

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y Goldway, Chairman;  
Nanci E. Langley, Vice Chairman;  
Mark Acton;  
Dan G. Blair; and  
Tony L. Hammond

Allocation of Assets and Liabilities to the  
Competitive Products Enterprise

Docket No. RM2009-9

NOTICE OF PROPOSED RULEMAKING CONCERNING  
ALLOCATION OF ASSETS AND LIABILITIES TO  
COMPETITIVE PRODUCTS ENTERPRISE

(Issued August 24, 2009)

In PRC Order No. 151, which established financial accounting practices and tax rules for competitive products, the Commission directed the Postal Service to develop the assets and liabilities of the theoretical competitive products enterprise by identifying all asset and liability accounts within its Chart of Accounts used solely for the provision of (a) competitive products or (b) market dominant products, and for those not identified with either, to submit for Commission approval a proposed methodology detailing how each asset and liability account identified in the Chart of Accounts shall be allocated to

the theoretical competitive products enterprise.<sup>1</sup> See 39 CFR 3060.12 and 3060.13; see *also* Order No. 151 at 17-18.

In satisfaction of that requirement, on July 23, 2009, the Postal Service filed a proposed methodology for the allocation of assets and liabilities to the theoretical competitive enterprise.<sup>2</sup> The Postal Service avers that, with “few exceptions,” the proposed methodology tracks that used by the Commission in PRC-LR-1 in Docket No. RM2008-5. *Id.* at 1-2. The differences concern the following entries:

- Asset: Supplies, Advances, and Prepayments — the Postal Service allocation is based on total revenues; the Commission did not propose an allocation.
- Liability: Payables and Accrued Expenses—the Postal Service allocation is based on total revenues; the Commission did not propose an allocation.
- Liability: Customer Deposit Accounts—the Postal Service allocation is based on total revenues; the Commission allocation is limited to a specific account, Expedited Mail Advance Deposit.
- Liability: Outstanding Postal Money Orders—the Postal Service allocation is based on actual Outstanding International Money Orders; the Commission did not propose an allocation.
- Liability: Deferred Gains on Sales of Property—the Postal Service did not propose an allocation; the Commission allocation is based on Building Depreciation Expenses.

The Notice, which is available on the Commission’s website, [www.prc.gov](http://www.prc.gov), includes a spreadsheet showing the Commission’s and the Postal Service’s proposed allocation procedures. The Notice also provides rationales for the Postal Service’s proposals.

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<sup>1</sup> See Docket No. RM2008-5, PRC Order No. 151, Order Establishing Tax Rules and Accounting Practices for Competitive Products, December 18, 2009 (Order No. 151).

<sup>2</sup> Notice of United States Postal Service Regarding Proposed Methodology for the Allocation of Assets and Liabilities to Competitive Products, July 23, 2009 (Notice).

Interested persons are invited to comment on the Postal Service's proposed methodology and may propose alternative methodologies. Comments are due no later than 45 days after publication of this order in the *Federal Register*. Reply comments are due no later than 75 days after publication of this Order in the *Federal Register*.

The Commission designates Patricia A. Gallagher to represent the interests of the general public in this proceeding.

*It is ordered:*

1. The Commission establishes Docket No. RM2009-9 to consider the matters related to the allocation of assets and liabilities to the theoretical competitive products enterprise.
2. Interested persons may submit initial comments within 45 days of publication of this Order in the *Federal Register*.
3. Interested persons may submit reply comments within 75 days of publication of this Order in the *Federal Register*.
4. Pursuant to 39 U.S.C. 505, Patricia A. Gallagher is designated to serve as the Public Representative representing the interests of the general public in this proceeding.
5. The Secretary shall arrange for publication of this Notice in the *Federal Register*.

By the Commission.

Judith M. Grady  
Acting Secretary