

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

Estimating Volume Changes from
Pricing Incentive Programs

Docket No. RM2010-9

Public Representative Motion For Issuance Of Information Request

(October 20, 2010)

Pursuant to Commission rules 3007.3 and 3001.21, the Public Representative respectfully requests the Commission to issue an information request, included as Attachment A, for the purpose of establishing a robust record as the basis for a reasoned decision in this rulemaking.

I. BACKGROUND

The Commission initiated this rulemaking to “investigate methodologies for estimating volume changes due to pricing incentive programs.”¹ On September 10, 2010, the Postal Service responded to Chairman’s Information Request No.1.² On September 22, 2010, the Postal Service filed confidential information in response to CHIR No.1, Question 3.³ Question 3 of CHIR No.1 sought details concerning the data collection report for R2009-5, specifically data relating to mergers. The Postal Service stated that “only one participating customer was involved in a merger or acquisition during the program reporting period.”

¹ Notice of Proposed Rulemaking Concerning Methods to Estimate Volume Changes Caused By Pricing Incentive Programs, June 8, 2010. (Order No. 469).

² Response of the United States Postal Service to Chairman’s Information Request No.1, September 10, 2010.

³ Notice of the United States Postal Service of Filing USPS-RM2010-9/NP1, September 22, 2010.

Research comparing the confidential company identification with publicly available information regarding mergers revealed that a 93 companies receiving a discount were involved in at least 571 mergers during the relevant discount period. Following this analysis, the Public Representative corresponded with the Postal Service to determine if the Postal Service had developed information responsive to Order No. 299, specifically the following requirement for the data collection report:⁴

3. To account for acquisitions and mergers, data are to be reported separately for each company involved on (i) a pre-acquisition or premerger basis, and (ii) for the combined company, on a post-acquisition or post-merger basis, with appropriate links between the sheets for each company involved in the acquisition or merger.

The Postal Service has stated that such information is unavailable. The lack of data collection regarding mergers suggest the volume data from incentive pricing programs is unreliable, especially when examined with the recent OIG report on the 2009 Summer sale⁵ and Postal Service comments.⁶ Further, the permit data shared by the Postal Service created considerable confusion concerning the process of selecting mailer permits to use in the R2009-5 sale. The attached questions are intended to examine what volume data is currently collected for use in issuing discounts in response to a measured volume increase.

Respectfully Submitted
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⁴ Order No. 299, September 16, 2009, at 19

⁵ http://www.uspssoig.gov/foia_files/FF-AR-10-196.pdf

⁶ See Response Of The United States Postal Service In Opposition To The Public Representative's Motion Requesting Technical Conference, September 17, 2009. "The Postal Service has done its best to employ this framework with practical data that have some serious limitations" At 2.

Attachment A

1. Please confirm that the Postal Service has not collected or analyzed, for each company with a publicly announced merger, the Pre-Merger and Post-Merger data for the Companies receiving discounts as a result of the 2009 First-Class Fall sale as required in Order No. 299. If not confirmed, please provide such analysis.
2. Please confirm that each and every mailer permit with First Class volume (including MSP data) was used to calculate volume thresholds and discounts for R2009-5. If not confirmed, please explain the process for determining which permits and MSP volume to include.
3. Please describe how the volume data collected has “serious limitations.”⁷

⁷ See Response Of The United States Postal Service In Opposition To The Public Representative’s Motion Requesting Technical Conference, September 17, 2009. “The Postal Service has done its best to employ this framework with practical data that have some serious limitations” At 2.