

**UNITED STATES OF AMERICA
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001**

**Reporting Requirements for
Nonpostal Services**

Docket No. RM2004-2

**POSTCOM COMMENTS ON THE PROPOSED RULEMAKING CONCERNING
REPORTING REQUIREMENTS FOR NONPOSTAL SERVICES**

The Association for Postal Commerce (“PostCom”) offers the following comments on the Commission's proposal to establish reporting requirements for nonpostal services.

PostCom has long contended – and still believes – that voluntary public reporting by the Postal Service would be the preferred solution to this matter. However, absent the Postal Service's willingness to take this step, PostCom believes it is appropriate for the Commission to adopt a reporting rule for so-called "nonpostal" – and arguably nonjurisdictional – services.

As PostCom has argued in its comments in this Commission's parallel rulemaking (Docket No. RM2004-1), the Postal Service has no authority to provide nonpostal, nonjurisdictional services, other than those government functions which were traditionally performed by the Postal Service on behalf of the federal government. In any case, one of the key business recommendations of the President's Commission was to limit the Postal Service's nonpostal activities to providing other governmental services when in the public interest, and where the Postal Service is able to recover the appropriately allocated costs of such services. If Postal Service activities were so limited, the sole purpose of a cost and revenue reporting requirement for nonjurisdictional services would be to enable policy-

makers – e.g. the Congress – to consider whether the costs of governmental functions were appropriately allocated – that is, allocated to taxpayers rather than ratepayers. But Congress must act, both to define "postal services" and to clarify the scope of the Postal Service's authority.

In the interim, there is no meaningful opportunity for public scrutiny of the costs and revenues associated with nonpostal activities. Since the Postal Service currently provides, and has historically provided nonjurisdictional services other than government services, and in the absence of voluntary reporting, PostCom supports a rule that requires the Postal Service to report on total costs attributable to each nonjurisdictional service, and total revenues earned by the Postal Service in providing each such service. The costs and revenues for nonjurisdictional services should be segregated by service, and booked separately from the costs of domestic postal services.

The Commission's proposed rule requires reporting on nonjurisdictional services only upon the filing of a rate case. In PostCom's view, the Postal Service should provide this information periodically – perhaps annually – rather than solely upon the filing of a general rate case. Such periodic reporting would offer a number of the same benefits this Commission recognized this past Fall, when it required the Postal Service to periodically provide certain cost and revenue data that serve as a basis for rate and classification requests.¹ First, between general rate cases, if the data shows that a cross-subsidy exists, affected parties will have a basis for asking the Commission to hold a hearing to investigate the matter, fashion a remedy, and issue a recommended decision under § 3662. Second, when the Postal Service files a general rate case, litigants and the Commission will already be familiar with the data on nonjurisdictional services, which should expedite discovery. Finally, a periodic

¹ *Final Rule on Periodic Reporting Requirements*, Docket No. RM2003-3 (November 3, 2003).

reporting requirement is consistent with the reports by the President's Commission on the Postal Service and the General Accounting Office that conclude that greater Postal Service financial transparency is necessary.

The concept of a reporting rule for services that are, or are arguably, nonjurisdictional is not novel and poses no valid legal issues. For example, FERC has, and has long had, a rule that requires reporting of "nonutility" revenues and expenses. See, e.g., 18 C.F.R. Part 101 (Accounts 417 and 417.1) and 18 C.F.R. §141.1. While FERC's rules have explicit statutory foundation, the powers of the Rate Commission are certainly broad enough to adopt a rule along the lines we have suggested.

Respectfully submitted,

Ian D. Volner
Rita L. Brickman
Venable LLP
575 7th Street, N.W.
Washington, DC 20004-1601
(202) 344-4800

Counsel to PostCom

April 15, 2004

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