

BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Products Price Changes
Rates of General Applicability

Docket No. CP2010-8

REPLY COMMENTS OF THE PUBLIC REPRESENTATIVES
(December 4, 2009)

On November 25, 2009, the Postal Service filed a response to the November 23, 2009 Comments of the Public Representatives.¹ The Postal Service's Response was filed in order to provide the Commission with "the Postal Service's views and clarifications regarding certain requests and factual points asserted in ... [the Public Representatives'] ... comments." Response at 1. The Public Representatives hereby move for leave to file these reply comments in order to clarify their position with respect to two of the points addressed by the Postal Service.

In their November 23 comments, the Public Representatives asserted that "it appears that at least some of the competitive products whose prices remain unchanged will not cover their attributable costs."² Because of the limited data filed by the Postal Service in support of its proposed rate changes in this proceeding, "it was not possible for the Public Representatives to identify exactly which products will not cover their attributable costs."³ Nevertheless, the Public Representatives expressed their concern that the Postal Service had not attempted to correct or mitigate deficiencies in

¹ Response Of The United States Postal Service To Public Representatives' Comments, November 25, 2009 (Response).

² Comments of the Public Representatives, November 23, 2009 (Comments) at 4 (footnote omitted).

³ *Id.* (footnote omitted).

competitive product cost coverages addressed in the Commission's FY 2008 Annual Compliance Determination (ACD).⁴

Two days later, on November 25, 2009, the Postal Service filed its Response in which it, *inter alia*, pointed out that it had made a number of product and rate changes subsequent to the issuance of the Commission's 2008 Annual Compliance Determination (ACD) referred to by the Public Representatives in their initial comments,⁵ and that the resulting rates had been found by the Commission to be in compliance with applicable statutory criteria.⁶ In light of these changes and other activities already underway,⁷ the Postal Service urged the Commission "to resist the exhortation to take a step backwards toward the resource-intensive days of pre-Postal Accountability and Enhancement Act rate cases, with respect to advance review of competitive products for which the Congress so recently expanded the Postal Service's commercial flexibility." Response at 7.

The Public Representatives wish to clarify two points. First, they are not advocating a return to the pre-PAEA era. In that regard, the Public Representatives would note that, notwithstanding the concerns expressed in their initial comments, they have not opposed the rate changes filed by the Postal Service in this proceeding. The Public Representatives simply suggest that the Commission consider taking steps to ensure that it will have the information necessary to make an evaluation of compliance with statutory criteria at the beginning of the truncated review period.

Second, while the Postal Service has correctly pointed out that rate and product changes have, in fact, been implemented since issuance of the 2008 ACD that address shortcomings identified in the 2008 ACD, the fact remains that at least some competitive products that are not covering their attributable costs and the identity of those products is still unclear. In that regard, the response filed by the Postal Service to Chairman's Information Request No. 2 still does not permit identification of the specific

⁴ Comments at 5. The Public Representatives incorrectly identified the FY 2008 ACD as the "FY 2009" ACD.

⁵ Response at 3-6.

⁶ *Id.*

⁷ *Id.* at 6. Those activities relate to "ongoing efforts to measure and estimate IMTS [International Money Transfer Service] costs correctly." *Id.* at 6 (footnote omitted).

competitive product or products that do not cover the attributable cost shortfall.⁸ It therefore remains the Public Representatives' position that this shortfall and its source needs to be clarified and addressed in the Postal Service's next Annual Compliance Report.

Respectfully submitted,

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December 4, 2009

⁸ See Responses of the United States Postal Service to Chairman's Information Request No. 2, and Notice of Filing Information Under Seal, December 2, 2009.