

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

PERIODIC REPORTING
(PROPOSAL ONE)

Docket No. RM2022-3

**RESPONSE OF THE UNITED STATES POSTAL SERVICE
TO UPS SUR-REPLY COMMENTS REGARDING PROPOSAL ONE**
(May 19, 2022)

Order No. 6119 (March 11, 2022) reset the deadline for initial comments in this docket to March 28, and the deadline for reply comments to April 25. On April 25, the Postal Service offered its reply comments, primarily in the form of a report by Professor Bradley. On May 16, UPS filed (with an accompanying motion for leave) sur-reply comments. In that filing, UPS endorsed the adjustment presented in Professor Bradley's April 25 report, but argued for a modification that, applied in FY 2021, would increase the estimated variabilities (relative to the adjustment proposed by Professor Bradley). The Postal Service hereby offers its response to the sur-reply comments.¹

As more fully discussed in the attached further report of Professor Bradley, the arguments offered by UPS to support this modification are unpersuasive. To adjust for relative volume shifts, using updated ZIP Code mean volumes as Professor Bradley originally proposed is the correct procedure. While the differences between the FY 2021 results advocated by UPS and the corresponding results submitted by Professor Bradley are relatively modest, that does not alter the deficiencies in the conceptual rationale offered by UPS. Under the circumstances, based on the attached further

¹ A separate motion has been submitted by the Postal Service today seeking leave to file this response.

report prepared by Professor Bradley to accompany this response, the Postal Service continues to recommend that the Commission either approve Proposal One as originally submitted, or with the adjustment described in Professor Bradley's report that accompanied the Postal Service's April 25 reply comments.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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