

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

PAEA SECTION 802(C) REQUEST

Docket No. SS2010-1

CLARIFICATION OF REQUEST OF THE UNITED STATES POSTAL SERVICE FOR  
THE COMMISSION TO CONDUCT A REVIEW PURSUANT TO PAEA  
SECTION 802(c) OF OPM DETERMINATIONS REGARDING CSRS  
(March 2, 2010)

On February 23, 2010, pursuant to Section 802(c), Postal Accountability and Enhancement Act, Pub. L. No. 109-435, 120 Stat. 3250-51 (2006), the Postal Service requested that the Commission initiate a review of determinations made by the Office of Personnel Management (OPM) regarding the Postal Service's Civil Service Retirement System (CSRS) liabilities. The request stated that the matters which the Postal Service wished to have reviewed "are those raised in a recent report of the Postal Service's Office of the Inspector General (OIG), 'The Postal Service's Share of CSRS Pension Responsibility' (Jan. 20, 2010)." The purpose of this pleading is to identify more precisely the scope of the Postal Service's request.

The OIG's report describes in detail what the Postal Service considers an inequitable apportionment of CSRS obligations between the Postal Service and the Federal Government related to CSRS credit earned during employment by Post Office Department (POD). The OPM approach essentially assumes that POD employees retired at the point of the Reorganization. OPM bases the calculation of the POD obligation on the actual retirement credit earned to date and the high-three salary at the

point of Reorganization. First, this approach assigns to the Postal Service responsibility for CSRS obligations resulting from all pay increases after June 30, 1971, be they related to cost of living, step increases, promotions, or general increases as a result of collective bargaining. Second, the approach results in a reduced CSRS obligation for POD service, since the calculation assigns CSRS credit received during the initial years of service, those with lower rates of retirement credit, to the POD.

The Postal Service agrees with the OIG's report when it suggests a more appropriate and equitable approach would be to use high-three salaries at the date of retirement and a years-of-service approach to calculate and apportion CSRS obligations between the Postal Service and the Government (POD). Therefore, in light of the OIG's report, the Postal Service is requesting the Postal Regulatory Commission's independent opinion on the fairness and equity of the current OPM method used to apportion the CSRS obligation between the Postal Service and the POD.

Once again, if the Commission believes that any further input from the Postal Service would be useful, the Postal Service will be happy to provide information

and material at its disposal.

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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Eric P. Koetting

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March 2, 2010