

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

PERIODIC REPORTING
(PROPOSALS ONE THROUGH TWO)

Docket No. RM2014-4

REPLY COMMENTS OF THE UNITED STATES POSTAL SERVICE
(May 12, 2014)

In response to a Postal Service petition filed on March 27, 2014, the Commission initiated this docket in Order No. 2035 on March 28, 2014. Later, on April 2, 2014, Order No. 2038 set April 28th for initial comments, and May 12th for reply comments. The only initial comments were filed by the Public Representative. The Postal Service hereby responds to the comments of the Public Representative.

The Public Representative supports adoption of Proposal Two (Night Turn TRACS), and no reply is necessary. The Public Representative also supports adoption of Proposal One (RPW Return Services), but seeks clarification of the process of obtaining and recording in the general ledger IBRS data by POS and non-POS offices. The concern is rooted in the belief that, while the scope of the proposed adjustment factor includes three services (BRM, IBRS and MRS), the related general ledger account numbers 41424.281 Merchandise Return Services (MRS) and 41511.274 Business Reply Mail (BRM) Services appear to record revenue pertaining to only two of them (BRM and MRS transactions). It is unclear to the Public Representative how the Postal Service proposes to allocate revenue to three services (BRM, IBRS and MRS) from these two general ledger accounts that appear to pertain to BRM and MRS only.

The explanation is, in fact, that both BRM and IBRS revenue are recorded in one of those GL accounts. GL account 41511.274 records the revenue from BRM, and few other minor products, including IBRS. The account description is provided in the Response to ChIR 1, Question 1a (May 2, 2014). Where the account description refers to a trust account for BRM service, that service could be domestic (BRM) or international (IBRS).

The revenue from that GL account forms the numerator of the adjustment factor. The denominator of the adjustment factor is the sum of the revenue of these same products obtained from PostalOne.¹ This calculated adjustment factor will be applied to the PostalOne BRM product revenue, pieces and weight. This same adjustment factor will be applied to the PostalOne IBRS product revenue, pieces and weight. The assumption here is the non-PostalOne activity relationship to total activity is the same for both BRM and IBRS.

In the case of Merchandise Return Service (MRS), there is only one product from PostalOne that makes up the General Ledger Account 41424.281. The ratio will be that GL account revenue divided by the PostalOne revenue for MRS.

¹ Every product in the PostalOne system has a unique Volume Information Profile (VIP) code. Every product VIP code is recorded at each transaction along with its revenue, piece, and weight. These records then are stored in PostalOne database. Therefore, we can extract the needed data from PostalOne database and are able to identify each product and separate IBRS from BRM using their unique VIP codes.

Therefore, in accordance with the Public Representative's recommendations, the Postal Service respectfully requests that the Commission approve both Proposals One and Two.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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May 12, 2014