

Before the
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Periodic Reporting — Proposal Two)

Docket No. RM2016-10

PUBLIC REPRESENTATIVE COMMENTS

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COMMENTS

The Postal Service's Petition, filed pursuant to 39 C.F.R. § 3050.11, requests a change in analytical principles concerning the Postal Service's periodic reports.¹ In its Petition, the Postal Service proposes to align the development of international delivery cost pools to those of domestic delivery, and align the current distribution keys for international delivery cost pools to the corresponding domestic delivery distribution keys.²

The Public Representative finds the Postal Service's Petition to be conceptually sound, but is unable to support its request. The Public Representative is unable to support this Petition because several of the supporting files were not included among the confidential files. Moreover, even though the Public Representative does have access to the relevant files in the confidential library references the Postal Service filed

¹ Petition Of The United States Postal Service For The Initiation Of A Proceeding To Consider Proposed Changes In Analytical Principles (Proposal Two) ("Petition") (August 22, 2016)

² The four types of delivery are city carrier, special purpose route, other, and rural. Currently, international city delivery cost pools combine city carrier and special purpose route cost pools, while domestic carrier cost development separates city carrier and special purpose cost pools. With regard to distribution keys, the Petition requests using the source of volume used to develop domestic carrier distribution keys to develop corresponding international distribution keys: namely the City Carrier Cost System (CCCS) and the Rural Mail Count to determine the categorization of evaluation factors for rural products – in particular prepaid parcels greater than two pounds.

with its FY2015 Annual Compliance Review, they are located in numerous, unnamed, folders in the confidential section of the Commission's website. The brief timeframe allowed for Comments on this Petition, along with other Commission obligations, have not left the Public Representative enough time to gather these files into one location so they may be linked to the implementation files the Postal Service has provided. Consequently, the Public Representative is not able to verify the accuracy of the implementation of this Petition.³

This Public Representative believes that the Postal Service is in the process of realigning and investing in its network with the primary goals of maximizing net revenues competitive products and possibly international market dominant products.⁴ Consequently, its proposed changes in analytic principles often result in a reduction of unit attributable competitive product costs. This is so for the instant Petition. Although the Impact file, "ICRA15PRC-CARRIER-CARWASH.xlsx" shows a number of international products will experience increased unit costs from the Petition, the cost-weighted average percentage change in unit costs, excluding Special Services, is negative.⁵

The Postal Service is the only party able to propose analytical changes which will reliably reduce unit attributable competitive costs, because it is the only party with unrestricted access to competitive and international costs. This allows the Postal Service to test possible changes and cherry-pick those which serve the above-mentioned goals. No other party would be granted access to competitive or international

³ The files are: CCCS_FY2015_Final.xlsx, Rick P Deliverables.xlsx, ICRAEQPO.FLATFY15V3.xlsx, John Deliverables FY2015.xlsx, Key15 full workbook.xlsx

⁴ The Postal Service considers both categories contain confidential information.

⁵ Special Services were excluded from this calculation because the Petition also shifts a large volume and cost currently associated with Foreign Origin Registry to LC/AO terminal dues. See, Petition at 4.

costs on the same basis, from which they might propose their own changes in analytic principles. Accordingly, it is imperative the Commission quickly approve petitions from other parties who have requested access to confidential materials when the Postal Service files for a change in analytic principles in the future.

The Commission has failed to do so in this case. It has not responded to UPS' Motion for Access to confidential materials and the Postal Service's subsequent opposition in a timely manner.⁶ While the Commission's non-responsiveness may not violate its rules or the Administrative Procedures Act, it does contravene the spirit of both. The Public Representative also believes the Commission's non-responsiveness is misplaced, because the participation of other parties often raises new questions, motivates the Commission to consider new lines of inquiry, and strengthens Commission decisions.

CONCLUSION

For the above-mentioned reasons, the Public Representative is unable to support this proposed modification of analytic principles.

Respectfully submitted,

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⁶ See, Docket No RM2016-10, United Parcel Service Inc.'s Motion for Access, submitted September 23, 2016; and Response of United States Postal Service to United Parcel Service Inc.'s Motion for Access, submitted September 28, 2016.

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