

interests of the general public in this proceeding.

#### IV. Ordering Paragraphs

*It is ordered:*

1. The Commission establishes Docket No. RM2018-8 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 Five), filed June 26, 2018.

2. Comments by interested persons in this proceeding are due no later than August 22, 2018.

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.

**Stacy L. Ruble,**

Secretary.

[FR Doc. 2018-14367 Filed 7-3-18; 8:45 am]

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### POSTAL REGULATORY COMMISSION

#### 39 CFR Part 3050

**[Docket No. RM2018-7; Order No. 4685]**

#### Periodic Reporting

**AGENCY:** Postal Regulatory Commission.

**ACTION:** Notice of proposed rulemaking.

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

**DATES:** *Comments are due:* July 23, 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 25, 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.<sup>1</sup> The Petition identifies the proposed analytical principles changes filed in this docket as Proposal Four.

#### II. Proposal Four

*Background.* Proposal Four would change the costing methodology for assigning expenses related to debit card transactions in the component named Retail Credit Card Fees (Component No. 126) in Cost Segment 13. Petition, Proposal Four at 1. Debit card transactions, which are purchases made using debit cards, incur fees that merchants pay to the debit card issuer.<sup>2</sup> For example, when a customer purchases a product or service from the Postal Service using a debit card, the Postal Service pays the debit card issuer a fee for each transaction.

In Docket No. RM2015-4, the Commission approved the current methodology for assigning expenses related to credit and debit card transactions.<sup>3</sup> The current methodology treats these expenses as fully volume variable and assigns them to products in the same proportions as the Postal Service revenue realized from aggregate credit and debit card transactions. Petition, Proposal Four at 1. When preparing the FY 2017 Annual Compliance Report (ACR), the Postal Service explains that it recognized two flaws in the current methodology. *Id.* First, the current methodology uses the total of both credit and debit card fees

<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Four), June 25, 2018 (Petition).

<sup>2</sup> One type of fee that may be incurred when using a debit card is an interchange fee, which is the largest categorical contributor to total debit card processing fees for a transaction. *Id.* at 5. A merchant pays an interchange fee to the debit card issuer whenever a customer makes a purchase using a debit card. See 12 CFR 235.2(j) (defining "interchange transaction fee" as "any fee established, charged, or received by a payment card network and paid by a merchant or an acquirer for the purpose of compensating an issuer for its involvement in an electronic debit transaction."). The debit card fees referred to in the Petition and this Order are interchange fees.

<sup>3</sup> Petition, Proposal Four at 1; see Docket No. RM2015-4, Order Approving Analytical Principle Used in Periodic Reporting (Proposal Eleven), February 9, 2015 (Order No. 2350).

when calculating distribution factors.

*Id.* This assumes that transactions made with debit and credit cards are similar, which is not true for every product. *Id.* For example, Priority Mail generates more revenue from credit card purchases than debit cards. *Id.* Conversely, Money Orders cannot be purchased using credit cards. *Id.*

The Postal Service asserts that when calculating a distribution key, the type of card used (debit or credit) becomes more important because total credit card fees are almost four times greater than total debit card fees. *Id.* Because of this incorrect assumption, the current methodology misallocates expenses related to debit and credit card fees, especially for products that are more heavily purchased by one card type. *Id.*

The second flaw in the current methodology identified by the Postal Service is that the distribution factors do not fully align with actual expenses incurred from the usage of debit and credit cards. *Id.* at 2. For example, for Money Order transactions, the Postal Service charges the customer the face value of the Money Order plus a Special Services fee. *Id.* When calculating the Money Order share of total "revenue" for distribution purposes, the current methodology only considers the Special Services fee the Postal Service charges the customer. *Id.* The Postal Service asserts that this methodology is erroneous because the amount the Postal Service pays to the debit card provider is based on the entire transaction amount, including the face value of the money order, rather than just the Special Services fee charged. *Id.*

To address these two flaws in the current methodology, the Postal Service made two corrections to Library Reference USPS-FY17-32, which was filed with the FY 2017 ACR.<sup>4</sup> First, the Postal Service separated credit and debit card fees to develop different sets of distribution factors for these fees. Petition, Proposal Four at 2. Second, the set of distribution factors for debit cards used the aggregate face value of Money Orders purchased with debit cards in conjunction with the revenue from all other products. *Id.*

In a supplemental Chairman's Information Request (CHIR) response, the Postal Service proposed a model attempting to account for the recognized major components of debit card fees.<sup>5</sup> In the FY 2017 Annual Compliance

<sup>4</sup> *Id.*; see Docket No. ACR2017, Library Reference USPS-FY17-32, December 29, 2017.

