$ <p>where, RB_{new} is the revenue earned in Formula Year t=5 from the Controlled Services in Basket B</p>	<p>(a) PP_t shall be calculated for each <u>Formula Year</u>, t, using the formulae – for <u>Basket A</u> –</p> $PP_t = GAPP_{t-1} * \left(\frac{RA_{t-1}}{RT_{t-1}} \right)$ <p>and for <u>Basket B</u> –</p> $PP_t = GAPP_{t-1} * \left(\frac{RB_{new}}{RT_{t-1}} \right)$ <p>and for <u>Basket C</u> –</p> $PP_t = GAPP_{t-1} * \left(\frac{RC_{t-1}}{RT_{t-1}} \right)$ <p>where, RB_{new} is the revenue earned in <u>Formula Year</u> t=5 from the <u>Controlled Services</u> in <u>Basket B</u>, RC_{t-1} is the revenue earned from <u>Controlled Services</u> in <u>Basket C</u> in <u>Formula Year</u> t – 1</p> <p>where –</p>		See comments in relation to C21.7 above

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>as defined where $t = 6$,</p> <p>RC_{t-1} is the revenue earned from Controlled Services in Basket C in Formula Year $t - 1$</p> <p>where –</p> <p>$GAPP_t$ is a gross attributable pension fund deficit pass through factor for the Licensee's letters business calculated in accordance with paragraph (b),</p> <p>RA_{t-1} is the revenue earned from Controlled Services in Basket A in Formula Year $t - 1$,</p> <p>RB_{t-1} is the revenue earned from Controlled Services in Basket B in Formula Year $t - 1$ and</p> <p>RT_{t-1} is the revenue earned from all Controlled Services in Formula Year $t - 1$</p>	<p>$GAPP_t$ is a gross attributable pension fund deficit pass through factor for the <u>Universal Service Provider's letters</u> business calculated in accordance with Condition T <u>[4.15(b)]</u>,</p> <p>RA_{t-1} is the revenue earned from <u>Controlled Services in Basket A</u> in <u>Formula Year $t - 1$</u>, and</p> <p>RT_{t-1} is the revenue earned from all <u>Controlled Services in Formula Year $t - 1$</u>.</p>		
C21.13(b)	<p>$GAPP_t$ the gross attributable pension deficit pass through factor for the Licensee's letters business shall be calculated for each Formula Year, t, using the formula –</p> $GAPP_t = GPP_t * 0.80$ <p>Where –</p> <p>GPP_t is a gross pension fund deficit pass through factor for the Funds calculated in accordance with paragraph (c), and the fraction 0.80 is the number of employees and former employees of the Licensee's letters business entitled to deferred pensions and pensions from the Funds expressed as a proportion of the</p>	<p>$GAPP_t$ the gross attributable pension deficit pass through factor for the <u>Universal Service Provider's letters</u> business shall be calculated for each <u>Formula Year, t</u>, using the formula –</p> $GAPP_t = GPP_t * 0.80$ <p>Where –</p> <p>GPP_t is a gross pension fund deficit pass through factor for the <u>Funds</u> calculated in accordance with paragraph (c) and the fraction 0.80 is the number of employees and former employees of the Universal Service Provider's letters business entitled to deferred pensions and pensions from the Funds expressed as a proportion of the number of all persons entitled</p>	T 4.15(b)	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	number of all persons entitled to deferred pensions and pensions from the Funds,	to deferred pensions and pensions from the Funds,		
C21.13(c)	<p>GPP_t the gross pension fund deficit pass through factor for each Formula Year, t, shall be zero in Formula Year t = 0 and in subsequent Formula Years shall be found by the application of the following conditions and formulae –</p> <p>if</p> $(IC + TGL_{t-1}) > 0,$ <p>then GPP_t=0</p> <p>if</p> $IC \leq (-TGL_{t-1}) \leq \left(\frac{FAL_{t-1}}{10} \right),$ <p>then</p> $GPP_t = -(IC + TGL_{t-1}) / Y$ <p>otherwise</p> $GPP_t = \left(\left(\frac{FAL_{t-1}}{10} \right) - IC \right) / Y - \left(\left(\frac{FAL_{t-1}}{10} \right) + TGL_{t-1} \right) / Z$ <p>where –</p> <p>FAL_{t-1} is the present value of the projected benefit obligation of the Funds on the last day of the financial year ending in March in Formula Year t – 1 as recommended by the Actuary appointed by the Licensee for the purpose of International Accounting Standard</p>	<p>GPP_t the gross pension fund deficit pass through factor for each <u>Formula Year</u>, t, shall be zero in Formula Year t = 0 and in subsequent Formula Years shall be found by the application of the following conditions and formulae –</p> <p>If</p> $(IC + TGL_{t-1}) > 0,$ <p>then GPP_t=0.</p> <p>If</p> $IC \leq (-TGL_{t-1}) \leq \left(\frac{FAL_{t-1}}{10} \right),$ <p>then</p> $GPP_t = -(IC + TGL_{t-1}) / Y.$ <p>Otherwise,</p> $GPP_t = \left(\left(\frac{FAL_{t-1}}{10} \right) - IC \right) / Y - \left(\left(\frac{FAL_{t-1}}{10} \right) + TGL_{t-1} \right) / Z$ <p>where –</p> <p>FAL_{t-1} is the present value of the projected benefit obligation of the <u>Funds</u> on the last day of the financial year ending in March in <u>Formula Year</u> t – 1 as recommended by the <u>actuary</u> appointed by the <u>Universal Service Provider</u> for the purpose of International Accounting Standard 19 and set out in the <u>Universal Service Provider's</u> published audited</p>	T 4.15(c)	<p>Transitory - <u>Universal Service Provider</u></p> <p>See comments in relation to C21.7 above</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>19 and set out in the Licensee's published audited accounts, IC is an inner corridor within which risks associated with the volatility of the liabilities of the Funds lie with the Licensee and is £1.3 billion or such lower sum which is not less than £0.5 billion as Postcomm after consultation may by direction in writing determine on the application of the Licensee on the basis of action by the Trustees of the Funds funded by the Licensee substantially to reduce such risks, TGL_t is the accumulated unrecognised actuarial gains or losses of the Funds incurred up to the end of Formula Year t and is calculated using the formula –</p> $TGL_t = TGL_{t-1} + AGL_t + GPP_t$ <p>in which – in Formula Year t = 0 the value of TGL_{t-1} shall be a gain of £0.7 billion being the difference between the deficit in the Funds assumed by Postcomm for the purpose of the determination of P_0 and X in paragraph 9 of the condition (£4.6 billion) and the deficit in the Funds shown in the Licensee's published audited accounts for the last day of the financial year ending in March 2005 (£3.9 billion), AGL_t is the actuarial gain or loss for the Funds (such that a gain is positive and a loss is negative) arising in Formula Year t as</p>	<p>accounts <u>and, for Formula Year t = 5 the value of FAL_{t-1} shall be consistent with the audit report submitted to Postcomm in July 2011.</u> IC is an inner corridor within which risks associated with the volatility of the liabilities of the Funds lie with the <u>Universal Service Provider</u> and is £1.3 billion or such lower sum which is not less than £0.5 billion as <u>Ofcom</u> after consultation may by direction in writing determine on the application of the <u>Universal Service Provider</u> on the basis of action by the Trustees of the <u>Funds</u> funded by the <u>Universal Service Provider</u> substantially to reduce such risks, TGL_t is the accumulated unrecognised actuarial gains or losses of the <u>Funds</u> incurred up to the end of <u>Formula Year t</u> and is calculated using the formula –</p> $TGL_t = TGL_{t-1} + AGL_t + GPP_t$ <p>in which and for – in Formula Year t = 50 the value of TGL_{t-4} shall be consistent with the audit report submitted to Postcomm in July 2011. a gain of £0.7 billion being the difference between the deficit in the Funds assumed for the purpose of the determination of P_0 and X in Condition T [4.10 and 4.11] of the condition (£4.6 billion) and the deficit in the Funds shown in the Universal Service Provider's published audited accounts for the last day of the financial year ending in March 2005 (£3.9 billion); AGL_t is the actuarial gain or loss for the <u>Funds</u> (such that a gain is positive and a loss is negative)</p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>advised by the Actuary appointed by the Licensee for the purpose of International Accounting Standard 19 and set out in the Licensee's published audited accounts but excluding –</p> <p>(i) in Formula Year $t = 1$, any amount in total in excess of £0.7 billion which is attributable to updated assumptions, as determined by the Actuary appointed by the Licensee for the purpose of Generally Accepted Accounting Principles relating to pensions and set out in the Licensee's published audited accounts at 26 March 2006, relating to longevity or other demographic factors for so long as those assumptions have not been verified in a valuation obtained for the purpose of section 224 of the Pensions Act 2004 which is to be completed on or before 31 December 2006, and</p> <p>(ii) in subsequent Formula Years any subsequent amounts which are attributable to further updated assumptions, as recommended by the Actuary appointed by the Licensee for the purpose of Generally Accepted Accounting Principles relating to pensions and set out in the Licensee's published audited accounts in the previous financial year, relating to longevity or other demographic factors for so long as those assumptions have not been verified in a valuation obtained for the purpose of section 224 of the Pensions Act 2004,</p>	<p>arising in <u>Formula Year</u> t as advised by the actuary appointed by the <u>Universal Service Provider</u> for the purpose of International Accounting Standard 19 and set out in the <u>Universal Service Provider's</u> published audited accounts but excluding—</p> <p>(i) — in Formula Year $t = 1$, any amount in total in excess of £0.7 billion which is attributable to updated assumptions, as determined by the actuary appointed by the Universal Service Provider for the purpose of Generally Accepted Accounting Principles relating to pensions and set out in the Universal Service Provider's published audited accounts at 26 March 2006, relating to longevity or other demographic factors for so long as those assumptions have not been verified in a valuation obtained for the purpose of section 224 of the Pensions Act 2004 which is to be completed on or before 31 December 2006, and</p> <p>(ii) — in subsequent Formula Years any subsequent amounts which are attributable to further updated assumptions, as recommended by the actuary appointed by the <u>Universal Service Provider</u> for the purpose of Generally Accepted Accounting Principles relating to pensions and set out in the <u>Universal Service Provider's</u> published audited accounts in the previous financial year, relating to longevity or other demographic factors for so long as those assumptions have not been verified in a valuation obtained for the purpose of section 224 of the Pensions Act 2004,</p> <p>Y is 15, and Z is 10,</p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	Y is the number of years over which a first element of a shortfall in the Funds which may be recovered through PP_t and is 15, and Z is the number of years over which a further element of a shortfall in the Funds which may be recovered through PP_t and is 10,			
