

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

Before Commissioners:

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

Data Enhancements and
Reporting Requirements

Docket No. RM2018-1

NOTICE OF PROPOSED RULEMAKING FOR REPORTING
REQUIREMENTS RELATED TO FLATS

(Issued March 1, 2019)

The Commission initiated this proceeding to explore potential enhancements to the Postal Service's data systems and to facilitate the development of consistent reporting requirements to measure, track, and report cost and service performance issues related to flat-shaped mail (flats).¹ For the reasons set forth below, the Commission proposes the following data reporting requirements. The proposed rules appear after the signature of this Order.

¹ Advance Notice of Proposed Rulemaking to Develop Data Enhancements and Reporting Requirements for Flats Issues, October 4, 2017, at 1 (Order No. 4142). The Commission uses the terms "flat-shaped mail" and "flats" interchangeably throughout this Notice.

I. BACKGROUND

In the FY 2015 Annual Compliance Determination (ACD), the Commission identified and analyzed six “pinch points” that contribute to flats cost and service performance issues.² The Commission requested data from the Postal Service specific to those pinch points, and requested, “[f]or each pinch point, the report shall identify a method to measure, track, and report the cost and service performance issues relating to the individual pinch point at the most granular level practicable.” FY 2015 ACD at 181.

The Postal Service responded to the original Commission’s directive with a discussion of data systems that could be used to measure certain aspects of individual pinch points; however, it did not provide a specific method for each pinch point to measure, track, and report on cost and service performance issues related to flats.³ To redirect the Postal Service’s response, the Commission issued Commission Information Request No. 1.⁴ In Order No. 3539, the Commission scheduled an off-the-record technical conference on October 21, 2016, to determine the status of the Postal Service’s proposed methods as requested in the original Commission directive.⁵ The Postal Service filed its response to Docket No. ACR2015 CIR No. 1 on November 28, 2016.⁶ In both its 120-Day Response and in its Docket No. ACR2015 Response to CIR No. 1, the Postal Service provided general information related to all pinch points and information specific to each individual pinch point. The Postal Service’s responses were

² Docket No. ACR2015, Annual Compliance Determination Report, Fiscal Year 2015, March 28, 2016, at 165 (FY 2015 ACD).

³ Docket No. ACR2015, Third Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2015 Annual Compliance Determination, Report Regarding Information about Flats Data Systems, July 26, 2016 (120-Day Response).

⁴ Docket No. ACR2015, Commission Information Request No. 1, September 27, 2016 (Docket No. ACR2015 CIR No. 1).

⁵ See Docket No. ACR2015, Order Scheduling Technical Conference, September 27, 2016 (Order No. 3539).

⁶ Docket No. ACR2015, Response of the United States Postal Service to Commission Information Request No. 1, November 28, 2016 (Docket No. ACR2015 Response to CIR No. 1).

informative; however, the Commission found that neither response addressed the original Commission's directive to develop a method to measure, track, and report the cost and service performance issues relating to the individual pinch points.⁷

The Commission initiated this docket on October 4, 2017. See Order No. 4142. To better understand the data collected by the Postal Service related to flats and to determine if the data can estimate cost and service impacts, the Commission issued two information requests.⁸ The Postal Service provided additional information about its capabilities in both responses.⁹ The Commission also invited interested parties to provide comments on the quality and reliability of the data systems and reports identified by the Postal Service, as well as identify opportunities to enhance the data systems and/or further areas of exploration related to the data systems.¹⁰

II. COMMENTS

The Commission received comments from the American Catalog Mailers Association (ACMA), the Association for Postal Commerce (PostCom), MPA—The Association of Magazine Media and the Alliance of Nonprofit Mailers (MPA-ANM), and

⁷ Docket No. ACR2016, Annual Compliance Determination Report, March 28, 2017, at 170.

⁸ See Commission Information Request No. 1, October 4, 2017; Commission Information Request No. 2, March 28, 2018.

