

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

Before Commissioners:

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

Modification of Analytic Principles in
Periodic Reporting (Proposal Twenty-One)

Docket No. RM2010-3

NOTICE OF PROPOSED RULEMAKING ON ANALYTIC
PRINCIPLES USED IN PERIODIC REPORTING
(PROPOSAL TWENTY-ONE)

(Issued October 22, 2009)

Prior to September 30, 2009, section 103 of the Postal Accountability and Enhancement Act (PAEA) required the Postal Service to pay \$5.4 billion each year into the Postal Service Retiree Health Benefit Fund. Public Law 109-435, 120 Stat. 3251 (2006). On September 30, 2009, Congress adopted the 2010 Continuing Appropriations Resolution, which, among other things, reduced the payment due on September 30, 2009 from \$5.4 billion to \$1.4 billion. Legislative Branch Appropriations Act, 2010, Public Law 111-068. It made the revision retroactive by directing that it take effect as if it had been part of the enactment of section 803(a)(1)(B) of the PAEA in 2006.

The President did not sign the 2010 Continuing Appropriations Resolution until the following day, October 1, 2009. According to Generally Accepted Accounting Principles

(GAAP), books of account are closed on the last day of the fiscal year. Therefore, under GAAP, the relief contained in the continuing resolution cannot be reflected in the Postal Service's financial accounts for FY 2009.

In an effort to both comply with GAAP, and with the intent of Congress to relieve the Postal Service from \$4 billion in health care funding obligations covering the 2009 fiscal year, the Postal Service anticipates filing audited financial statements for both FY 2009 and FY 2010 that present results according to GAAP, but add a column showing a *pro forma* adjustment of those results which would show the \$4 billion reduction in health care obligation taking effect in FY 2009, rather than FY 2010. The Postal Service provided suggested language in its filing which can be accessed via the Commission's website:

<http://www.prc.gov/Docs/65/65273/Pet.Prop.21.PSRHBF.Accntng.pdf>

On October 20, 2009, the Postal Service filed a Petition with the Commission asking it to amend its periodic reporting rules to allow the Postal Service to prepare the annual compliance reports that it provides to the Commission each year using only the *pro forma* results.¹ It argues that the *pro forma* results would better serve the regulatory goals of the Commission because they would more accurately reflect its actual financial condition, and would make its financial reporting to the Commission consistent with the treatment that it anticipates the Office of Personnel Management and the Office of Management and Budget will apply to the Postal Service's finances in preparing the Federal budget. *Id.* at 5.

The Postal Service asks the Commission to process its proposed change in analytic principles expeditiously. It notes that it is required to submit all of its FY 2009 financial results to the Government Financial Reporting System by November 16, 2009. It states that it will require significant lead time to prepare those materials. It expresses the hope that meeting this timeline will be made feasible by what it believes to be the narrowness of the issue that its proposal presents. *Id.* at 6.

¹ Petition of the United States Postal Service Requesting Authorization to Utilize Pro Forma Accounting Data in Periodic Reporting (Proposal Twenty-One), October 20, 2009 (Petition).

Because of the need for expedition described above, the Commission will require that public comments be submitted by November 2, 2009. The Commission anticipates that it may set an effective date for any proposed change to its periodic reporting rules resulting from this proceeding that is less than the 30-day period normally required for substantive rules considered under 5 U.S.C. 553.²

It is Ordered:

1. The Commission establishes Docket No. RM2010-3 to consider the matters raised by the Petition of the United States Postal Service Requesting Authorization to Utilize Pro Forma Accounting Data in Periodic Reporting (Proposal Twenty-One).
2. Interested persons may submit initial comments on or before November 2, 2009.
3. The Commission will determine the need for reply comments after review of the initial comments.
4. R. Kevin Harle 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.

Shoshana M. Grove
Secretary

² 5 U.S.C. 553(d)(3) allows substantive rules considered under 5 U.S.C. 553 to take effect in less than 30 days from the date that the rule is approved for "good cause found and published with the rule."