

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

Periodic Reporting
(Proposals One Through Two)

Docket No. RM2014-4

PUBLIC REPRESENTATIVE COMMENTS IN RESPONSE
TO ORDER NO. 2035 CONCERNING RULEMAKING ON
ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING
(PROPOSALS ONE THROUGH TWO)

April 28, 2014

I. INTRODUCTION

The Public Representative files Comments pursuant to the Commission's Notice of March 28, 2014 concerning the Postal Service's petition for rulemaking of analytical principles used in periodic reporting.¹

The Postal Service filed a petition on March 27, 2014 pursuant to 39 CFR 3050.11 requesting the Commission to consider changes in two analytical methods for use in its periodic reporting.²

II. COMMENTS

- A. Proposal One. Changes to Revenue Pieces and Weight (RPW) data sources for Business Reply Mail (BRM), International Business Reply Service (IBRS) and Merchandise Return Service (MRS).

¹ Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposals One Through Two), March 28, 2014, Order No. 2035 (Notice).

² Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposals One through Two), March 27, 2014 (Petition).

The Postal Service proposes to replace the measurement of revenue, pieces and weights for BRM, IBRS and MRS from the ODIS-RPW,³ a probability sampling system to a census system derived from data collected by PostalOne!⁴ and Self Service Kiosks (SSKs).

ODIS-RPW is the primary probability sampling system estimating the Postal Service revenue, volume and weight measurements in the RPW report. The RPW is the main source of input for Billing Determinants. Billing Determinants are used by the Commission to determine compliance with 39 U.S.C. 3622 and 3633. Information collected from the ODIS-RPW system is also used in Postal Service rate setting proposals, budget and forecasting of revenue and volume, and various management studies.

The Public Representative agrees with the Postal Service's assertion that census data in most instances produces a higher degree of accuracy in results than statistical sampling. In the instant docket, the Postal Service proposes to account for financial information relating to non-automated offices with no access to PostalOne! by using a factor applied to total revenue recorded in the related two general ledger accounts.

On the surface, this adjustment factor appears to allocate revenue to the non-automated Post Offices for three services (BRM, IBRS and MRS). The Public Representative however notes that the related general ledger account numbers 41424.281 Merchandise Return Services (MRS) and 41511.274 Business Reply Mail (BRM) Services appears to record revenue pertaining to only BRM and MRS transactions. It is unclear how the Postal Service proposes to allocate revenue to three services BRM, IBRS and MRS from these two general ledger accounts pertaining to BRM and MRS only.

The Public Representative supports adoption of this change in methodology and urges the Postal Service, in its reply comments, to clear the confusion by explaining the

³ Origin-Destination Information System and Revenue Pieces and Weight System

⁴ PostalOne! information includes detailed mail volume, makeup, packaging, origin, and destination specifications

process of obtaining and recording in the general ledger IBRS data by POS and non-POS offices.

- B. Proposal Two. Change in the data source calculating the Transportation Cost System (TRACS) distribution key for allocating volume variable costs to Fed Ex Night Turn.

The Postal Service asserts that their automated systems of Surface Air Management System (SAMS), Product Tracking System (PTS) and Foreign Postal Settlement System (FPS) have matured enough to provide reliable data on Fed Ex Night Turn to replace the probability sampling of TRACS.

By integrating SAMS data with PTS the Postal Service appears to have found a workable solution to the issue it raised in the USPS OIG Report Number CRR-AR-11-004⁵ where in it stated that data obtained from PTS does “not reveal the specific truck or flight for each mailpiece” for it to be used as an alternative to TRACS. Furthermore by merging FPS data on weights obtained for Inbound International Express Mail the Postal Service appears to have resolved the issue also raised by the USPS Office of Inspector General which was left unaddressed as to how the “weight will be obtained for Inbound International Express Mail, which accounts for a significant portion of the network costs.”

The availability of reliable census data while improving the quality of information may also contribute to the Postal Service’s reduction in the cost of collecting this information.

The Public Representative recommends the approval of Proposal Two.

⁵ USPS Office of Inspector General Report Number CRR-AR-11-004 “Transportation Cost System Inputs into the Cost and Revenue Analysis Report”, September 19, 2011 at page 3.

III. CONCLUSION

The Public Representative respectfully submits the foregoing Comments for the Commission's consideration.

Respectfully Submitted,

/s/ Cassie D'Souza

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