⁹ See Response of the United States Postal Service to Commission Information Request No. 1, December 4, 2017 (Response to CIR No. 1). The Postal Service filed library references with its Response to CIR No. 1; Notice of the United States Postal Service of Filing of USPS-RM2018-1/1, USPS-RM2018-1/NP1, and Application for Nonpublic Treatment, December 4, 2017. An errata was filed on February 13, 2018; Notice of the United States Postal Service of Filing of Revised File within USPS-RM2018-1/1 – Errata, February 13, 2018. Response of the United States Postal Service to Commission Information Request No. 2, May 29, 2018. The Postal Service filed library references with its Response to CIR No. 2; Notice of the United States Postal Service of Filing of USPS-RM2018-1/2, USPS-RM2018-1/NP2, and Application for Nonpublic Treatment, May 30, 2018. Response of the United States Postal Service to General Question 6 of Commission Information Request No. 2, May 31, 2018. Motion of the United States Postal Service for Late Acceptance of Response to General Question 6 of CIR No. 2, May 31, 2018 (Motion of Response to CIR No. 2). The Motion of Response to CIR No. 2 is granted.

¹⁰ Notice of Inquiry No. 1, August 17, 2018 (NOI No. 1).

the Public Representative (PR).¹¹ The Postal Service submitted a statement that because it “has already had the opportunity to address these matters at length in response to Information Requests, the Postal Service views the NOI as an opportunity for other stakeholders to be heard.”¹²

ACMA states that it agrees with the Commission that more information on costs is needed and suggests that an even clearer layout of cost trends might be helpful. ACMA Comments at 2. ACMA suggests the development of weighted unit cost indexes because “[s]uch indexes would show how much the unit cost of each product has increased without any effect from changes in the relative levels of volume elements within the product.” *Id.* at 3. ACMA also suggests an examination of trends in marginal city carrier street time. *Id.* at 6. ACMA further recommends that the Postal Service be asked to develop a meaningful cost comparison between processing mail on a Flat Sequencing System (FSS) path and processing the same mail on a non-FSS path. *Id.* at 7-8. ACMA states that the Commission should require the Postal Service to share with the Commission before and after analysis of any investment decision. *Id.* at 7 n.7. Finally, ACMA suggests the development of “should-cost” models that would provide a basis for asking why actual costs are so high. *Id.* at 3, 9.

PostCom states that it has not provided explicit recommendations regarding data systems. PostCom Comments at 8. Although it “welcomes the Commission’s efforts to obtain more thorough and transparent data on the costs and operational issues,” PostCom believes these efforts will be insufficient to solve the problems. *Id.* at 1.

¹¹ Comments of the American Catalog Mailers Association (ACMA), October 1, 2018 (ACMA Comments); Comments of the Association for Postal Commerce in Response to Notice of Inquiry No. 1, October 1, 2018 (PostCom Comments); Response of MPA—The Association of Magazine Media and the Alliance of Nonprofit Mailers to Notice of Inquiry No. 1, October 1, 2018 (MPA-ANM Comments); Public Representative Response to Notice of Inquiry No. 1, October 9, 2018 (PR Comments). The Public Representative also filed a motion for late acceptance of her comments. Motion of Public Representative for Late Acceptance of Public Representative Response to Notice of Inquiry No. 1, October 9, 2018 (Motion). The Motion is granted.

¹² Statement of the United States Postal Service with Respect to Notice of Inquiry No. 1, October 1, 2018.

However, PostCom states that the effort to collect additional information on flats performance should continue. *Id.* PostCom suggests that the Commission require that the Postal Service make available, on a monthly basis, all operations data on flats operations identified in this proceeding. *Id.* at 6. PostCom also suggests that the Commission require the Postal Service to produce a performance improvement plan and the Commission should consider a technical conference to facilitate participation of interested parties in the development of the plan. *Id.* at 6-7. PostCom states that the performance plan should describe specific actions to improve efficiency, define a clear causal relationship between stated intentions and quantifiable impacts on costs and service improvements, and include specific measurement indicators, targets, and timelines for achievement of results-based objectives. *Id.* at 7. In addition, PostCom requests that “the Commission consider recommending a temporary moratorium on rule changes that impact flats mail” because rule and classification changes further complicate efforts to understand the issues underlying operational and service performance of flats. *Id.* Finally, PostCom suggests that the Commission “reexamine the scope of its authority and consider the use of sanctions in the event that the Postal Service continues to stonewall on flats.” *Id.*

