

## PRC Glossary of Postal Terms

The Postal Regulatory Commission (PRC) glossary is a list of economic, statistical, and technical terms frequently used in this website. This glossary draws on a number of sources for its substance such as: Commission opinions, material filed in Commission proceedings, pertinent statutory authority, published sources and public documents.

The glossary definitions are not "official" or "authoritative" interpretations of the Commission. Each definition represents at least one interpretation of the meaning of the term.

Comments and suggestions for further improvement are welcomed; contact the Rates and Classification Specialist (James Callow at [james.callow@prc.gov](mailto:james.callow@prc.gov)).

### PRC Glossary of Terms Used In Postal Ratemaking (U-Z)

**UNDELIVERABLE AS ADDRESSED (UAA)** – Mail that the [Postal Service] cannot deliver as addressed and must forward to the addressee, return to the sender, or send to a mail recovery center (depending on the treatment authorized for that mail class). Source: Glossary of Postal Terms, USPS Publication 32, May 1997.

**UNIT VOLUME VARIABLE COST** – The unit volume variable cost for a postal product or service is the total volume variable cost of producing a given level of output or volume divided by that output. It measures the additional cost resulting from the provision of an additional unit of output. Defined in this way, unit volume variable cost is equivalent to marginal cost.

**VALUE PRICING** – Value pricing is the practice of setting prices for a product or service based upon the perception of worth, usefulness, or importance of the product or service to the customer, without reference to cost.

**VARIABLE** – A variable is a characteristic, attribute or quantity for which there is no fixed value. The term variable is derived from the fact that any particular characteristic may vary within the population of interest. For example, a variable might be the test scores of students on a standardized test.

**VARIANCE** ( $s^2$ ,  $s_x^2$ ,  $\sigma^2$  or  $\sigma_x^2$ ) – Variance is a measure of the variability, or spread, of a data set around a mean. The variance of a population or sample mean is defined as the mean of the squared distances (deviations) of each observation or data point from the population or sample mean value.

**VOLUME VARIABILITY** – Volume variability is a measure of the response of costs to a given increase or decrease in volume. More formally, volume

variability represents the elasticity of cost with respect to a change in volume, and is defined as the ratio of the percentage change in cost to a percentage change in volume.

**VOLUME VARIABLE COST** – In the postal ratemaking context, volume variable cost is estimated for cost components. Thus, the volume variable cost is the total cost of the cost component multiplied by the elasticity of cost (i.e., volume variability) for that cost component.

**WALK SEQUENCE** – The order in which a city carrier delivers mail on a route. Source: Glossary of Postal Terms, USPS Publication 32, May 1997. Walk sequence order is required for most mail that is presorted to carrier route to obtain discounted rates.

**WORKSHARE, or WORKSHARED/WORKSHARING** – A term used to describe mail that has undergone certain preparation or processing by the mailer prior to entry with the Postal Service. More specifically, workshare mail has been prepared in such a manner that it avoids certain postal processing operations. Workshare mail for which avoided costs have been estimated qualifies, subject to Commission approval, for lower (i.e., discounted) rates. Common worksharing activities include presorting and pre-barcoding. The term worksharing is sometimes used in a broader context to suggest that any activity performed by the mailer, such as mailer transportation, constitutes worksharing for which the mailer is (or ought to be) compensated through discounted rates. See **AVOIDED COSTS**

**ZIP CODE** – [The Zone Improvement Program (ZIP), a Postal Service trademark, is a nationwide] system of 5-digit codes that identifies the individual post office or metropolitan delivery area associated with an address. The first three digits of the 5-digit numeric code identify the delivery area of a sectional center facility or major-city post office serving the delivery area associated with the address. The fourth and fifth digits identify the delivery area of an associate post office, post office branch, or post office station. All post offices are assigned at least one unique 5-digit code. Source: Glossary of Postal Terms, USPS Publication 32, May 1997. The 5-digit ZIP Code has now been expanded by four digits, referred to as the ZIP + 4. The first two digits of the four-digit code designate the sector (area in a city), and the last two designate the segment (block face).

**ZONE** – In the postal context, a distance range measured in miles. Postal rates for some classes of mail, such as Priority Mail, Parcel Post, and Bound Printed Matter, are computed on the basis of weight and zone, generally the distance the mailpiece must travel to be delivered. The Postal Service has established 8 zones for the United States.