

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

PERIODIC REPORTING

Docket No. RM2019-4

COMMENTS OF THE UNITED STATES POSTAL SERVICE
(June 14, 2019)

On May 15, 2019, in conjunction with a concurrent denial of an MPA motion to amend the FY 2018 Annual Compliance Determination (ACD) in Docket No. ACR2018, the Commission initiated this docket to consider the appropriate passthroughs for Periodicals Outside County Carrier Route Basic Flats (Carrier Route Basic). Order No. 5095 (May 15, 2019). The specific issue identified by the Commission was the determination of which delivery cost estimates to use for purposes of calculating the Carrier Route Basic passthroughs. The Order set June 14, 2019, as the deadline for comments, and the Postal Service hereby submits its comments on the proposal.

As explained in Order No. 5095, the relevant Postal Service delivery cost model contains three estimates for both USPS Marketing Mail Flats and Carrier Route Flats costs, which are: (1) delivery costs for pieces destinating in FSS zones, (2) delivery costs for pieces destinating in non-FSS zones, and (3) delivery costs for all pieces. In recent years, the Postal Service and the Commission have used delivery costs for pieces destinating in non-FSS zones to calculate the cost avoidance and passthrough for Carrier Route Basic. Consistent with views now expressed by MPA and the Postal Service in the context of the MPA motion to amend the ACD, however, the Commission in this docket proposes to use the delivery costs for all pieces as the unit cost estimate.

The Commission expects this choice to improve the accuracy of the avoidable cost estimates under the current circumstances.

Previously, when separate FSS Flats prices were available, only pieces destinating to non-FSS zones would be prepared and processed as Carrier Route or 5-Digit, and it was thus more appropriate to use the pieces destinating in non-FSS zones as proxies for Carrier Route Basic. Now, because separate FSS Flats prices are no longer available, Carrier Route and 5-Digit pieces are being prepared and processed for all zones. The Postal Service agrees with the conclusion of Order No. 5095 that, with this pricing and operational change, it would be more accurate to use USPS Marketing Mail Flats and Carrier Route Flats for all pieces as the proxies for calculating Periodicals passthroughs. Order No. 5095 at 3-4. The Postal Service has reviewed the Excel spreadsheet accompanying the Order, and concurs that the proposed procedures have been correctly implemented.

Therefore, the Postal Service supports the proposal in Order No. 5095 to switch to the cost estimate for all pieces (FSS and non-FSS) for purposes of calculating the passthroughs for Periodicals Outside County Carrier Route Basic Flats.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

By its attorney:

Eric P. Koetting

475 L'Enfant Plaza, S.W.
Washington, D.C. 20260-1137
(202) 277-6333
eric.p.koetting@usps.gov
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