MPA-ANM states that they appreciate the Commission’s renewed attention to the cost issues involving flat-shaped mail. MPA-ANM Comments at 1. However, MPA-ANM submits that the information requests in NOI No. 1 “are unlikely to bring the Postal Service or its stakeholders closer to a solution for the problem.” *Id.* at 1-2. MPA-ANM explains that the “Postal Service’s flats cost issues are already amply documented in data filed in Annual Compliance Report [(ACR)] proceedings, and the underlying causes are already well understood.” *Id.* at 3. MPA-ANM states that mailers need action and that the Commission has not “imposed financial penalties on the Postal Service, or compelled the Postal Service to make any actual cost reductions.” *Id.* at 2. In discussing the Commission’s proposal regarding noncompensatory classes in Docket No. RM2017-3, MPA-ANM suggests that the Commission “make clear in its final order in Docket No. RM2017-3 that above-inflation price increases for Periodicals will not

even be considered until the Postal Service fully reverses the poor cost trends for flats over the last decade.” *Id.* at 7.

The Public Representative states that she agrees that the Commission should provide transparency regarding flats cost and service, including requiring reports that help better understand issues affecting flats processing and delivery costs. PR Comments at 3. However, she states that “developing solutions to reduce costs is solely the responsibility of the Postal Service.” *Id.* at 3. She states that the Commission should defer to mailers regarding what diagnostic data they consider useful for solving problems locally in conjunction with the Postal Service. *Id.* at 4. She also states that the Commission should consider costs involved with providing additional data on a continuing basis. *Id.*

III. SUMMARY OF PROPOSED REQUIREMENTS

Despite providing information about its data systems, the Postal Service has not provided a method to measure, track, and report the cost and service performance issues relating to the identified pinch point, or flats generally. Moreover, the Postal Service has repeatedly confirmed that it is unable to quantify the impact of any of its operational initiatives to reduce costs.¹³ The Commission has stated its concern about this lack of information,¹⁴ and strongly suggests that the Postal Service work to utilize its data to ensure that it is making cost-effective decisions. Additionally, the Commission is concerned about an imbalance of information between costs and service at the facility level. Postal managers must be equipped with sufficient data to properly balance service and cost issues.

¹³ See, e.g., 120-Day Response at 7, 19; Docket No. ACR2016, United States Postal Service FY 2016 Annual Compliance Report, December 29, 2016, at 28; Docket No. ACR2017, United States Postal Service FY 2017 Annual Compliance Report, December 29, 2017, at 26.

¹⁴ See FY 2015 ACD at 64 (“The Commission remains concerned that the Postal Service has not quantified the cost savings from operational changes designed to reduce Standard Mail Flats cost.”).

In response to NOI No. 1, several commenters stated that they welcome more information about flats costs and service issues.¹⁵ ACMA suggested further examination of cost trends and additional analysis of new initiatives. ACMA Comments at 2, 7. PostCom recommended the development of a performance plan that would provide information about specific initiatives to improve flats performance, by including identified metrics, the relationship between stated intentions and impacts, and timelines for achievement of results-based objectives. PostCom Comments at 6. However, no commenter discussed specific data systems and neither the Postal Service nor the commenters proposed comprehensive data enhancements or reporting requirements.¹⁶

The Commission agrees that developing a performance plan is necessary to improve cost and service performance issues. Prior to developing such a plan, the Commission must gather information about cost and service performance issues and analyze this information over time to identify trends and measurable goals. Based on the information received in prior ACD proceedings and in this proceeding, the Commission proposes specific reporting requirements to facilitate measuring and tracking cost and service performance issues related to flats. The Postal Service will be required to annually file data at the national and facility level (when specified). These reporting requirements are designed to provide sufficient information to improve transparency into the cost and service performance issues associated with flats. In addition, the proposed requirements will increase the accountability of the Postal Service related to operational initiatives related to flats.

¹⁵ ACMA Comments at 2; PostCom Comments at 1; PR Comments at 3.

¹⁶ The Postal Service filed a motion to strike portions of comments related to filings in Docket No. RM2017-3 and comments related to specific remedial proposals. Motion to Strike Non-Relevant Portions of Comments, October 10, 2018 (Motion to Strike). In denying the Motion to Strike, the Commission stated that it will decline to consider such statements if they are found to be non-relevant and/or outside the scope of the proceeding. Order Denying Motion to Strike, November 2, 2018, at 5 (Order No. 4871). The Commission finds that comments related to specific remedial action or pending matters in Docket No. RM2017-3 are outside the scope of this proceeding and have not been considered in these proposed rules.