<sup>5</sup> *Id.* at 2-3; see Docket No. ACR2017, Supplemental Response of the United States Postal Service to Question 1.b of Chairman's Information Request No. 2, February 23, 2018 (Response to CHIR No. 2, Question 1.b).

Determination (ACD), the Commission stated that the proposed model was not an approved methodology for attributing expenses related to debit card fees.<sup>6</sup> It directed the Postal Service to continue investigating issues related to debit card fee attribution and update the Commission on its progress and any potential corresponding methodological changes within 90 days after the ACD was issued. FY 2017 ACD at 64. The Postal Service asserts that Proposal Four is a result of this investigation. Petition, Proposal Four at 3.

*Proposal description.* Proposal Four would change the methodology for assigning expenses related to debit card transactions (Debit Card Expenses). Proposal Four would disaggregate total Debit Card Expenses into two cost pools: Transactions and Proceeds. *Id.* The Transactions cost pool would account for Debit Card Expenses for regulated transactions, which have limits on debit card fee amounts based on Federal Reserve regulations. *Id.* at 3, 5. Unregulated transactions do not have these limits. *Id.* at 5.

To calculate the amount of Debit Card Expenses allocated to the Transactions cost pool, the Postal Service would first determine the number of regulated debit card transactions. *Id.* at 3. This is the total number of debit card transactions multiplied by the proportion of regulated transactions. The number of regulated transactions would then be multiplied by the approximate per-transaction cost to calculate the amount of Debit Card Expenses allocated to the Transactions cost pool.<sup>7</sup> The remaining amount would be allocated to the Proceeds cost pool. Petition, Proposal Four at 4.

For example, in FY 2017, total Debit Card Expenses were approximately \$58.6 million. *Id.* at 3. Proposal Four would disaggregate these expenses between the Transactions cost pool and Proceeds cost pool. There were approximately 150 million debit card transactions, 65 percent of which were regulated. *Id.* at 3–4. The approximate per-transaction cost was 22 cents. *Id.* at 4. Thus, the Transactions cost pool would equal approximately \$21.3 million (150 million total debit card transactions × 65 percent regulated transactions × 22 cents per-transaction

<sup>6</sup> Docket No. ACR2017, Annual Compliance Determination, March 29, 2018, at 64 (FY 2017 ACD). The Commission's rules require the Postal Service to use only accepted analytical principles in its annual periodic reports to the Commission, including the ACR. 39 CFR 3050.10.

<sup>7</sup> *Id.* at 3–4. As discussed below, the “per-transaction” cost appears to refer to fixed debit card fees, which are the same for each transaction regardless of the transaction amount. See Response to CHIR No. 2, Question 1.b.

cost). *Id.* The remaining amount of \$37.3 million (\$58.6 million – \$21.3 million) would be allocated to the Proceeds cost pool. *Id.*

Under Proposal Four, Debit Card Expenses in the Transactions cost pool would be assigned to products proportionally based on the number of tenders captured from the Retail Data Mart. *Id.* Debit Card Expenses in the Proceeds cost pool would be assigned to products in proportion to the total proceeds realized with debit cards, which is the same distribution key used under the current methodology. *Id.* The final Debit Card Expenses assigned to each product would be the sum total of the respective amounts from each cost pool. *Id.*

The Postal Service states that Proposal Four reflects the proposed model presented in Docket No. ACR2017. *Id.* However, it explains that Proposal Four differs by distinguishing between regulated and unregulated transactions. *Id.* By contrast, the proposed model assumed that all of the debit card transactions were regulated. *Id.*

*Rationale.* The Postal Service asserts that Proposal Four would improve the accuracy of its costing methods by more closely reflecting how debit card fees are incurred. *Id.* at 4–5. Debit card fees generally have two components: A fixed fee per transaction (regardless of transaction amount) and a variable fee that changes based on the transaction amount. Response to CHIR No. 2, Question 1.b. For regulated transactions, the Federal Reserve limits debit card fees to 22 cents per transaction (fixed fee) plus 0.05 percent of the transaction (variable fee).<sup>8</sup> Proposal Four would account for the fixed debit card fees in the Transactions cost pool for regulated transactions. *Id.* The Proceeds cost pool would account for the variable debit card fees along with other fees, including fees for unregulated debit card transactions. *Id.*