C21.13(d)	In any Formula Year, t, in relation to which an amount in respect of and not less than PP_t has not been paid into the Funds by the Licensee before the end of the financial year ending in March in that Formula Year or such later date as may be approved in writing by Postcomm, then PP_t shall be nil	In any <u>Formula Year</u> , “t”, in relation to which an amount in respect of and not less than PP_t has not been paid into the <u>Funds</u> by the <u>Universal Service Provider</u> before the end of the financial year ending in March in that <u>Formula Year</u> or such later date as may be approved in writing by <u>Ofcom</u> , then PP_t shall be nil.	T 4.15(d)	Transitory - <u>Universal Service Provider</u> See comments in relation to C21.7 above
C21.14	The volume growth or decline factor, G_t , shall be determined in accordance with the following provisions of this paragraph.	The volume growth or decline factor, G_t , shall be determined in accordance with the following provisions of this paragraph.	T 4.16	Transitory - <u>Universal Service Provider</u> See comments in relation to C21.7 above
C21.14(a)	G_t shall be calculated for each Formula Year, t, using the formulae – for Basket A – $G_t = GG_t * \left(\frac{RA_{t-1}}{RGT_{t-1}} \right)$ and for Basket B where $t < 6$ – $G_t = GG_t * \left(\frac{RB_{t-1}}{RGT_{t-1}} \right)$	G_t shall be calculated for each <u>Formula Year</u> , “t”, using the formulae – for <u>Basket A</u> – $G_t = GG_t * \left(\frac{RA_{t-1}}{RGT_{t-1}} \right)$ and for <u>Basket B</u> – $G_t = GG_t * \left(\frac{RB_{new}}{RGT_{t-1}} \right)$	T 4.16(a)	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>and where t = 6 for Basket B –</p> $G_t = GG_t * \left(\frac{RB_{new}}{RGT_{t-1}} \right)$ <p>and where t = 6 for Basket C –</p> $G_t = GG_t * \left(\frac{RC_{t-1}}{RGT_{t-1}} \right) - GG_{t-1} * \left(\frac{RC_{t-2}}{RGT_{t-2}} \right)$ <p>where – GG_t is a gross volume growth or decline factor calculated in accordance with paragraph (b), RA_{t-1} is the revenue earned from Controlled Services in Basket A in Formula Year t – 1, RB_{t-1} is the revenue earned from Controlled Services in Basket B in Formula Year t – 1, RB_{new} is as defined in paragraph 13(a), RC_{t-1} is as defined in paragraph 13(a), and RGT_{t-1} is the total revenue earned by the Licensee in Formula Year t – 1 from the conveyance of postal packets delivered through the Licensee's delivery offices excluding postal packets delivered using Controlled Services 6 to 9 and excluding the Licensee's Door to Door service and Inward International Services.</p>	<p>save that for the purposes of this calculation, the value shall be deemed to have been calculated as follows for Formula Year t < 6</p> $G_t = GG_t * \left(\frac{RB_{t-1}}{RGT_{t-1}} \right)$ <p>and for <u>Basket C</u> –</p> $G_t = GG_t * \left(\frac{RC_{t-1}}{RGT_{t-1}} \right) - GG_{t-1} * \left(\frac{RC_{t-2}}{RGT_{t-2}} \right)$ <p>where – GG_t is a gross volume growth or decline factor calculated in accordance with T[4.16(b)], RA_{t-1} is the revenue earned from <u>Controlled Services</u> in <u>Basket A</u> in <u>Formula Year t – 1</u>, RB_{new} is as defined in paragraph 13(a), RC_{t-1} is as defined in paragraph 13(a), and RGT_{t-1} is the total revenue earned by the <u>Universal Service Provider</u> in <u>Formula Year t – 1</u> from the conveyance of <u>postal packets</u> delivered through the <u>Universal Service Provider's</u> delivery offices excluding <u>postal packets</u> delivered using <u>Controlled Services</u> 6 to 9 and excluding the <u>Universal Service Provider's Door to Door</u> service and Inward International Services.</p>		
C21.14(b)	GG _t shall be zero in Formula Year t = 1 and thereafter shall be calculated for each Formula Year, t, using the formulae – If	GG_t shall be zero in Formula Year t = 1 and thereafter shall be calculated for each <u>Formula Year</u> , t, using the formulae –	T 4.16(b)	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	$\left(\frac{IAV_{t-1} - IFV_{t-1}}{IFV_{t-1}} \right) * 100 < (-D)$ <p>then</p> $GG_t = AV_{t-1} * \left(\left(\frac{IFV_{t-1}}{IAV_{t-1}} \right) * \left(\frac{100 - D}{100} \right) - 1 \right) * AR_{t-1} * R$ <p>otherwise, if</p> $(-D) \leq \left(\frac{IAV_{t-1} - IFV_{t-1}}{IFV_{t-1}} \right) * 100 \leq D$ <p>then $GG_t = 0$</p> <p>and if</p> $\left(\frac{IAV_{t-1} - IFV_{t-1}}{IFV_{t-1}} \right) * 100 > D$ <p>then</p> $GG_t = AV_{t-1} * \left(\left(\frac{IFV_{t-1}}{IAV_{t-1}} \right) * \left(\frac{100 + D}{100} \right) - 1 \right) * AR_{t-1} * R$ <p>where – IFV_t is an index of the forecast for the volume of postal packets delivered through the Licensee's delivery offices in Formula Year t excluding postal packets delivered</p>	<p>If</p> $\left(\frac{IAV_{t-1} - IFV_{t-1}}{IFV_{t-1}} \right) * 100 < (-D)$ <p>then</p> $GG_t = AV_{t-1} * \left(\left(\frac{IFV_{t-1}}{IAV_{t-1}} \right) * \left(\frac{100 - D}{100} \right) - 1 \right) * AR_{t-1} * R$ <p>Otherwise, if</p> $(-D) \leq \left(\frac{IAV_{t-1} - IFV_{t-1}}{IFV_{t-1}} \right) * 100 \leq D$ <p>then $GG_t = 0$;</p> <p>and if</p> $\left(\frac{IAV_{t-1} - IFV_{t-1}}{IFV_{t-1}} \right) * 100 > D$ <p>then</p> $GG_t = AV_{t-1} * \left(\left(\frac{IFV_{t-1}}{IAV_{t-1}} \right) * \left(\frac{100 + D}{100} \right) - 1 \right) * AR_{t-1} * R$ <p>where –</p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>using Controlled Services 6 to 9 and excluding the Licensee's Door to Door service and Inward International Services as set out in the table below,</p> <p><i>[Table on p.108 not reproduced]</i></p> <p>IAV_t is an index calculated for each Formula Year, t, using the formula,</p> $IAV_t = \left(\frac{AV_t}{AV_{(t=-1)}} \right) * 100 ,$ <p>where AV_t and AV_(t=-1) are the numbers of postal packets delivered through the Licensee's delivery offices in Formula Years t and t= - 1 respectively, excluding postal packets delivered using Controlled Services 6 to 9 and excluding the Licensee's Door to Door service and Inward International Services,</p> <p>D is a dead band and is 2 percentage points,</p> <p>AR_{t-1} is the average unit access revenue for Formula Year t – 1 found by dividing the aggregate revenue earned by the Licensee in that Formula Year from the provision of Controlled Services 39 to 45, and where t = 6</p> <p>Controlled Services 39 to 51, by the number of postal packets conveyed by those Controlled Services in that Formula Year,</p> <p>R is cost to volume ratio and is 0.4, and numbers of postal packets shall be calculated</p>	<p>IFV_t is 102.46 in Formula Year t=5</p> <p>IAV_t is an index calculated for each <u>Formula Year</u>, t, using the formula,</p> $IAV_t = \left(\frac{AV_t}{AV_{(t=-1)}} \right) * 100 ,$ <p>where AV_t and AV_(t=-1) are the numbers of <u>postal packets</u> delivered through the <u>Universal Service Provider's</u> delivery offices in <u>Formula Years</u> t and t= - 1 respectively, excluding <u>postal packets</u> delivered using <u>Controlled Services</u> 6 to 9 and excluding the <u>Universal Service Provider's Door to Door</u> service and Inward International Services, <u>and for Formula Year t=-1 to 4 AV_t takes the values consistent with the audit report submitted to Postcomm in July 2011</u></p> <p>D is a dead band and is 2 percentage points,</p> <p>AR_{t-1} is the average unit access revenue for <u>Formula Year</u> t – 1 found by dividing the aggregate revenue earned by the <u>Universal Service Provider</u> in that <u>Formula Year</u> from the provision of <u>Controlled Services</u> 39 to 51, by the number of <u>postal packets</u> conveyed by those <u>Controlled Services</u> in that <u>Formula Year</u>,</p> <p>R is cost to volume ratio and is 0.4, and numbers of <u>postal packets</u> shall be calculated for the purpose of this paragraph on a revenue equated basis.</p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	for the purpose of this paragraph on a revenue equated basis.			
C21.15	The obligations in paragraph 16 shall apply in addition to the obligations in paragraph 5 in each Formula Year after Formula Year t = 0.	The obligations in T [4.18] shall apply in addition to the obligations in T[4.6].	T 4.17	Transitory - <u>Universal Service Provider</u>
C21.16	Except as Postcomm on the application of the Licensee may by direction in writing approve otherwise, the Licensee shall take all reasonable steps to ensure that in each Formula Year after Formula Year t = 0, in relation to each of the Controlled Services in Basket A and to each of the Controlled Services in Basket B, the following conditions are met –	<p>Except as <u>Ofcom</u> on the application of the <u>Universal Service Provider</u> may by direction in writing approve otherwise, the <u>Universal Service Provider</u> shall take all reasonable steps to ensure that in each <u>Formula Year</u> after Formula Year t = 0, in relation to each of the <u>Controlled Services</u> in <u>Baskets A and and to each of the Controlled Services in Basket B,</u> the following conditions are met.</p> <p>For the purposes of this Condition, the Directions issued by the Postal Services Commission on 10 January 2008 and 3 July 2009 shall be deemed to have been issued by Ofcom. Within them, references to the “Licence” shall be deemed to be references to <u>regulatory conditions</u>.</p>	T 4.18	Transitory - <u>Universal Service Provider</u>
C21.16(a)	<p>in Formula Year t = 1 for the lowest Price Range for Controlled Services 3, 4, 11 and 13</p> <p>and, for all other Price Ranges for all other Controlled Services,</p> $P_t \leq P_{t=0} * \left(\frac{100 + P_0 + 3}{100} \right)$			Unnecessary

