

Before the  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Competitive Products Price Changes  
Rates of General Applicability

Docket No. CP2009-8

PUBLIC REPRESENTATIVE COMMENTS

(December 1, 2008)

Pursuant to Commission Order No.132,<sup>1</sup> the Public Representative hereby submits comments on price changes for competitive products. The Public Representative has carefully reviewed the material submitted by the Postal Service in USPS-CP2009-8/NP1.<sup>2</sup> The Public Representative has been unable to verify that the new rates for Competitive Products will comply with 39 U.S.C. §3633(a). One difficulty is the lack of an annual compliance report from the Postal Service. In FY2008, price changes for Competitive Products took place in May, and the Commission had the benefit of having recently reviewed data from FY2007 in preparation of its annual compliance determination.<sup>3</sup> In this docket, the only actual FY2008 data are three months of volume and revenue data for Parcel Select and Parcel Return Service.

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<sup>1</sup> Notice and Order Concerning Changes in Rates of General Applicability for Competitive Products, November 14, 2008; 73 Fed. Reg. 70390, November 20, 2008.

<sup>2</sup> Notice of the United States Postal Service of Filing of USPS-CP2009-8/NP1, November 18, 2008.

<sup>3</sup> *E.g.*, Docket No. CP2008-3, Order No. 70 at 13, April 10, 2008.

Other problems relate to the unredacted version of page 4 of Attachment A to the Governors' Decision included with the Postal Service's notice of rate changes. The numbers are hard coded. Although the numbers can be found in spreadsheets filed in USPS-CP2009-8/NP1, the volume and revenue spreadsheets are hard coded as well. It is not possible to determine how the volumes and revenues were developed. As for the attributable cost calculations, they are based on FY2007 actual unit costs rolled forward using two years of inflation projections. The choices of inflation factors and the failure to use any actual FY2008 cost data raise questions. (See questions 5-9, *infra*.)

Given that the Postal Service plans to continue changing prices for Competitive Products in January of each year, it is clear that the Commission's rules for regulation of rates for Competitive Products (39 C.F.R. Part 3015) need to be revised. Even when the Commission had the benefit of the Postal Service's annual compliance report for FY2007, it noted that "the Postal Service should strive to provide more complete and unambiguous information in subsequent competitive products price change filings."<sup>4</sup> The remainder of these comments consists of questions that the Public Representative believes the Postal Service should answer before the Commission issues its final order in this docket.

1. In USPS-CP2009-8/NP1 the Excel file "CompPriceChg08\_Contrib-CostCov 11-17-08.xls," sheet "InflationCompProd," column D uses various estimated change factors to "roll forward" FY 2007 costs per piece to FY 2008. Do these change factors account

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<sup>4</sup> *Id.* at 1.

for all changes accounted for in the roll-forward exercise of Docket No. R2006-1? If not, what changes are and are not accounted for?

2. The Trial Balance files posted on the Commission's web site (e.g., Statement of Revenue and Expenses, AUG-08) display changes in expenses from SPLY. Can the FY 2008 Trial Balance be used to develop *actual* roll-forward change factors for labor cost segments (e.g., cost segment 3)? If not, why not? Can the unaudited September 2008 Trial Balance be used to develop *actual* roll-forward change factors for labor cost segments (e.g., cost segment 3)? If not, why not? Can the August 2008 Trial Balance be used to develop *actual* roll-forward change factors for labor cost segments (e.g., cost segment 3)? If not, why not?

3. Percentage price increases for half-pound Express Mail retail pieces range from 3.57 to 8.72 percent, depending on zone. Does the overall percentage change in price for Express Mail of 5.7 shown at page 1 of Attachment A explicitly account for differences in percentage price changes across cells? If so, how? If not, why not? Please provide complete calculations underlying the 5.7 percent. Please answer these questions for all other Competitive Products that have weight and/or zone rate cells.

4. Please provide complete calculations for the numbers in the FY2009 Revenue column of unredacted page 4 of Attachment A.

5. Does the Postal Service have productive hourly wage rates by craft for FY2007? If so, please provide them. If not, why not?

6. Does the Postal Service have productive hourly wage rates by craft for FY2008?  
If so, please provide them. If not, why not?
  
7. Does the Postal Service have productive hourly wage rates by craft for almost all of FY2008? If so, please provide them. If not, why not?
  
8. What is the percentage change in productive hourly wage rates by craft for the most recent available month over SPLY?
  
9. Does the Postal Service have estimated productive hourly wage rates by craft by month for FY2009? If so, please provide them. If not, why not?

Respectfully submitted,

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