The Postal Service asserts that Proposal Four would address a flaw in the current methodology. *Id.* at 6. The current methodology assigns all Debit Card Expenses to products in the same proportions as the Postal Service revenue realized from aggregate debit card transactions. *Id.* at 1. However, this methodology ignores the fixed “per-transaction” component of Debit Card Expenses.<sup>9</sup> The current methodology

<sup>8</sup> Petition, Proposal Four at 5. The 22 cent per-transaction cost includes one cent for fraud protection costs. *Id.*

<sup>9</sup> *Id.* at 6. The “per-transaction” component appears to refer to fixed debit card fees, which are the same for each transaction regardless of the transaction amount. See Response to CHIR No. 2, Question 1.b.

would be appropriate if all products had the same average revenue per transaction. Petition, Proposal Four at 6. Because they do not, products with below average revenues per transaction are assigned less than their appropriate share of the Debit Card Expenses related to the fixed fee. *Id.* Conversely, products with above average revenues per transaction are assigned more than their share of these expenses. *Id.*

For example, the average revenue per transaction for Money Orders is substantially higher than those of other products. *Id.* at 7. The Postal Service asserts that the current methodology overstated the Debit Card Expenses assigned to Money Orders in FY 2017. *Id.* at 6–7. The Postal Service points out that applying Proposal Four would have properly distinguished between the fixed per-transaction and residual components for regulated transactions, which would have resulted in a more accurate assignment of Debit Card Expenses to Money Orders. *Id.* at 7. The Transactions cost pool would account for the fixed per-transaction component of Debit Card Expenses. See *id.* at 4. The Postal Service concludes that adopting Proposal Four would improve the accuracy of its costing methods by more closely aligning with the way debit card fees are incurred. *Id.*

*Impact.* The Petition includes a table illustrating the cost impacts of Proposal Four. *Id.* at 7–8. This table compares the Debit Card Expenses distribution as presented in the FY 2017 ACR with the distributions that would have resulted if Proposal Four had been used. *Id.* at 7. The Postal Service explains that the most significant change to the cost coverages filed with the FY 2017 ACR would be to Money Orders, which would have experienced an increase in cost coverage under Proposal Four from 97 percent to approximately 107 percent. On a unit cost basis, the impact on all other products “would be either trivial or, in most instances, entirely immaterial.” *Id.* at 7–8. The Postal Service provides further details in workpapers filed with the Petition.<sup>10</sup>

### III. Notice and Comment

The Commission establishes Docket No. RM2018–7 to consider matters raised by the Petition. More information on the Petition may be accessed via the Commission’s website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Four no later than July 23, 2018. Pursuant to 39 U.S.C. 505, Jennaca D. Upperman is designated as an officer

<sup>10</sup> See Petition, Excel file “Prop.4.Debit.Card.Attachment.xlsx.”

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. RM2018-7 to consider 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 Four), filed June 25, 2018.

2. Comments by interested persons in this proceeding are due no later than July 23, 2018.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Jennaca D. Upperman 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.

**Stacy L. Ruble,**

Secretary.

[FR Doc. 2018-14349 Filed 7-3-18; 8:45 am]

**BILLING CODE 7710-FW-P**

### ENVIRONMENTAL PROTECTION AGENCY

#### 40 CFR Part 52

[EPA-R03-OAR-2017-0502; FRL-9980-32—Region 3]

#### Approval and Promulgation of Air Quality Implementation Plans; West Virginia; Permits for Construction and Major Modification of Major Stationary Sources for the Prevention of Significant Deterioration of Air Quality

**AGENCY:** Environmental Protection Agency (EPA).

**ACTION:** Proposed rule.

**SUMMARY:** The Environmental Protection Agency (EPA) is proposing to approve a state implementation plan (SIP) revision submitted by the State of West Virginia. This revision pertains to West Virginia's Prevention of Significant Deterioration (PSD) program. This action is being taken under the Clean Air Act (CAA).