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>with both conditions being applicable separately both before and after the introduction of Pricing in Proportion and where –</p> <p>p_t is the price for the conveyance within the Price Range for such service at any time in Formula Year t, and may have two values, one applicable before, and the other applicable after, the introduction of Pricing in Proportion,</p> <p>$p_{t=0}$ is the price for the same conveyance on 31 March in Formula Year $t = 0$, provided that if there is a price for the same conveyance published in the Licensee's statement entitled "Pricing in Proportion – Indicative Prices – Amended November 2005", then, from the introduction of Pricing in Proportion, $p_{t=0}$ shall be that price,</p> <p>P_0 is 4.0 percentage points, and</p>			
C21.16(b)	<p>(b) in Formula Year $t = 2$ for all Price Ranges for all Controlled Services</p> $\sum_{t=1}^t \Delta p_t \% \leq \left(RPI_{t-1} + RPI_t + P_0 - X + 6 - c_t + pp_t + g_t \right)$ <p>and</p>			Unnecessary
C21.16(c)	<p>(c) in subsequent Formula Years, [other than Formula Year $t = 5$,] for all Price Ranges for all Controlled Services</p> $\sum_{t=1}^t \Delta p_t \% \leq \left(RPI_{t-1} + RPI_t - 2X + 6 - c_t + c_{t-2} + pp_t - pp_{t-2} + g_t - g_{t-2} \right)$ <p>and</p>			Unnecessary
C21.16(d)	in Formula Year $t = 5$ and $t = 6$, for all Price	Until 31 March 2012, for all Price Ranges for all	T 4.19	Transitory -