The proposed reporting requirements seek information readily available and previously provided or proposed by the Postal Service, based on filings by the Postal Service in the FY 2015 ACD, the FY 2016 ACD, the FY 2017 ACD, and Docket No. RM2018-1. The proposed requirements simply require the information to be provided in a more organized way and at regular intervals. The information falls into four categories: (1) analysis of consolidated cost and service data; (2) analysis of costs by operationally relevant groupings; (3) analysis of data related to individual pinch points; and (4) analysis to estimate the impact of operational changes.

First, the Commission proposes to require the Postal Service to use existing data to provide consolidated cost and service analysis of flat-shaped products within 90 days after the end of each fiscal year.¹⁷ Specifically, the Commission proposes that the Postal Service provide volume and costs data for each flat-shaped product. See, e.g., Response to CIR No. 1, Excel File: OD-1_Flats.Vol.Costs.xlsx. The Commission proposes that the Postal Service disaggregate the total unit cost for each product into the following categories, which sum to the total unit cost: (1) Mail Processing Unit Cost; (2) Delivery Unit Cost; (3) Vehicle Service Driver Unit Cost; (4) Purchased Transportation Unit Cost; (5) Window Service Unit Cost; and (6) Other Unit Cost. *Id.* The Commission also proposes analyses for manual processing, FSS processing, volume trends, and a cost and service analysis for each pinch point. In addition, the Commission proposes that the Postal Service provide narratives that identify the drivers of changes in these analyses between fiscal years.

Second, the Commission proposes to require the Postal Service to provide an analysis of costs by operationally relevant grouping. The Postal Service has indicated it can translate accounting data into operational data into cost data. See Docket No. ACR2015 Response to CIR No.1 at 10-11. The Commission agrees that observing cost data through the lens of Labor Distribution Codes (LDCs) and Management

¹⁷ The Commission defines “flat-shaped products” as products that consist of more than 80 percent flat-shaped mail.

Operating Data System (MODS) operations will be a useful metric to delve into levels of granularity below the national level and a unit of measurement familiar to postal managers. *Id.* at 14. The Commission proposes that the Postal Service provide a report within 90 days after the end of each fiscal year that analyzes data from the Payroll Hourly Summary Report and Reallocated Trial Balance to provide cost data by individual activity. *Id.* at 10-17.

Third, the Commission proposes specific data for each pinch point that serves a metric to track the Postal Service's progress towards resolving issues associated with the pinch point. Consistent with the information provided by the Postal Service related to pinch points, the Commission proposes that the Postal Service include data by both quarter and fiscal year, as well as at the national level and at the facility level, filed 90 days after the end of each fiscal year. As described above, the Postal Service provided a discussion of data systems that could be used to measure certain aspects of individual pinch points. For these reporting requirements, the Commission proposes one or two data systems for each pinch point. The Commission selected the data system based on the robustness of the data and the expected utility of the data. As the Commission and interested parties become more familiar with these data, and how to utilize them, the Commission anticipates that these reporting requirements will evolve. In addition, the Commission proposes that the Postal Service update the Commission's Chapter Six ACD analysis in the annual pinch point report. The data for Chapter Six of the ACD are included within a Commission library reference and analyzes data for each pinch point.¹⁸ This reporting requirement will facilitate a more complete review of flat-shaped mail during the ACR proceeding, because information will be provided by the Postal Service at the same time as the Postal Service's ACR filing. Because the current Commission library reference uses data provided by the Postal Service in its ACR, the burden to the Postal Service should be minimized.

¹⁸ See, e.g., Docket No. ACR2017, Library Reference PRC-LR-ACR2017-9, March 29, 2018.