**DATES:** Written comments must be received on or before August 6, 2018.

**ADDRESSES:** Submit your comments, identified by Docket ID No. EPA-R03-OAR-2017-0502 at <http://www.regulations.gov>, or via email to [duke.gerallyn@epa.gov](mailto:duke.gerallyn@epa.gov). For comments submitted at *Regulations.gov*, follow the online instructions for submitting

comments. Once submitted, comments cannot be edited or removed from *Regulations.gov*. For either manner of submission, EPA may publish any comment received to its public docket. Do not submit electronically any information you consider to be confidential business information (CBI) or other information whose disclosure is restricted by statute. Multimedia submissions (audio, video, etc.) must be accompanied by a written comment. The written comment is considered the official comment and should include discussion of all points you wish to make. EPA will generally not consider comments or comment contents located outside of the primary submission (*i.e.*, on the web, cloud, or other file sharing system). For additional submission methods, please contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section. For the full EPA public comment policy, information about CBI or multimedia submissions, and general guidance on making effective comments, please visit <http://www2.epa.gov/dockets/commenting-epa-dockets>.

#### FOR FURTHER INFORMATION CONTACT:

David Talley, (215) 814-2117, or by email at [talley.david@epa.gov](mailto:talley.david@epa.gov).

**SUPPLEMENTARY INFORMATION:** On June 6, 2017, the West Virginia Department of Environmental Protection (WVDEP), on behalf of the State of West Virginia, submitted a revision to its PSD regulations found at title 45, chapter 14 of the Code of State Rules (CSR) as a revision to the West Virginia SIP.

#### I. Background

WVDEP's June 6, 2017 SIP submittal included a number of revisions to West Virginia's PSD regulations under 45CSR14. The revisions were largely non-substantive and administrative in nature. However, as discussed in subsequent sections of this notice, WVDEP's SIP submittal also contained revisions to PSD provisions relating to the regulation of greenhouse gases (GHGs). Additionally, WVDEP's June 6, 2017 submittal letter references EPA's conditional approval<sup>1</sup> of two SIP submittals (June 6, 2012 and July 1, 2014), related to the regulation of fine particulate matter (PM<sub>2.5</sub>). Specifically, the letter states, ". . . EPA may subsequently issue a final rule in which West Virginia's conditional approval of the 2012 and 2014 SIP revisions of 45CSR14 will become final approvals."<sup>2</sup> EPA notes that full and final approval has already been granted to West

<sup>1</sup> See 80 FR 36483 (June 25, 2015).

<sup>2</sup> See WVDEP's June 6, 2017 submittal letter, included in the docket for this action.

Virginia's 2012 and 2014 submittals, and that there are no outstanding issues related to WVDEP's regulation of fine particulate matter (PM<sub>2.5</sub>). See 81 FR 53008 (August 11, 2016).

In a June 3, 2010 final rulemaking action, EPA promulgated regulations known as "the Tailoring Rule," which phased in permitting requirements for GHG emissions from stationary sources under the CAA PSD and title V permitting programs. See 75 FR 31514. For Step 1 of the Tailoring Rule, which began on January 2, 2011, PSD or title V requirements applied to sources of GHG emissions only if the sources were subject to PSD or title V "anyway" due to their emissions of non-GHG pollutants. These sources are referred to as "anyway sources." Step 2 of the Tailoring Rule, which began on July 1, 2011, applied the PSD and title V permitting requirements under the CAA to sources that were classified as major, and, thus, required to obtain a permit, based solely on their potential GHG emissions. Step 2 also applied to modifications of otherwise major sources that required a PSD permit because they increased only GHGs above applicable levels in the EPA regulations.

On June 23, 2014, the United States Supreme Court, in *Utility Air Regulatory Group (UARG) v. Environmental Protection Agency*,<sup>3</sup> issued a decision addressing the Tailoring Rule and the application of PSD permitting requirements to GHG emissions. The Supreme Court said that the EPA may not treat GHGs as an air pollutant for purposes of determining whether a source is a major source required to obtain a PSD permit. The Court also said that the EPA could continue to require that PSD permits, otherwise required based on emissions of pollutants other than GHGs, contain limitations on GHG emissions based on the application of Best Available Control Technology (BACT). The Supreme Court decision effectively upheld PSD permitting requirements for GHG emissions under Step 1 of the Tailoring Rule for "anyway sources" and invalidated PSD permitting requirements for Step 2 sources.

In accordance with the Supreme Court decision, on April 10, 2015, the U.S. Court of Appeals for the District of Columbia Circuit (D.C. Circuit) issued an amended judgment vacating the regulations that implemented Step 2 of the Tailoring Rule, but not the regulations that implement Step 1 of the

<sup>3</sup> See 134 S.Ct. 2427.