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>Ranges for all Controlled Services</p> $\Delta p_t \% \leq (RPI_t - X + 3 - c_t + c_{t-1} + pp_t - pp_{t-1} - k_t + g_t - g_{t-1})$ <p>and in paragraphs (b) (c) and (d)– RPI_t and RPI_{t-1} are as defined in paragraph 9, provided in Formula year t = 5 RPI_t shall be not less than zero,] Δp_t% is the change in price for the conveyance in Formula Year t as compared with Formula Year t - 1 in percentage points and is found by the application of the formula –</p> $\Delta p_t \% = \left(\frac{p_t - p_{t-1}}{p_{t-1}} \right) * 100$ <p>in which – p_t and p_{t-1} are as provided in sub-paragraph (a) for the period after the introduction of Pricing in Proportion</p> <p>X is 0.14 percentage points for Controlled Services in Basket A and -5.19 percentage points for Controlled Services in Basket B, except that in t = 6, for Controlled Services 31 to 32 and for packets only within Controlled Services 22 to 33 where there is a corresponding Controlled Services within Controlled Services 33 to 38 Δp_t% shall be the higher of:</p>	<p>Controlled Services</p> $\Delta p_t \% \leq (RPI_t - X + 3 - c_t + c_{t-1} + pp_t - pp_{t-1} - k_t + g_t - g_{t-1})$ <p>Where – RPI_t and RPI_{t-1} are as defined in T [4.10 and 4.11], Δp_t% is the change in price for the conveyance in <u>Formula Year t</u> as compared with <u>Formula Year t -</u> 1 in percentage points and is found by the application of the formula –</p> $\Delta p_t \% = \left(\frac{p_t - p_{t-1}}{p_{t-1}} \right) * 100$ <p>in which – p_t is the price for the conveyance within the <u>Price</u> <u>Range</u> for such service at any time in <u>Formula Year</u> t. X is 0.14 percentage points for <u>Controlled</u> <u>Services in Basket A</u> and -5.19 percentage points for <u>Controlled Services in Basket B</u>, except that for <u>Controlled Services 31 to 32</u> and for packets only within <u>Controlled Services 22 to 33</u> where there is a corresponding <u>Controlled Service</u> within <u>Controlled Services 33 to 38</u> Δp_t% shall be the higher of: Δp_t% as defined in this sub-paragraph; and the change in price found by the application of the formula</p>		<p><u>Universal Service</u> <u>Provider</u></p> <p>Pricing in Proportion was more than a year ago.</p> <p>See comments in relation to C21.7 above</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>$\Delta p_t\%$ as defined in this sub-paragraph (d); and The change in price found by the application of the formula</p> $\left(\frac{p_t^* - p_{t-1}^*}{p_{t-1}^*} \right) * 100$ <p>where p_t^* is the price for the conveyance within the Price Range for the corresponding Controlled Services within Controlled Services 33 to 38 c_t, c_{t-1} and c_{t-2} for Controlled Services $s = 1$ to $s = 9$ inclusive are found using the formula –</p> $c_t = \left(5 - \left(\frac{C_{(t-1)} * 100}{\sum_{s=1}^{s=9} br_{s(t-1)}} \right) \right)$ <p>in which – $C_{(t-1)}$ is calculated in accordance with paragraph 12 and for all other Controlled Services is zero[, and] ppt, $[ppt-1]$ and $ppt-2$ for Controlled Services $s = 1$ to $s = 38$ (and where $t = 6$ Controlled Services $s = 1$ to $s = 32$) inclusive</p>	$\left(\frac{p_t^* - p_{t-1}^*}{p_{t-1}^*} \right) * 100$ <p>where p_t^* is the price for the conveyance within the <u>Price Range</u> for the corresponding <u>Controlled Services</u> within <u>Controlled Services</u> 33 to 38 c_t, c_{t-1} and c_{t-2} for <u>Controlled Services</u> $s = 1$ to $s = 9$ inclusive are found using the formula –</p> $c_t = \left(5 - \left(\frac{C_{(t-1)} * 100}{\sum_{s=1}^{s=9} br_{s(t-1)}} \right) \right)$ <p>in which – $C_{(t-1)}$ is calculated in accordance with T [4.14] and for all other <u>Controlled Services</u> is zero[, and] pp_t, pp_{t-1} and pp_{t-2} for <u>Controlled Services</u> $s = 1$ to $s = 32$ inclusive are found using the formulae – for <u>Controlled Services</u> in <u>Basket A</u></p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>are found using the formulae – for Controlled Services in Basket A</p> $pp_t = \left(\frac{PP_t}{\sum_{s=1}^{s=13} br_{s(t-1)}} \right) * 100$ <p>in which – PPt is PPt calculated in accordance with paragraph 13 for Basket A, and and for Controlled Services in Basket B</p> $pp_t = \left(\frac{PP_t}{\sum_{s=14}^{s=38} br_{s(t-1)}} \right) * 100$ <p>and where t = 6 for Controlled Services in Basket B</p> $pp_t = \left(\frac{PP_t}{\sum_{s=14}^{s=32} br_{s(t-1)}} \right) * 100$ <p>in which – PPt is PPt calculated in accordance with</p>	$pp_t = \left(\frac{PP_t}{\sum_{s=1}^{s=13} br_{s(t-1)}} \right) * 100$ <p>in which – PP_t is PP_t calculated in accordance with T [4.15] for <u>Basket A</u>, and and for <u>Controlled Services</u> in <u>Basket B</u></p> $pp_t = \left(\frac{PP_t}{\sum_{s=14}^{s=32} br_{s(t-1)}} \right) * 100$ <p>in which – PP_t is PP_t calculated in accordance with T [4.15] for <u>Basket B</u>, and g_t, g_{t-1} and g_{t-2} for <u>Controlled Services</u> s = 1 to s = 32 inclusive are found using the formulae – for <u>Controlled Services</u> in <u>Basket A</u></p> $g_t = \left(\frac{G_t}{\sum_{s=1}^{s=5} br_{s(t-1)} + \sum_{s=10}^{s=13} br_{s(t-1)}} \right) * 100$		

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>paragraph 13 for Basket B, and g_t, $[g_t-1]$ and g_{t-2} for Controlled Services $s = 1$ to $s = 38$ (and where $t = 6$ Controlled Services $s = 1$ to $s = 32$) inclusive are found using the formulae – for Controlled Services in Basket A</p> $g_t = \left(\frac{G_t}{\sum_{s=1}^{s=5} br_{s(t-1)} + \sum_{s=10}^{s=13} br_{s(t-1)}} \right) * 100$ <p>in which – G_t is G_t calculated in accordance with paragraph 14 for Basket A, and and for Controlled Services in Basket B</p> $g_t = \left(\frac{G_t}{\sum_{s=14}^{s=38} br_{s(t-1)}} \right) * 100$ <p>and where $t = 6$ for Controlled Services in Basket B</p>	<p>in which – G_t is G_t calculated in accordance with T [4.16] for <u>Basket A</u>, and and for <u>Controlled Services</u> in <u>Basket B</u></p> $g_t = \left(\frac{G_t}{\sum_{s=14}^{s=32} br_{s(t-1)}} \right) * 100$ <p>where G_t is G_t calculated in accordance with T [4.16] for <u>Basket B</u>, and k_t, for <u>Controlled Services</u> $s = 1$ to $s = 32$ inclusive is found using the formulae – for <u>Controlled Services</u> in <u>Basket A</u></p> $k_t = \left(\frac{K_t}{\sum_{s=1}^{s=13} br_{s(t-1)}} \right) * 100$ <p>in which – K_t is K_t calculated in accordance with T [4.13] for <u>Basket A</u>, and for <u>Controlled Services</u> in <u>Basket B</u></p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	$g_t = \left(\frac{G_t}{\sum_{s=14}^{s=32} br_{s(t-1)}} \right) * 100$ <p>where Gt is Gt calculated in accordance with paragraph 14 for Basket B, and [kt, for Controlled Services s = 1 to s = 38 (and where t = 6 Controlled Services s = 1 to s = 32) inclusive is found using the formulae – for Controlled Services in Basket A</p> $k_t = \left(\frac{K_t}{\sum_{s=1}^{s=13} br_{s(t-1)}} \right) * 100$ <p>in which – Kt is Kt calculated in accordance with paragraph 11 for Basket A, and and for Controlled Services in Basket B</p>	$k_t = \left(\frac{K_t}{\sum_{s=14}^{s=32} br_{s(t-1)}} \right) * 100$ <p>in which – K_t is K_t calculated in accordance with T [4.13] for <u>Basket B</u>, and br_{s(t-1)} is the revenue that would have been derived from a <u>Controlled Service</u>, s in <u>Formula Year t - 1</u> if it had been calculated in accordance with T[4.10].</p>		

