

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

Periodic Reporting (Proposal Four)

Docket No. RM2017-8

COMMENTS OF THE PARCEL SHIPPERS ASSOCIATION

(AUGUST 9, 2017)

The Parcel Shippers Association (PSA) respectfully submits these comments on United States Postal Service (USPS) Proposal Four – Adjust City Carrier Letter Route Street Time Proportions to Account for Volume Changes – in response to Order No. 3993.¹

This proposal would increase the percentage of city carrier letter route delivery costs that are distributed to products based upon parcel distribution keys to reflect the increase in parcel delivery activity since FY 2014. The proposal also includes a corresponding reduction in the delivery costs distributed based upon letter and flat distribution keys.²

From FY 2014 to FY 2016, competitive product, primarily parcel, volume has grown by 32 percent.³ This volume growth, combined with price increases, has increased the contribution of competitive products to institutional costs from \$4.3 billion to \$6.0 billion, to the benefit of the Postal Service and its customers who use both market-dominant and competitive products.⁴

¹ Order No. 3993, Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Four), July 5, 2017.

² Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Four), June 30, 2017.

³ USPS 2015 and 2016 Revenue, Pieces, and Weight Reports.

⁴ USPS 2014 and 2016 Cost and Revenue Analysis Reports.

This volume growth, of course, also has brought about increases in parcel delivery activity on city carrier routes. Thus, adjusting parcel delivery costs upward to reflect this increased activity level will improve the accuracy of Postal Service costs by product.

PSA has not reviewed the details of the proposed adjustment, but agrees with the Postal Service's rationale. We encourage the Commission to evaluate the details of the proposed adjustment and, if found to be reliable, approve Proposal Four.

Respectfully submitted,
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