



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR part 3050

[Docket No. RM2019-7; Order No. 5146]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is acknowledging a recent filing requesting the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports (Proposal Two). This document informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* August 12, 2019.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER**

INFORMATION CONTACT section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

Table of Contents

- I. Introduction
- II. Proposal Two
- III. Notice and Comment
- IV. Ordering Paragraphs

I. Introduction

On July 9, 2019, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports.¹ The Petition identifies the proposed analytical changes filed in this docket as Proposal Two.

II. Proposal Two

Background. In Docket No. RM2018-8, the Commission approved the Postal Service's methodology to distribute dispatch format revenue it receives from inbound LC/AO mail based whether the mailpiece was a letter, flat, or small packet/bulky letter.² However, the Commission noted that it was possible to refine the Postal Service's methodology to distribute inbound LC/AO revenue and that "distributing dispatch format revenue to item formats based on the revenue per piece and revenue per pound for those mail flows where terminal dues are

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Two), July 9, 2019 (Petition). The Postal Service filed a non-public library reference with Proposal Two. Library Reference USPS-RM2019-7/NP1, Nonpublic Material Relating to Proposal Two, July 9, 2019; Notice of Filing of USPS-RM2019-7/NP1 and Application for Nonpublic Treatment, July 9, 2019.

² See *generally* Docket No. RM2018-8, Order On Analytical Principles Used in Periodic Reporting (Proposal Five), September 21, 2018 (Order No. 4827). "LC/AO" is an abbreviation for "lettres et cartes" and "autres objets," and is French for "letters and cards" and "other objects." LC/AO refers to international letters, cards, flats, bulky letters, and small packets, whether under the Universal Postal Union (UPU) terminal dues system or bilateral or multilateral agreements. Inbound LC/AO contrasts with Inbound Letter Post, which refers to the Postal Service product consisting of letters, cards, flats, bulky letters, and small packets received under the terminal dues system. See Mail Classification Schedule (MCS), section 1130.

calculated on a per-item and per-kilogram basis [is] worthy of further evaluation.” Order No. 4827 at 18. Although the Postal Service incorporated such a revenue distribution methodology in its Fiscal Year (FY) 2018 Annual Compliance Report (ACR), the Postal Service asserts that there was “no prior opportunity . . . to seek Commission review of the new procedure incorporated into the ACR.” Petition, Proposal Two at 2. In the FY 2018 Annual Compliance Determination, the Commission accepted the Postal Service’s revenue distribution for inbound LC/AO mail for purposes of the compliance review, but directed the Postal Service to “file a petition for the initiation of a proceeding to consider this proposed change in analytical principles[.]”³

Proposal. The Postal Service’s proposal seeks to revise the revenue distribution methodology for inbound LC/AO mailpieces. Currently, the Postal Service distributes inbound LC/AO revenue based on weight proportions by shape in the dispatch data. Petition, Proposal Two at 3. Proposal Two would distribute dispatch format revenue to item formats based upon the revenue per piece and the revenue per pound for those items where remuneration is based on a per-item and per-kilogram basis. *Id.* at 2-3.

Rationale and impact. The Postal Service states that Proposal Two will apply more detailed piece and weight data to distribute inbound LC/AO revenue. *Id.* at 3. The Postal Service notes that Proposal Two requests review of the methodology it used to distribute inbound LC/AO revenue in its FY 2018 ACR,

³ Docket No. ACR2018, *Annual Compliance Determination Report*, April 12, 2019, at 81.

which was described in its response to Chairman's Information Request No. 1.

Id. at 2-3.

The impact of Proposal Two is that revenue for inbound small packets and bulky letters decreases as revenue for inbound letters and flats increases. *Id.* at 3. The Postal Service states that this result is expected as the previous revenue distribution method, based solely on weight, would allocate more revenue towards the heavier weighted small packets and bulky letters. *Id.*

III. Notice and Comment

The Commission establishes Docket No. RM2019-7 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's Web site at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Two no later than August 12, 2019. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin is designated as an 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. RM2019-7 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 Two), filed July 9, 2019.

2. Comments by interested persons in this proceeding are due no later than August 12, 2019.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Katalin K. Clendenin to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

4. The Secretary shall arrange for publication of this order in the **Federal Register**.

By the Commission.

Ruth Ann Abrams,

Acting Secretary.

[FR Doc. 2019-15128 Filed: 7/16/2019 8:45 am; Publication Date: 7/17/2019]