Condition	Old wording	New wording	New no	Condition type/applicable to
	$k_t = \left(\frac{K_t}{\sum_{s=14}^{s=38} br_{s(t-1)}} \right) * 100$ <p>and where t = 6 for Controlled Services in Basket B</p> $k_t = \left(\frac{K_t}{\sum_{s=14}^{s=32} br_{s(t-1)}} \right) * 100$ <p>in which – Kt is Kt calculated in accordance with paragraph 11 for Basket B, and] in each of the [seven] and where t = 6 ten, formulae immediately above, brs(t-1) is the revenue that would have been derived from a Controlled Service, s in Formula Year t - 1 if it had been calculated in accordance with paragraph 9.</p>			
C21.17	Subject to paragraphs 18 and 19, in relation to each of the Controlled Services that are not required by Condition 2 to be provided as universal services (except Access Services	Subject to T [4.21 and 4.22], in relation to each of the <u>Controlled Services 1-11</u> that are not required by DUSP [1 and 2] to be provided as universal services (except <u>Access Services</u> priced on a zonal	T 4.20	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>priced on a zonal basis and provided under contracts entered into on or before 1 April 2006 and any Access Service subsequently provided under a contract having all the terms referred to in paragraphs (i) to (xii) of paragraph 2(b) of Condition 9 in common with such a contract) the tariffs under which the services are offered shall be geographically uniform.</p>	<p>basis and provided under contracts entered into on or before 1 April 2006 and any <u>Access Service</u> subsequently provided under a contract having all the terms referred to in USPA [1.2(b)(i) to (xii)] in common with such a contract) the tariffs under which the services are offered shall be geographically uniform.</p>		<p>The condition as currently drafted is “mixed” (it applies to universal, access and other services) and as such it must be transitory.</p> <p>It is likely to be possible to redraft this so as to separate out those services in relation to which the existing price control could in our view be applied as conditions under Part III of the Act. However, given that the Condition as a whole will fall away on 31 March 2012, it does not appear to us necessary to carry out this work.</p>
C21.18	The Licensee may apply to Postcomm in writing at any time for approval to offer any of	The <u>Universal Service Provider</u> may apply to <u>Ofcom</u> in writing at any time for approval to offer	T 4.21	Transitory - <u>Universal Service</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	the Controlled Services on a tariff under which prices are not geographically uniform and where Postcomm has confirmed by notice in writing that it has been provided by the Licensee with sufficient information of good quality to consider the application then paragraph 19 shall apply.	any of the <u>Controlled Services</u> on a tariff under which prices are not geographically uniform and where <u>Ofcom</u> has confirmed by notice in writing that it has been provided by the <u>Universal Service Provider</u> with sufficient information of good quality to consider the application then T [4.22] shall apply. For the purposes of this Condition, any approval given by the Postal Services Commission under Condition 21 paragraphs 18 and/or 19 of Royal Mail's licence under the Postal Services Act 2000 shall be deemed to be an approval given by <u>Ofcom</u> under this paragraph.		<u>Provider</u>
C21.19	Where this paragraph applies, if Postcomm has not, after consultation with the Council and with such other persons as it sees fit, and after consideration of such further information (if any) as it may require to be furnished, within nine months of the date of giving notice under paragraph 18, by determination in writing indicated that it is not satisfied that the change sought by the Licensee will – (a) be revenue neutral, (b) lead to prices for the service being more reflective of costs than they would be if the existing geographically uniform tariff was retained, (c) be introduced in a manner that avoids unreasonable changes for users of the service, and (d) not lead to a circumvention of paragraph 1, and	Where this paragraph applies, if <u>Ofcom</u> has not, after consultation with the <u>Council</u> and with such other persons as it sees fit, and after consideration of such further information (if any) as it may require to be furnished, within nine months of the date of giving notice under T [4.21], by determination in writing indicated that it is not satisfied that the change sought by the <u>Universal Service Provider</u> will – (a) be revenue neutral, (b) lead to prices for the service being more reflective of costs than they would be if the existing geographically uniform tariff was retained, (c) be introduced in a manner that avoids unreasonable changes for users of the service, and (d) not lead to a circumvention of T[4.2], and (e) not lead to a failure to provide services priced in a manner referred to in the <u>Directive</u> , then the <u>Universal Service Provider</u> may change the tariff structure for the service to one in which	T 4.22	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	(e) not lead to a failure to provide services priced in a manner referred to in the Directive, then the Licensee may change the tariff structure for the service to one in which prices are not geographically uniform in the manner proposed in its application.	prices are not geographically uniform in the manner proposed in its application.		
C21.20	Without prejudice to Pricing in Proportion which may be introduced on or after 21 August 2006 subject to compliance by the Licensee with such direction in respect of the provision of information to users of postal services as may be made in writing by Postcomm, the Licensee may apply to Postcomm in writing at any time for approval for a change to the criteria by which the price or prices for a Controlled Service are determined and where Postcomm has confirmed by notice in writing that it has been provided by the Licensee with sufficient information of good quality to consider the application then paragraph 21 shall apply.	Subject to compliance by the <u>Universal Service Provider</u> with such direction in respect of the provision of information to <u>users of postal services</u> as may be made in writing by <u>Ofcom</u> , the <u>Universal Service Provider</u> may apply to <u>Ofcom</u> in writing at any time for approval for a change to the criteria by which the price or prices for a <u>Controlled Service</u> are determined and where <u>Ofcom</u> has confirmed by notice in writing that it has been provided by the <u>Universal Service Provider</u> with sufficient information of good quality to consider the application then T [4.24] shall apply.	T 4.23	Transitory - <u>Universal Service Provider</u>
C21.21	Where this paragraph applies, if Postcomm has not, after consultation with the Council and with such other persons as it sees fit, and after consideration of such further information (if any) as it may require to be furnished, within nine months of the date of giving notice under paragraph 20, by direction in writing indicated that it is not satisfied that the change sought by the Licensee will – (a) be revenue neutral,	Where this paragraph applies, if <u>Ofcom</u> has not, after consultation with the <u>Council</u> and with such other persons as it sees fit, and after consideration of such further information (if any) as it may require to be furnished, within nine months of the date of giving notice under T [4.23], by direction in writing indicated that it is not satisfied that the change sought by the <u>Universal Service Provider</u> will – (a) be revenue neutral, (b) lead to prices for the service being more reflective of costs than they would be if the existing	T 4.24	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>(b) lead to prices for the service being more reflective of costs than they would be if the existing pricing basis was retained,</p> <p>(c) be introduced in a manner that avoids unreasonable changes for users of the service,</p> <p>(d) not lead to a circumvention of paragraph 1, and</p> <p>(e) not lead to a failure to provide services priced in a manner referred to in the Directive,</p> <p>then the Licensee may change the pricing criteria for the service in the manner approved in the direction.</p>	<p>pricing basis was retained,</p> <p>(c) be introduced in a manner that avoids unreasonable changes for <u>users</u> of the service,</p> <p>(d) not lead to a circumvention of T[4.2], and</p> <p>(e) not lead to a failure to provide services priced in a manner referred to in the <u>Directive</u>, then the <u>Universal Service Provider</u> may change the pricing criteria for the service in the manner approved in the direction.</p>		
C21.22	<p>Where the criteria by which the price or prices for a Controlled Service are determined are changed pursuant to paragraph 21, this Condition shall apply with such variations as may be specified by Postcomm by direction in writing, including, without prejudice to the generality of this paragraph, –</p> <p>(a) variations to apply paragraph 5 to the service so that, notwithstanding the provisions of paragraph 9, the term br_{st} shall be calculated with reference to that service in such manner as may be provided in the direction, and</p> <p>(b) variations to the tariff rebalancing provisions set out in paragraphs 15 and 16 so that, as far as possible in the circumstances, they may apply for the benefit of users of postal services as effectively after any</p>	<p>Where the criteria by which the price or prices for a <u>Controlled Service</u> are determined are changed pursuant to T [4.24], this Condition shall apply with such variations as may be specified by <u>Ofcom</u> by direction in writing, including, without prejudice to the generality of this paragraph, –</p> <p>(a) variations to apply Condition T [4.6] to the service so that, notwithstanding the provisions of T [4.10 and 4.11], the term br_{st} shall be calculated with reference to that service in such manner as may be provided in the direction, and</p> <p>(b) variations to the tariff rebalancing provisions set out in T [4.17 and 4.18] so that, as far as possible in the circumstances, they may apply for the benefit of users of postal services as effectively after any change made pursuant to T [4.24] as they applied before that change.</p>	T 4.25	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	change made pursuant to paragraph 21 as they applied before that change.			
C21.23	<p>Except as Postcomm on the application of the Licensee may by direction in writing approve otherwise, the Licensee shall provide free of charge the services named in the table below.</p> <p><i>[Table reproduced as list:]</i> Return to sender as part of a Regulated Service Petitions to Parliament Certificate of Posting Poste restante Petitions to Her Majesty the Queen</p>	<p>Except as <u>Ofcom</u> on the application of the <u>Universal Service Provider</u> may by direction in writing approve otherwise, the <u>Universal Service Provider</u> shall provide free of charge the service: Return to sender as part of a <u>Regulated Service</u>.</p>	T 4.26	<p>Transitory - <u>Universal Service Provider</u></p> <p>The services not transposed are required by Condition DUSP 1 to be provided free in any event. They are, however, still captured within the definition of Unpriced Services for the purposes of the definition of Regulated Services.</p>
C21.24	Except as Postcomm on the application of the Licensee may by direction in writing approve otherwise	Except as <u>Ofcom</u> on the application of the <u>Universal Service Provider</u> may by direction in writing approve otherwise	T 4.27	
C21.24(a)	subject to paragraph (b) below for t = 6, the Licensee shall take all reasonable steps to ensure that in each Formula Year after Formula Year t = 0 it sets prices for the Miscellaneous Services so as to meet the conditions – in Formula Year t = 1	<p>Subject to T [4.29], the <u>Universal Service Provider</u> shall take all reasonable steps to ensure that that in each Formula Year after Formula Year t = 0 it sets prices for the <u>Miscellaneous Services</u> so as to meet the conditions –</p> $p_t \leq p_{t-1} * \left(\frac{100 + RPI_t - X}{100} \right)$ <p>where –</p>	T 4.28	<p>Transitory - <u>Universal Service Provider</u></p> <p>The condition as currently drafted is “mixed” (it applies to universal and other services) and as such it must be</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	$p_t \leq p_{t=0} * \left(\frac{100 + P_0}{100} \right)$ <p>and,</p> $p_t \leq p_{t-1} * \left(\frac{100 + RPI_t - X}{100} \right)$ <p>where – p_t represents any price for any service, or any amount of any service, that is a Miscellaneous Service in any Formula Year t, p_{t-1} and $p_{t=0}$ represent the equivalent price on 31 March in Formula Years t – 1 and t = 0 respectively, P_0 is 4.0 percentage points, RPI_t is as defined in paragraph 9, [provided in Formula year t = 5 RPI_t shall be not less than zero,] and X is 0.14 percentage points.</p>	p_t represents any price for any service, or any amount of any service, that is a <u>Miscellaneous Service</u> in any <u>Formula Year t</u> , RPI_t is as defined in T [4.10], and X is 0.14 percentage points.		<p>transitory.</p> <p>It is likely to be possible to redraft this so as to separate out those services in relation to which the existing price control could in our view be applied as a DUSP condition. However, given that the Condition as a whole will fall away on 31 March 2012, it does not appear to us necessary to carry out this work.</p>
		T [4.28] shall not apply to the Miscellaneous Service Private Boxes Transfer to PO Box 12 Months.	T 4.29	See Direction issued by the Postal Services Commission on 30 March 2011
C21.24(b)	the maximum average price increase of the services added to the definition of Miscellaneous Services for t = 6 will be 12%, consistent with the maximum average price increase for Controlled Services in Basket B,			<p>Unnecessary</p> <p>These services came out of the definition on 31 July 2011 at the latest (see</p>

