

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Periodic Reporting
(Proposal Two)

Docket No. RM2019-7

PUBLIC REPRESENTATIVE COMMENTS
(August 12, 2019)

I. INTRODUCTION

The Public Representative hereby provides comments in response to Commission Order No. 5146.¹ In that Order, the Commission established Docket No. RM2019-7 to receive comments from interested persons, including the undersigned Public Representative, that address the Postal Service's petition to change analytical principles related to periodic reporting.² The Postal Service filed the Petition pursuant to 39 C.F.R. § 3050.11. Petition at 1. The Postal Service provided additional information in its Responses to Chairman Information Request Nos. 1 and 2.³

II. SUMMARY OF PROPOSAL TWO

In Proposal Two, the Postal Service proposes "to change the methodology for distributing revenue for Inbound Letter Post Pieces." Petition at 2. The Postal Service proposes to distribute dispatch revenue to item formats using the item formats proportions for both pieces and weight. *Id.*

¹ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Two), July 11, 2019 (Order No. 5146).

² Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Two), July 9, 2019 (Petition).

³ Responses of The United States Postal Service to Question 1 of Chairman's Information Request No. 1, July 29, 2019 (Response to CHIR No. 1) and Responses of The United States Postal Service to Questions 1-2 of Chairman's Information Request No. 2, August 7, 2019 (Responses to CHIR No. 2).

III. BACKGROUND

The accepted methodology distributes the revenue for each dispatch format to the item formats proportionately based upon the distributed item format weight data.⁴ In Order No. 4827, the Commission directed the Postal Service to investigate improving the revenue distribution by “distributing dispatch format revenue to item formats based on the revenue per piece and revenue per pound for those mail flows where terminal dues are calculated on a per-item and per-kilogram basis.” The Postal Service adopted the Commission’s suggested distribution of inbound LC/AO revenue in its FY 2018 Annual Compliance Review. The Commission relied on the Postal Service’s methodology for assessing compliance in its FY 2018 Annual Compliance Determination.⁵ However, it directed the Postal Service to seek approval of the methodology through a docketed proceeding to allow stakeholders to consider the proposal.

IV. COMMENTS

Based upon a review of the Postal Service’s filing including workpapers filed under seal, the Public Representative finds that Proposal Two improves the accuracy of the Postal Service’s periodic reporting. Specifically, the Public Representative finds that the proposed change improves the revenue estimate for inbound letter-post streams with terminal dues calculated on a per-item and per-kilogram basis.

Additionally, the Public Representative finds the Postal Service’s calculation of per-item revenue by subtracting the per-kilogram revenue from total revenue is adequately explained in its response to Question 1 of Chairman’s Information Request

⁴ See Order on Analytical Principles used in Periodic Reporting (Proposal Five), PRC Docket No. RM2018-8, Sept. 21, 2018 (Order No. 4827).

⁵ FY 2018 Annual Compliance Determination, April 12, 2019.

No. 1. The approach is a reasonable way to ensure that per-item revenue and per-kilogram revenue sum to the correct total revenue.

V. CONCLUSION

For the reasons discussed above, the Public Representative supports Proposal Two and recommends its approval. The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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