Fourth, the Commission proposes specific expansions to the FY 2010 ACD directive for USPS Marketing Mail Flats. Specifically, the Commission proposes to expand a portion of the directive to all flat-shaped mail, and require the Postal Service to list all operational initiatives that impact all flat-shaped mail, and provide additional analysis that links operational initiatives or operational changes to specific metrics described above for all flat-shaped mail. The proposed reporting requirements give the Postal Service the option to link operational changes and initiatives to either changes in unit costs, or changes in pinch point metrics. For example, if the Postal Service has an operational initiative to reduce the number of broken bundles, the Postal Service must select a metric or metrics that will be impacted by the initiative. The Postal Service can select a specific cost category that will be impacted by the initiative and/or the Postal Service can use the metric associated with the bundle processing pinch point. Depending on the chosen metric(s), the Postal Service will have to estimate the anticipated impact to the chosen metric(s). The Commission will track the success of the initiative over time using the selected metric(s).

Finally, the Commission is not proposing any specific enhancements to the Postal Service's underlying data systems at this time, but as the Commission becomes more familiar with these data reports, it may do so. However, to ensure transparency on data enhancements implemented internally by the Postal Service, the Commission proposes that the Postal Service provide an annual narrative discussing any planned data enhancements.

The Commission recognizes that data enhancements and reporting requirements will not improve cost coverage or service of flats on their own. However, these proposed reporting requirements will provide greater insight into the factors that impact cost and service, as well as monitor operational initiatives that are designed to make improvements.¹⁹ By measuring, tracking, and reporting cost and service performance

¹⁹ Indeed, the Postal Service has stated that improvements in service has resulted, in part, from the use of available data. See 120-Day Response at 4.

issues, the Commission hopes to work with the Postal Service and interested parties to facilitate solutions that will improve cost and service performance issues related to flats.

IV. PROPOSED SECTION 39 CFR 3050.50

The Commission proposes to place the reporting requirements for flat-shaped mail in new section 3050.50. The proposed rules are generally organized by the components described above in section III, with a description of information required in each report in subparagraphs.

Proposed section 3050.50(a) describes when the five reports required in paragraphs (b) through (g) should be filed by the Postal Service.

Paragraph (b) of proposed section 3050.50 requires the Postal Service to file a report that analyzes volume and financial data for all flat-shaped products. The report should include an analysis of unit costs, FSS data, manual processing, volume trends, service performance scores, and cost impacts for each pinch point. Additionally, the report should include narratives that explain methodologies used, changes in unit costs, and identified drivers of changes in pinch point analyses.

Paragraph (c) of proposed section 3050.50 requires the Postal Service to file a report that analyzes service for all flat-shaped products. The service report should include service performance scores and estimates of the service impact on each pinch point. If no estimate is available, the Postal Service must provide a timeline to estimate the service impact.

Paragraph (d) of proposed section 3050.50 requires the Postal Service to file an analysis of costs by operationally relevant grouping from FY 2013 to the present. The report should use fiscal year data filed in accordance with 39 CFR 3050.22, and 3050.28(c)-(d) and any other data necessary to complete the analysis. The report should also include a narrative that explains the methodology used to calculate costs by operationally relevant grouping.

Paragraph (e) of proposed section 3050.50 requires the Postal Service to file reports from certain data systems concerning each pinch point. The reports include

Bundle Breakage Visibility Reports, Mail Processing Variance Reports, eFlash Report, Work in Process metrics, First-Class Mail Root Cause Point Impact Reports, SVWeb Reports, and Last Mile Impact Reports. For each report, the Postal Service should provide a narrative that describes any changes that impact the methodology used to produce the report. The Postal Service should also include a narrative that discusses trends and changes in data within those reports.

Paragraph (f) of proposed section 3050.50 requires the Postal Service to file a report that identifies all operational changes and/or initiatives that occurred during the fiscal year related to flat-shaped mail, as well as all planned changes and/or initiatives for the next fiscal year. The report should identify data to measure the impact of the operational change or initiative.

Paragraph (g) of proposed section 3050.50 requires the Postal Service to file a report that identifies all data enhancements that occurred during the fiscal year related to data systems that affect flat-shaped mail.

V. ADMINISTRATIVE ACTIONS

Interested persons are invited to provide written comments concerning the proposed reporting requirements. Comments are due no later than 30 days after the date of publication of this Notice in the *Federal Register*. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin will continue to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding. See Order No. 4142 at 5. Additional information concerning this rulemaking may be accessed via the Commission's website at www.prc.gov.

