

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

Estimating Volume Changes from
Pricing Incentive Programs

Docket No. RM2010-9

ORDER ON MOTION OF THE PUBLIC REPRESENTATIVE
FOR ISSUANCE OF INFORMATION REQUEST
AND ADJUSTMENT TO PROCEDURAL SCHEDULE

(Issued August 13, 2010)

I. BACKGROUND

On July 23, 2010, the Public Representative filed a motion requesting the Commission to issue an information request, which was attached to the Motion.¹ The Public Representative also requested an extension of time to file reply comments. *Id.* at 1. The Public Representative states that “[t]he Postal Service has utilized inconsistent methodologies” *Id.* at 3. The Public Representative provides a mathematical formula that purports to summarize the Postal Service’s methodology. However, the Public Representative then claims that “[t]he Postal Service does not

¹ Public Representative Motion for Issuance of Information Request and Adjustment to Procedural Schedule, July 23, 2010 (Motion).

specify what inputs should be used for the [] variables [in the formula].” *Id.* The Public Representative concludes “[t]he lack of specific details concerning the Postal Service proposal has created a need for additional information if reply comments are to focus on any epistemological issues related to the evaluation of incentive pricing programs.” *Id.* at 4. The Public Representative also requests an extension of the deadline for reply comments pending receipt of the data collection report from Docket No. R2009-5 (Fall Sale). *Id.* at 4-5.

The Postal Service responded in opposition to the Motion on August 3, 2010.² The Postal Service states that “each of the methods [discussed in this proceeding] is flawed in some way” and that “the only way some of these technical flaws can be addressed is through a great deal of research and data from the incentive programs themselves.” Response at 2. The Postal Service also states that its responses to the Public Representative’s questions would be “unhelpful,” *id.*, that some questions seemed to be “based on an apparent misunderstanding of the conceptual basis of the Postal Service’s analysis,” *id.* at 2-3, and that “[t]he only questions the Postal Service could reasonably respond to would be the data related requests” *Id.* at 3. The Postal Service provided answers to some of the Public Representative’s questions in order to show that they are “unhelpful.” *Id.* at 2. The Postal Service also opposes the request for extension of the deadline for reply comments since the data collection report was filed shortly after the Motion was filed. *Id.* at 3.

II. INFORMATION REQUEST

The Postal Service states that “it will use the methodology applied in Docket No. R2009-3 until it establishes a better method.” *Id.* at 2. However, it appears that different calculations have been used by the Postal Service to estimate contribution

² Response of the United States Postal Service in Opposition to the Public Representative’s Motion for Issuance of Information Request and Adjustment to Procedural Schedule, August 3, 2010, at 2 (Response). The Postal Service accompanied its Response with a motion for late acceptance. That motion is granted.

from at least two of three different pricing incentive programs. For example, the data collection report for Docket No. R2009-3 (Summer Sale) uses a single quarter of data to estimate "loyalty growth," while the report for Docket No. R2009-5 (Fall Sale) uses three quarters.³ To the extent that the Public Representative's questions seek to clarify the various pricing incentive programs, they appear to be appropriate and will be incorporated into a subsequent CHIR.

III. EXTENSION OF TIME

In addition to seeking the issuance of an information request, the Public Representative requests an extension of the deadline for filing reply comments. The stated reason for the extension is that the data collection report from Docket No. R2009-5 had not been filed. The Public Representative requests an extension of 14 days beyond the date that the data collection report is filed. Motion at 5. The report was filed shortly after the Motion,⁴ more than 14 days before the August 16, 2010 deadline for reply comments. Nevertheless, the deadline for reply comments will be suspended. A new date for reply comments will be set after responses to Chairman's Information Request No. 1 are filed.

It is ordered:

1. The Public Representative Motion for Issuance of Information Request and Adjustment to Procedural Schedule, filed July 23, 2010, is granted, in part, as described in the body of this Order.

³ Compare Docket No. R2009-5, First-Class Mail Incentive Program Data Collection Report (filed July 26, 2010, revised July 29, 2010) and Docket No. ACR2009, Attachment to Responses of the United States Postal Service to Questions 1-5 of Chairman's Information Request No. 8, March 8, 2010.

⁴ Docket No. R2009-5, Letter from Elizabeth A. Reid, Attorney, to Ruth Ann Abrams, Acting Secretary, July 26, 2010.

2. The Motion of the United States Postal Service for Late Acceptance of the Response of the United States Postal Service in Opposition to the Public Representative's Motion for Issuance of Information Request and Adjustment to Procedural Schedule, filed August 3, 2010, is granted.
3. The deadline for filing reply comments is suspended.

By the Commission.

Ruth Ann Abrams
Acting Secretary

Hammond, Vice Chairman, dissents