



POSTAL REGULATORY COMMISSION

39 CFR part 3050

[Docket No. RM2018-9; Order No. 4692]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is acknowledging a recent filing requesting the Commission initiate an informal rulemaking proceeding to consider changes to an analytical method for use in periodic reporting (Proposal Six). This document informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* August 15, 2018.

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:

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I. Introduction

On June 26, 2018, 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 Six.

II. Proposal Six

Background. The Postal Service indicates that Proposal Six addresses two issues regarding the treatment of international indemnity payments. Petition, Proposal Six at 1. First, the Postal Service states this proposal “addresses the issue of assigning claims for Priority Mail International (PMI) service to Outbound International Insurance, rather than to the PMI product.”²

Second, the Postal Service states that Proposal Six responds to a directive in the FY 2017 Annual Compliance Determination report (ACD). *Id.* In the FY 2017 ACD, the Commission directed the Postal Service to file a report on its “evaluation of Outbound International Insurance cost reporting” within 90 days

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Six), June 26, 2018 (Petition). The Postal Service filed a non-public library reference with Proposal Six. Library Reference USPS-RM2018-9/NP1, Nonpublic Material Relating to Proposal Six, June 26, 2018; Notice of Filing of USPS-RM2018-9/NP1 and Application for Nonpublic Treatment, June 26, 2018.

² *Id.* (citing Docket No. ACR2017, United States Postal Service *Annual Compliance Report*, December 29, 2017, at 71 (FY 2017 ACR)).

of the FY 2017 ACD, including a determination of “whether a change in analytical principles is warranted.”³

Proposal. The Postal Service states that Proposal Six will “expand the distribution of the attributable costs for International Indemnity payments to include International Inbound Indemnity payments.” Petition, Proposal Six at 2. The proposal separates Outbound International Insurance indemnities from Inbound International Insurance indemnities, and “develop[s] separate decision rules for treating the costs relating to Outbound International indemnities and Inbound International indemnities.” *Id.* Specifically, the Postal Service proposes for Outbound International Insurance indemnities “1) when additional insurance is not purchased, the indemnity cost will be assigned to the base parent product, and 2) when additional insurance is purchased, the indemnity cost will be assigned to the Outbound International Insurance product.” *Id.* at 4. For Inbound International Insurance, the Postal Service proposes to split these indemnities from Outbound International indemnities and distribute the costs to their respective inbound products. *Id.* at 5-6.

Rationale and impact. The Postal Service states that the current cost reporting requires “refinements” which “may not rise to the level of a change in analytical principles.” *Id.* at 2. It explains that the proposed methodology will correct the prior method of distributing international indemnity payments. *Id.* The

³ *Id.*; see *Annual Compliance Determination Report, Fiscal Year 2017, March 29, 2018*, at 88 (FY 2017 ACD).

Postal Service identifies the likely effects of Proposal Six on the development of the International Cost and Revenue Analysis (ICRA) report in non-public Library Reference USPS-RM2018-9/NP1. *Id.* at 2-3. The Petition indicates the proposal shifts costs from Outbound International Insurance to Inbound International Insurance, resulting in an improvement in contribution for Outbound products and a decline in contribution for Inbound products, and provides cell-by-cell differences between the proposed methodology and the data provided in the ICRA as part of the Postal Service's annual compliance report for FY 2017. *Id.* at 2-6. The Postal Service anticipates the overall net impact would not result in a negative contribution by any product that previously had a positive contribution, but also would not result in a positive contribution by any product that currently has a negative contribution. *Id.* at 3.

III. Notice and Comment

The Commission establishes Docket No. RM2018-9 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 Six no later than August 15, 2018. Pursuant to 39 U.S.C. 505, Kenneth R. Moeller 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. RM2018-9 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 Six), filed June 26, 2018.

2. Comments by interested persons in this proceeding are due no later than August 15, 2018.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Kenneth R. Moeller 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

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