VI. ORDERING PARAGRAPHS

It is ordered:

1. Interested persons may submit comments concerning the proposed reporting requirements no later than 30 days from the date of the publication of this Notice in the *Federal Register*.
2. Pursuant to 39 U.S.C. 505, Katalin K. Clendenin will continue to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.
3. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Stacy L. Ruble
Secretary

List of Subjects for 39 CFR Part 3050

Administrative practice and procedure, Postal Service.

For the reasons stated in the preamble, the Commission proposes to amend chapter III of title 39 of the Code of Federal Regulations as follows:

PART 3050—PERIODIC REPORTING

1. The authority citation for part 3050 continues to read as follows:

Authority: 39 U.S.C. 503, 3651, 3652, 3653.

2. Add § 3050.50 to read as follows:

§ 3050.50 Information pertaining to cost and service for flat-shaped mail

(a) The reports in paragraphs (b) through (f) of this section shall be filed with the Commission at the times indicated.

(b) Within 90 days after the end of each fiscal year, the Postal Service shall file a financial report that analyzes data from the fiscal year for all mail products that consist of more than 80 percent flat-shaped mail. At a minimum, the report shall include:

(1) Volume and shape workpapers that identify products that contain more than 80 percent flat-shaped mail (flat-shaped products).

(2) Unit attributable cost estimate workpapers for each flat-shaped product that is disaggregated into the following cost categories: mail processing unit cost, delivery

unit cost, vehicle service driver unit cost, purchased transportation unit cost, window service unit cost, and other unit cost.

(3) A narrative that explains the methodology used to calculate the unit attributable cost categories described in paragraph (b)(2) of this section.

(4) A narrative supported by workpapers that identifies any flat-shaped product where unit attributable cost increases were greater than the change in unit market dominant attributable cost for the same fiscal year. The narrative must include identification of cost categories driving above average change in unit attributable cost for flat-shaped product and a specific plan to reduce unit attributable cost for identified flat-shaped product.

(5) An analysis of volume trends, and mail mix for flat-shaped products, which includes, at a minimum, a comparison of:

(i) the aggregate unit attributable costs for flat-shaped products for the current fiscal year, and

(ii) the calculated estimate of aggregate unit attributable costs for flat-shaped products for the current fiscal year, using the previous fiscal year's volume distribution. In addition, a narrative that identifies drivers of changes in volume trends and mail mix.

(6) An analysis of the Flat Sequencing System (FSS), which includes, at a minimum, the percent of flat-shaped mail destinating in a FSS zone that were not finalized on FSS equipment, the cost of processing flat-shaped mail on the FSS, the delivery point sequence (DPS) percentage of FSS mail. In addition, a narrative that identifies drivers of changes in the analysis between fiscal years.

(7) A manual processing analysis, which includes, at a minimum, the cost of manually processing flat-shaped mail, the percent of flat-shaped mail that were manually processed, and the percent of flat-shaped mail that were entered at automation prices. In addition, a narrative that identifies drivers of changes in the analysis between fiscal years.

(8) An estimate, with supporting workpapers, of the cost impact of bundle processing on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the cost impact of bundle processing on flat-shaped products.

(9) An estimate, with supporting workpapers, of the cost impact of low productivity on automated equipment on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the cost impact of low productivity on automated equipment on flat-shaped products.

(10) An estimate, with supporting workpapers, of the cost impact of manual processing on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the cost impact of manual processing on flat-shaped products.

(11) An estimate, with supporting workpapers, of the cost impact of allied operations on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the cost impact of allied operations on flat-shaped products.

(12) An estimate, with supporting workpapers, of the cost impact of transportation on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the cost impact of transportation on flat-shaped products.

(13) An estimate, with supporting workpapers, of the cost impact of last mile/delivery on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the cost impact of last mile/delivery on flat-shaped products.

(c) Within 90 days after the end of each fiscal year, the Postal Service shall file a service report that analyzes data from the fiscal year for all mail products that consist of more than 80 percent flat-shaped mail. At a minimum, the analysis must include:

(1) Service performance scores for all flat-shaped products.

(2) An estimate, with supporting workpapers, of the service impact of bundle processing on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the service impact of bundle processing on flat-shaped products.

(3) An estimate, with supporting workpapers, of the service impact of low productivity on automated equipment on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the service impact of low productivity on automated equipment on flat-shaped products.

(4) An estimate, with supporting workpapers, of the service impact of manual processing on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the service impact of manual processing on flat-shaped products.