Condition	Old wording	New wording	New no	Condition type/applicable to definition)
C21.25	<p>If –</p> <p>(a) the Licensee applies to Postcomm for a direction under this paragraph on the basis of –</p> <p>(i) a fundamental change of circumstances outside the control of the Licensee which adversely affects the underlying economic performance of the Licensee to a significant extent, or</p> <p>(ii) any other significant risk to the ability of the Licensee to –</p> <p>(aa) meet its obligations under Condition 2 of this Licence, or</p> <p>(bb) finance the activities authorised or required to be provided by this Licence, and</p> <p>(b) the Licensee has provided a copy of its application to the Council, and</p> <p>(c) the Licensee, after being afforded an opportunity to make representations, has satisfied Postcomm that –</p> <p>(i) in the case of an application made as provided in paragraph (a)(i), the change of circumstances described by the Licensee does adversely affect the underlying economic performance of the Licensee to a significant extent, or</p> <p>(ii) in the case of an application made as provided in paragraph (a)(ii), the Licensee –</p> <p>(aa) is an efficient operator, or</p> <p>(bb) is using all reasonable endeavours to become an efficient operator, and at least one of the risks referred to in</p>	<p>If –</p> <p>(a) the <u>Universal Service Provider</u> applies to <u>Ofcom</u> for a direction under this paragraph on the basis of –</p> <p>(i) a fundamental change of circumstances outside the control of the <u>Universal Service Provider</u> which adversely affects the underlying economic performance of the <u>Universal Service Provider</u> to a significant extent, or</p> <p>(ii) any other significant risk to the ability of the <u>Universal Service Provider</u> to –</p> <p>(aa) meet its obligations under Condition DUSP <u>1</u>, or</p> <p>(bb) finance the provision of its <u>regulated postal services</u>, and</p> <p>(b) the <u>Universal Service Provider</u> has provided a copy of its application to the <u>Council</u>, and</p> <p>(c) the <u>Universal Service Provider</u>, after being afforded an opportunity to make representations, has satisfied <u>Ofcom</u> that –</p> <p>(i) in the case of an application made as provided in paragraph (a)(i), the change of circumstances described by the <u>Universal Service Provider</u> does adversely affect the underlying economic performance of the <u>Universal Service Provider</u> to a significant extent, or</p> <p>(ii) in the case of an application made as provided in paragraph (a)(ii), the <u>Universal Service Provider</u> –</p> <p>(aa) is an efficient operator, or</p> <p>(bb) is using all reasonable endeavours to become an efficient operator,</p>	T 4.30	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	paragraph (a)(ii) is significant, and (d) Postcomm after consultation with the Council and with such other persons as it sees fit has issued a direction in writing in response to the application by the Licensee, then, to the extent and for so long as may be specified in that direction, this Condition shall not apply.	and at least one of the risks referred to in paragraph (a)(ii) is significant, and (d) Ofcom after consultation with the Council and with such other persons as it sees fit has issued a direction in writing in response to the application by the Universal Service Provider, then, to the extent and for so long as may be specified in that direction, this Condition shall not apply.		
C21.26	Where the Licensee has applied to Postcomm for a direction that this Condition shall no longer apply to – (a) one of the Controlled Services listed in Paragraph 38(a), or (b) to that the supply of that Controlled Service to a particular class of users on the basis of competition in the provision of the service in question being sufficiently developed to protect the interests of users or of that class of users and where Postcomm has confirmed by notice in writing that it has been provided by the Licensee with sufficient information of good quality to consider the application then paragraph 27 shall apply	Where the Universal Service Provider has applied to Ofcom for a direction that this Condition shall no longer apply to – (a) one of the Controlled Services, or (b) to that the supply of that Controlled Service to a particular class of users on the basis of competition in the provision of the service in question being sufficiently developed to protect the interests of users or of that class of users and where Ofcom has confirmed by notice in writing that it has been provided by the Universal Service Provider with sufficient information of good quality to consider the application then T [4.32] shall apply.	T 4.31	Transitory - <u>Universal Service Provider</u>
C21.27	Where this paragraph applies, if – (a) there is not outstanding a notice in writing from Postcomm to the Licensee to the effect that the number of applications made under paragraph 26 is such that they cannot all be dealt within the timescale referred to in paragraph (b), and (b) Postcomm has not, after consultation with the Council and with such other persons	Where this paragraph applies, if – (a) there is not outstanding a notice in writing from Ofcom to the Universal Service Provider to the effect that the number of applications made under T [4.31] is such that they cannot all be dealt within the timescale referred to in paragraph (b), and (b) Ofcom has not, after consultation with the Council and with such other persons as it sees fit, and after consideration of such further information	T 4.32	Transitory - <u>Universal Service Provider</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>as it sees fit, and after consideration of such further information (if any) as it may require to be furnished, and within five months of the date of giving notice under paragraph 26, by direction in writing stated that it is of the opinion that competition in the provision of the Controlled Service in question is not sufficiently developed to protect the interests of consumers or of the particular class of users referred to in the application of the Licensee,</p> <p>then this Licence shall apply from the first day of the next Formula Year as if the price of the Controlled Services in question or the price at which that Controlled Service is supplied to that class of users is not restricted by this Condition.</p>	<p>(if any) as it may require to be furnished, and within five months of the date of giving notice under T [4.31], by direction in writing stated that it is of the opinion that competition in the provision of the <u>Controlled Service</u> in question is not sufficiently developed to protect the interests of consumers or of the particular class of <u>users</u> referred to in the application of the <u>Universal Service Provider</u>, then this Condition shall apply from the first day of the next <u>Formula Year</u> as if the price of the <u>Controlled Services</u> in question or the price at which that <u>Controlled Service</u> is supplied to that class of <u>users</u> is not restricted by this <u>Condition</u>.</p>		
C21.28	<p>The Licensee shall, until Formula Year $t = 5$, in respect of Controlled Services numbered 1 to 38, not later than 31 December and in respect of Controlled Services numbered 39 to 45 not later than 14 January, in each Formula Year after Formula Year $t = 0$, and where $t + 1 = 6$,</p> <ul style="list-style-type: none"> - in respect of Controlled Services numbered 1 to 13 not less than 3 months before the matters referred to in the schedules and/or statements submitted pursuant to (a) to (c) below come into effect, - in respect of Controlled Services numbered 14 to 38 (as defined for $t = 6$) not less than 8 weeks before the matters referred to in the schedules and/or statements submitted 			Unnecessary – $t=6$

