

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;
Mark Acton, Vice Chairman;
Tony Hammond; and
Nanci E. Langley

Inquiry Concerning
City Carrier Costs

Docket No. PI2017-1

NOTICE AND ORDER ESTABLISHING DOCKET CONCERNING
CITY CARRIER SPECIAL PURPOSE AND LETTER ROUTE COSTS
AND TO SEEK PUBLIC COMMENT

(Issued May 31, 2017)

I. INTRODUCTION

The Commission establishes Docket No. PI2017-1 in order to ascertain the Postal Service's progress in its ongoing efforts to update its city carrier cost models and data collection capabilities in accordance with Commission Order No. 2792 and to invite public comment on these topics.¹

II. BACKGROUND

In Order No. 2792, the Commission directed the Postal Service to investigate several issues, including the steps required to collect daily volume measurements for

¹ Docket No. RM2015-7, Order Approving Analytical Principles Used in Periodic Reporting (Proposal Thirteen), October 29, 2015 (Order No. 2792).

specified special studies and the feasibility of updating the cost model used to assign the costs of Sunday delivery hours and parcel routes. Order No. 2792 at 65-66. The Commission also directed the Postal Service to determine whether a single equation city carrier letter route cost model for street time could produce improved variability estimates. *Id.* at 65.

In its response to Order No. 2792, the Postal Service indicated that it had begun investigating different methods for gathering all of the data elements requested by the Commission.² There, the Postal Service noted that its investigation into the Commission's directive would have two distinct phases. *Id.* The Postal Service described the first phase as exploring whether the requisite data could be practically gathered and, if so, whether those data would be reliable and accurate. *Id.* It stated that the second phase was to determine whether it would be possible to use the obtained data to construct a single-equation city carrier letter route cost model for street time. *Id.* The Postal Service stated that it had only recently started to record the required data and that, therefore, it had just begun the first phase. *Id.*

In Docket No. ACR2015, the Postal Service reported that it had initiated an investigation into updating its city carrier Special Purpose Route (SPR) cost model for street time.³ The Postal Service uses the SPR study data approved in Docket No. R97-1 in conjunction with current data from its In-Office Cost System (IOCS) to form SPRs street time cost pools and to develop attributable costs.⁴ In its response to Order No. 2792, the Postal Service stated that it also was investigating the feasibility of using

² Docket No. RM2015-7, Response of the United States Postal Service to Commission Order No. 2792, February 16, 2016, at 14 (Postal Service Response to Order No. 2792).

³ See Docket No. ACR2015, Library Reference USPS-FY15-9, file "USPS-FY15-9_Roadmap.pdf," December 29, 2015, at 122; Docket No. R97-1, Opinion and Recommended Decision, Volume 1, May 11, 1998, at 188 (Opinion and Recommended Decision).

⁴ See Opinion and Recommended Decision at 188.

operational data to estimate variability equations for its parcel and collection route cost models.⁵

III. PUBLIC INQUIRY

The Commission establishes PI2017-1 to obtain an update on the Postal Service's progress in investigating the data required for, and the viability of, a single equation city carrier letter route cost model as well as in reviewing the SPR cost model for street time.

Chairman's Information Request No. 1 is issued contemporaneously with this Notice and Order. It seeks an update to the Postal Service's Response to Order No. 2792 and further clarification on designated IOCS-estimated city carrier costs and City Carrier Cost System volumes.

Comments on these topics are due no later than August 29, 2017. Comments are to be submitted via the Commission's online filing system at <http://www.prc.gov>, unless a waiver is obtained. Information on how to obtain a waiver may be found by contacting the Commission's dockets office at 202-789-6846.

IV. PUBLIC REPRESENTATIVE

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.

⁵ The Commission's Order No. 2792 describes this as the cost model used to assign the costs of Sunday delivery hours and parcel routes. See Order No. 2792 at 66. The Postal Service describes this as the Parcel and Collection Route Models which are limited to non-Sunday city carrier SPR costs. Postal Service Response to Order No. 2792 at 16.

V. ORDERING PARAGRAPHS

It is ordered:

1. The Commission hereby establishes Docket No. PI2017-1 to review the Postal Service's progress towards the Commission directives in Order No. 2792 and to inquire about the current data and methodology used to estimate city carrier costs and City Carrier Cost System volumes.
2. Comments are due no later than August 29, 2017.
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