

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

Before Commissioners:

Ruth Y. Goldway, Chairman;  
Mark Acton, Vice Chairman; and  
Robert G. Taub

Periodic Reporting  
(Proposal Eleven)

Docket No. RM2015-4

NOTICE AND ORDER OF PROPOSED RULEMAKING ON ANALYTICAL PRINCIPLES  
USED IN PERIODIC REPORTING (PROPOSAL ELEVEN)

(Issued November 7, 2014)

I. INTRODUCTION

On November 4, 2014, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to consider changes to analytical principles relating to periodic reports.<sup>1</sup> It identifies the change filed in this docket as Proposal Eleven, Change in the Attribution of Debit and Credit Card Fees. *Id.*, Attachment at 1. The Postal Service concurrently filed one library reference, along with an application for nonpublic treatment.<sup>2</sup>

---

<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Eleven), November 4, 2014 (Petition).

<sup>2</sup> Notice of Filing of USPS-RM2015-4/NP1 and Application for Nonpublic Treatment, November 4, 2014 (Notice). The Notice incorporates by reference the Application for Non-Public Treatment of Materials contained in Attachment Two to the December 27, 2013 United States Postal Service Fiscal Year 2013 Annual Compliance Report. Notice at 1. See 39 CFR part 3007 for information on access to non-public material.

## II. SUMMARY OF PROPOSAL

Currently, the Postal Service records payments of debit and credit card fees in two general ledger accounts, assigns the fees to two different cost segments, and uses two different keys to distribute costs to products and services (total postal labor costs and window service volume variability). Petition, Attachment at 2. This results in approximately 42 percent of total debit and credit card fees being classified as volume variable. *Id.* The remaining 58 percent of the fees are classified as institutional costs, and are not assigned to any products. *Id.*

The Postal Service proposes replacing this methodology with one based on the revenue generated when debit or credit cards are used to pay the Postal Service for products or services. *Id.* Reports of revenue by product from each of the major revenue reporting systems (POS-1, etc.) will be combined and grouped by product. Each product's percentage of total revenue that is paid with debit and credit cards will then be calculated. The resulting percentage will serve as the distribution for debit and credit card fees. *Id.* The distribution key will be applied to the aggregate fee amounts from the general ledger accounts. *Id.* at 3. All debit and credit card fees will be captured in one cost segment (13.3). *Id.*

The Postal Service asserts that the proposed approach will allow it to more accurately assign debit and credit card fees to the products that were purchased using debit and credit cards. *Id.*

*Cost impacts.* The Postal Service states that as a result of no longer using window service volume variability, a higher percentage of debit and credit card fees will be attributed to the products or services that caused the fees. *Id.* The Postal Service states the current methodology attributed approximately \$83.3 million of \$200 million in debit and credit card fees to products and fees. *Id.* It states that under the proposed methodology, approximately \$196.9 million would be attributed. *Id.* It also presents a comparison of the fiscal year 2013 debit and credit card distribution keys using the current and proposed methods for market dominant products. *Id.* An expanded set of

impact tables showing comparable figures for competitive products appears in USPS-RM2015-4/NP1. *Id.*

### III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. RM2015-4 for consideration of matters raised by the Petition. Additional information concerning the Petition may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Petition no later than November 25, 2014. Reply comments are due no later than December 11, 2014. Pursuant to 39 U.S.C. 505, Curtis E. Kidd is designated as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. RM2015-4 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Eleven), filed November 4, 2014.
2. Comments are due no later than November 25, 2014.
3. Reply comments are due no later than December 11, 2014.
4. Pursuant to 39 U.S.C. 505, the Commission appoints Curtis E. Kidd to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket

5. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Ruth Ann Abrams  
Acting Secretary