Condition	Old wording	New wording	New no	Condition type/applicable to
	<p>pursuant to (a) to (c) below come into effect, - in respect of Controlled Services numbered 39 to 51 (as defined for $t = 6$) a sufficient period in advance of the notification in relation to Controlled Services numbered 14 to 38 as to ensure that the Licensee's obligations in relation to Controlled Services 14 to 38 as set out in this paragraph are met and that the Licensee's other obligations in the Licence are observed (including, for the avoidance of doubt, Condition 10), (a) submit to Postcomm and to the Council schedules showing all the prices for all the Price Ranges or other pricing criteria for each of those Controlled Services proposed to be charged or applied by the Licensee from the commencement of the following Formula Year, $t + 1$, (b) publish the schedules submitted pursuant to paragraph (a) in a reasonably prominent and accessible manner on its website, and (c) provide to Postcomm, with each schedule submitted pursuant to paragraph (a), a statement showing its estimates for Formula Year $t + 1$ for each of Baskets A and B, and where Formula Year $t + 1 = 6$ also for Basket C, of each of the parameters – ER, BR, AR, PP, K, C G, cpct, and Rplt</p>			
C21.29	Except as Postcomm on the application of the Licensee may by direction approve	<p>Except as: (i) The Postal Sservices Commission by</p>	T 4.33	Transitory - <u>Universal Service</u>

Condition	Old wording	New wording	New no	Condition type/applicable to
	otherwise, the Licensee shall in each Formula Year t occurring after Formula Year t = 0 offer the Controlled Services in Baskets A and B, and where t = 6 also Basket C, to users at the prices shown in, or determined in accordance with, the schedule submitted in accordance with paragraph 28 in year Formula Year t - 1, subject to such changes as may result from variations permitted by paragraphs 15 to 22.	direction issued on 20 March 2008 approved otherwise; or (i)(ii) <u>Ofcom</u> on the application of the <u>Universal Service Provider</u> may by direction approve otherwise, the <u>Universal Service Provider</u> shall in each <u>Formula Year t</u> occurring after Formula Year t = 0 offer the <u>Controlled Services</u> in <u>Baskets A, B, and C</u> , to <u>users</u> at the prices shown in, or determined in accordance with, the schedules submitted by Royal Mail to the Postal Services Commission entitled "Prices 2011" (dated December 2010) and "Prices 2011 - Prices effective from 9th May 2011" (dated March 2011) ⁶ subject to such changes as may result from variations permitted by T <u>[4.17 to 4.25]</u> .		<u>Provider</u> The condition as currently drafted is "mixed" (it applies to universal, access and other services) and as such it must be transitory. It is likely to be possible to redraft this so as to separate out those services in relation to which the existing price control could in our view be applied as conditions under Part III of the Act. However, given that the Condition as a whole will fall away on 31 March 2012, it does not appear to us necessary to carry out this work.

⁶ Available from Ofcom on request.

Condition	Old wording	New wording	New no	Condition type/applicable to
C21.30	<p>The Licensee shall, not later than 31 July after the end of each Formula Year after Formula Year t = 1, provide to Postcomm a statement showing its estimates for that year for each of Baskets A, B and C for each of the parameters –</p> <p>ER, BR, AR, PP, K, C, G, rpst rpyt cpct, and Rplt.</p>			Unnecessary – the formulae to which these estimates relate cease to be relevant on 31 March 2012.
C21.31	<p>The Licensee shall cause the statements and information referred to in paragraphs 28(c) and 30 to be reviewed by Auditors, who shall be required to report on whether, in their opinion,</p> <p>(a) in relation to paragraph 28(c), those statements contain forecasts of the parameters referred to in them that have been prepared in a reasonable and consistent manner that can be expected to give forecasts that are not misleading, and on the basis of information that has been obtained, recorded and processed in a competent manner, and</p> <p>(b) in relation to paragraph 30, those statements contain estimates of the parameters referred to in them that have been prepared in a reasonable and consistent manner that can be expected to give estimates that are not misleading, on the basis of information that has been obtained, recorded, and processed in a manner that complies with Condition 15 of this Licence,</p>			<p>Unnecessary</p> <p>C21.28(c) and 30 are unnecessary</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
	and the Licensee shall furnish Postcomm with a copy of each such report as soon as possible after receiving it			
C21.32	<p>This Condition shall apply so long as this Licence continues in force but shall cease to have effect if –</p> <p>(a) the Licensee delivers a Disapplication Request to Postcomm and Postcomm agrees in writing to the Disapplication Request, or</p> <p>(b) its application is terminated by notice given by the Licensee in accordance with either paragraph 36 or paragraph 37 below.</p>			<p>Unnecessary.</p> <p>(a) Is unnecessary because Ofcom could not agree to such a request without going through the statutory process required to revoke the condition, so it adds nothing to the statutory process.</p> <p>(b) is unnecessary because neither paragraph 36 nor paragraph 37 below works any longer under the new regime. Even were Ofcom to rely on a transitory condition to make a reference to the CC, the CC would have no power to consider it.</p> <p>The price control</p>

Condition	Old wording	New wording	New no	Condition type/applicable to
				falls away as at 31 March 2012 in any event.
C21.33	Any Disapplication Request shall be in writing, addressed to Postcomm, and shall state the Disapplication Date which shall be not earlier than the date occurring 18 months after the date upon which the Disapplication Request is delivered to Postcomm.			Unnecessary
C21.34	The Licensee shall not deliver any Disapplication Request to Postcomm before 30th September 2008.			Unnecessary Date has passed.
C21.35	The Licensee may at any time withdraw a Disapplication Request			Unnecessary
C21.36	If – (a) Postcomm has not made a reference to the Competition Commission under section 15 of the Act relating to the modification of this Condition before the beginning of the period of 12 months which will end with the Disapplication Date, and (b) the Licensee has not withdrawn the Disapplication Request, the Licensee may deliver written notice to Postcomm terminating the application of this Condition with effect from the Disapplication Date or a later date save that no such notice may take effect before the end of a period of 12 months from the date of delivery of that notice to Postcomm.			Unnecessary
C21.37	If the Competition Commission makes a report on a reference made by Postcomm relating to the modification of this Condition			Unnecessary