(5) An estimate, with supporting workpapers, of the service impact of allied operations on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the service impact of allied operations on flat-shaped products.

(6) An estimate, with supporting workpapers, of the service impact of transportation on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the service impact of transportation on flat-shaped products.

(7) An estimate, with supporting workpapers, of the service impact of last mile/delivery on flat-shaped products for the fiscal year. If no estimate available, provide a timeline to estimate the service impact of last mile/delivery on flat-shaped products.

(d) Within 90 days after the end of each fiscal year, the Postal Service shall file an analysis of costs by operationally relevant grouping from FY 2013 to present.

(1) The report shall utilize fiscal year data filed in accordance with § 3050.22, and § 3050.28(c) and (d) and any other data necessary to complete the analysis.

(2) The report shall also include a narrative that explains the methodology used to calculate costs by operationally relevant grouping.

(e) Within 90 days after the end of each fiscal year, the Postal Service shall file the following reports that include data by both quarter and fiscal year, as well as at the national level and at the facility level unless otherwise specified. The reports shall include, at a minimum, five years of quarterly historical fiscal year data including the current fiscal year.

(1) Bundle Breakage Visibility Reports which include, at a minimum, number of bundles processed, number of bundles processed by class, product, facility, and

machine type, number of broken bundles; and number of broken bundles by class, product, facility, and machine type.

(2) Mail Processing Variance Reports, which include, at a minimum, for each machine type that process flat-shaped mail: category, plant/facility, volume, actual workhours, earned workhours (target hours), productivity, variance, and percent achieved, and target productivities, including narrative that explains methodology used to develop target.

(3) eFlash Report, which includes, at a minimum manual letter and flats volume, manual letter and flats workhours, manual letter and flats cost analysis, manual letter and flats handling time, and manual letter and flats handling cost per piece.

(4) Work in Process metrics, which include, at a minimum, measurement of: unload scan to bundle sorter scan, unload scan to tray mechanization scan, bundle sorter scan to mail processing equipment piece scan, tray mechanization scan to next automation scan, and unload scan to first automation scan.

(5) First-Class Mail Root Cause Point Impact Report, which includes, at a minimum, root cause, shape, service standard, point impact, rank, results attributed to air transit Automated Area Distribution Center (AADC)/Area Distribution Center (ADC) processing delays, and results attributed to surface transit AADC/ADC processing delays.

(6) SVWeb Report, which includes, at a minimum, on-time departure percentage, on-time arrival percentage, space utilization type by container type, average load percentage, total number of late containers, misrouted containers based

on unload scans at unexpected site, National Performance Assessment (NPA) goals, goal achievement, the total score for six required scans, trips on time, space utilization targets, and comparison of fiscal year space utilization to targets.

(7) Last Mile Impact Report, which includes, at a minimum, overall on-time score, on-time score at last processing, and last mile impact for all flat-shaped products at each service standard.

(8) For each report listed in paragraphs (e)(1) through (e)(7) of this section, the Postal Service shall provide a narrative that describes any changes made to underlying data systems during the fiscal year that impact the methodology used to produce the report.

(9) For each report listed in paragraphs (e)(1) through (e)(7) of this section, the Postal Service shall provide a narrative that discusses trends, changes, and reasons for any changes in data within the report.

(f) Within 90 days after the end of each fiscal year, the Postal Service shall file a report that identifies all national operational changes and/or initiatives that occurred during the fiscal year related to flat-shaped mail and all planned national operational changes and/or initiatives for the next fiscal year related to flat-shaped mail. The operational changes and/or initiatives should be designed to improve operations related to flat-shaped mail, reduce the cost of flat-shaped mail, and/or improve the service of flat-shaped mail.

(1) The report shall identify data from paragraphs (b), (c), (d), and/or (e) of this section that will be impacted by each operational change/initiative.

(2) The report shall also include an estimate, with supporting workpapers, of the impact of each operational change/initiative on the data selected in paragraph (f)(1) of this section.

(g) Within 90 days after the end of each fiscal year, the Postal Service shall file a report that identifies all data enhancements that occurred during the fiscal year related to data systems that affect flat-shaped mail. The data enhancements should be designed to improve measuring, tracking, and/or reporting on flat-shaped mail cost and service issues.