

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

MODIFICATION OF ANALYTIC PRINCIPLES IN
PERIODIC REPORTING (PROPOSAL TWENTY-
ONE)

Docket No. RM2010-3

NOTICE OF THE UNITED STATES POSTAL SERVICE OF WITHDRAWAL OF
PETITION REQUESTING AUTHORIZATION TO UTILIZE PRO FORMA ACCOUNTING
DATA IN PERIODIC REPORTING (Proposal Twenty-One)
(November 9, 2009)

In order to avoid the potential for misleading regulatory reports, the Postal Service on October 20, 2009, filed a Petition seeking authorization from the Commission to utilize alternative accounting data relating to a recent amendment of the law in its regulatory reporting to the Commission. In response to this Petition (labeled as Proposal Twenty-One within the series of Postal Service proposals for changes in analytic methodologies), the Commission issued Order No. 321 (October 22, 2009), soliciting comments on the proposal. Because the fundamental premise under which the Petition was filed no longer applies, however, the Postal Service hereby provides notice that it is withdrawing its request for the relief stated in the Petition.

The Postal Service was motivated to file Proposal Twenty-One by uncertainty over how accounting principles might be applied, in the context of its audited financial statements, regarding treatment of the legislation which reduced the FY 2009 PSRHB payment, but which was not enacted until one day after the end of FY 2009. One very distinct possibility was that the payment reduction would be booked in FY 2010, but a *pro forma* column would be included with the FY 2009 financial statements showing

what the effects would have been of booking the reduction in FY 2009. That would be consistent with one possible interpretation of the GAAP treatment of subsequent events.

Thus, the Petition stated:

Assuming that the Postal Service's audited financial statements for FY 2009 and FY 2010 were to utilize this *pro forma* presentation of the effects of the new law, the Postal Service is now seeking from the Commission a ruling that, for regulatory purposes, all periodic reporting (and any subsequent dockets relying on data included in the periodic reports) should rely on the *pro forma* columns of the FY 2009 and FY 2010 results.

Petition at 4.

Very recently, however, the Postal Service has determined that there is sufficient flexibility within the GAAP treatment of subsequent events to allow the payment reduction to be recognized in FY 2009, consistent with the bill's retroactivity provision. In practical terms, this means that the Postal Service's FY09 PSRHBF expense was and is \$1.4 billion, and that all of the Postal Service's audited financial statements will be prepared using that amount and no other. Additionally, since the Postal Service in fact did make a payment of \$1.4 billion to OPM on September 30, in anticipation of the enactment of the newly specified payment amount, there will be no lingering effects regarding the FY 2009 PSRHBF payment in the financial statements for FY 2010. As a consequence, there will be no need for any *pro forma* columns in the FY 2009 or FY 2010 financial statements, and the conditional relief sought by the Postal Service from the Commission would no longer be applicable. Therefore, the Postal Service hereby provides notice of its withdrawal of the Petition seeking Commission consideration of Proposal Twenty-One. The Postal Service appreciates the prompt response to the Postal Service's request by the Commission and the Commission's Public

Representative, but the request has been overtaken by favorable new circumstances that could not be foreseen with certainty at the time of the Petition's filing.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document in accordance with Section 12 of the Rules of Practice and Procedure.

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