Condition	Old wording	New wording	New no	Condition type/applicable to
	after a Disapplication Request has been made and such report does not include a conclusion that the cessation of this Condition, in whole or in part, operates, or may be expected to operate, against the public interest, the Licensee may within one month after the publication of the report by Postcomm deliver to Postcomm written notice terminating the application of the Condition with effect from the Disapplication Date or a later date.			
C.21.38	unless the context requires otherwise and reference in this Condition to volumes of letters or other postal packets conveyed by the Licensee is a reference to those volumes calculated on a revenue equated basis	Unless the context requires otherwise, any reference in this Condition to volumes of letters or other postal packets conveyed by the <u>Universal Service Provider</u> is a reference to those volumes calculated using the method for establishing volumes of <u>letters</u> or <u>postal packets</u> set out in T <u>4.9 4.10 and 4.11</u> of this Condition.	T 4.34	Transitory - <u>Universal Service Provider</u>
	See C7.5(a)(ii)(2)	If the <u>Universal Service Provider</u> intends to offer any new <u>letter or postal packet conveyance or delivery service, postal service</u> , the <u>Universal Service Provider</u> shall, not less than 3 months before such offer is intended to come into effect, submit to <u>Ofcom</u> an indication where relevant of the relevant <u>Reference Service</u> .	T 4.35	USP Access - <u>Universal Service Provider</u>
C.21.38	<i>Other definitions</i>			Moved to definitions section

Annex 1 – Definition of Controlled Service

Controlled Service means a service numbered 1-51 in the Table below, together with any new service falling within the same market or market segment as any existing Controlled Service; and for the purposes of this definition –

- (a) Ofcom may by direction determine into which market or market segment any postal service falls;
- ~~(a)(b)~~ any determination by the Postal Services Commission prior to the Appointed Day that a service falls within the same market or market segment as a Controlled Service shall be deemed to be a determination by Ofcom;
- ~~(c) all such services may be more fully defined by reference to such descriptions of them as are contained in a table of definitions approved by Ofcom; and the descriptions in the document entitled *Condition 4 Schedule of Services and Standardised Measures, Produced in accordance with Condition 4 paragraphs 2(a) and 3 of Royal Mail's Licence dated April 2008 and published by Royal Mail Group plc (the "April 2008 Schedule") shall be deemed to have been approved by Ofcom save that the numbering shall be interpreted as set out in the third column of the Table below;*~~
- ~~(d)(c)~~ For the purposes of Acc [1.21] and T [4.7 to 4.14]:
- i. Controlled Service 20A and 20B shall be regarded as the same service as Controlled Service 21,
 - ~~i.ii.~~ Controlled Service 34A and 34B shall be regarded as the same service as Controlled Service 35,
 - ~~i.iii.~~ Controlled Service 23 shall be regarded as the same service as Controlled Service 22,
 - ~~i.iv.~~ Controlled Service 37 shall be regarded as the same service as Controlled Service 36,
 - ~~i.v.~~ Controlled Service 31A and 31B shall be regarded as the same service as Controlled Service 31
 - ~~i.vi.~~ Controlled Service 44A and 44B shall be regarded as the same service as Controlled Services 42 and 43 respectively; and
- ~~(e)(d)~~ Controlled Services 19 to 23 and 30 to 38 include, where relevant, their sustainable Mail, Advertising Mail and Advertising Sustainable Mail equivalents, which may be amended by Ofcom by direction.

Table

No. s	Service	April 2008 Schedule
1	First Class mail not conveyed by other <u>Controlled Services</u> ;	1
2	First Class Metered	2
3	Second Class mail not conveyed by other <u>Controlled Services</u> ;	3
4	Second Class Metered	4

5	Standard Parcel;	5
6	Airmail Europe;	6
7	Airmail World Zone 1;	7
8	Airmail World Zone 2;	8
9	Surface Mail;	9
10	Response Services 1 st Class;	10
11	Response Services 2 nd Class;	11
12	First Class Postage Paid Impression (PPI) and, until 31 March 2012, Automated Standard Tariff Large Letter 1 st Class	12 and “No number” first row
13	Second Class Postage Paid Impression (PPI) and, until 31 March 2012, Automated Standard Tariff Large Letter 2 nd Class;	13 and “no number” second row
14	Special Delivery (Next Day) other than when sold to <u>users</u> having an account with the <u>Universal Service Provider</u> buying the service using their account;	14
15	Cleanmail OCR 1 st Class;	15
16	Cleanmail CBC 1 st Class;	16
17	Cleanmail OCR 2 nd Class;	17
18	Cleanmail CBC 2 nd Class;	18
19	Mailsort 120 OCR 1 st Class	19
20	Mailsort 120 CBC 1 st Class;	20
20A	Mailsort 70 OCR 1 st Class	
20B	Mailsort 70 CBC 1 st Class	
21	Mailsort 700 1 st Class;	33

22	Mailsort 1400 1 st Class, (this excludes Packets > 1kg);	34
23	Mailsort 1400 Residues 1 st Class, (this excludes Packets > 1kg);	26
24	Presstream 1 st Class, and excluding Packets > 1kg;	29
25	Presstream 2 nd Class, and excluding Packets > 1kg;	30
26	Packetpost 1 st Class, and excluding Packets > 1kg;	31
27	Packetpost 2 nd Class, and excluding Packets > 1kg;	32
28	Packetsort 8 1 st Class (including Flatsort 8 1 st Class), and excluding Packets > 1kg;	33
29	Packetsort 8 2 nd Class (including Flatsort 8 2 nd Class), and excluding Packets > 1kg;	34
30	Walksort 1 st Class, and excluding Packets > 1kg;	35
31	Mailsort 700 3 rd Class;	37
31A	Mailsort 70 OCR 3 rd Class	
31B	Mailsort 70 CBC 3 rd Class;	
32	Mailsort 1400 3 rd Class (including Flatsort 1400 3) and excluding Packets > 1kg;	38
33	Mailsort 120 OCR 2 nd Class	21
34	Mailsort 120 CBC 2 nd Class;	22
34A	Mailsort 70 OCR 2 nd Class;	
34B	Mailsort 70 CBC 2 nd Class;	
35	Mailsort 700 CBC 2 nd Class;	24
36	Mailsort 1400 2 nd Class (this excludes Packets > 1kg);	27
37	Mailsort 1400 Residues 2 nd Class (this excludes Packets > 1kg);	28
38	Walksort 2 nd Class and excluding Packets > 1kg;	36

39	Access 1400 and excluding Packets > 1kg;	39
40	Access 120 Letter;	40
41	Access 120 Flat & Packet and excluding Packets > 1kg;	41
42	Access 120 OCR;	42
43	Access 120 CBC;	43
44	Access 700 CBC;	44
44A	Access 70 OCR;	
44B	Access 70 CBC;	
45	Access Walksort and excluding Packets > 1kg;	45
46	Responsible Manual including 120, 1400, Walksort and excluding Packets > 1kg;	
47	Responsible Mech including 70 OCR, 70 CBC, 120 OCR, 120 CBC and 700 CBC;	
48	Advertising Manual including 120, 1400, Walksort and excluding Packets > 1kg;	
49	Advertising Mech including 70 OCR, 70 CBC, 120 OCR, 120 CBC and 700 CBC;	
50	Advertising Responsible Manual including 120, 1400, Walksort and excluding Packets > 1kg;	
51	Advertising Responsible Mech including 70 OCR, 70 CBC, 120 OCR, 120 CBC and 700 CBC;	