

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

ORDER ADOPTING FINAL RULES ON REPORTING
REQUIREMENTS RELATED TO FLATS

(Issued May 8, 2019)

I. INTRODUCTION

In this Order, the Commission adopts final rules regarding reporting requirements related to flat-shaped mail (flats).¹

II. BACKGROUND

In the FY 2015 Annual Compliance Determination (ACD), the Commission identified six pinch points that contribute to flats cost and service performance issues

¹ The Commission uses the terms “flat-shaped mail” and “flats” interchangeably throughout this Order.

and requested a method to measure, track, and report on these issues.² The Postal Service provided information about its data systems that could be used to measure certain aspects of individual pinch points.³ However, the Postal Service did not provide a specific method to measure, track, and report on cost and service performance issues.

The Commission initiated this proceeding to facilitate the development of consistent reporting requirements to measure, track, and report cost and service performance issues related to flats and to explore potential enhancements to the Postal Service's data systems.⁴ In response to two information requests, the Postal Service provided additional information about its data systems and capabilities.⁵ 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.⁶ The Commission received comments from the American Catalog Mailers Association (ACMA), the Association for Postal Commerce (PostCom),

² Docket No. ACR2015, Annual Compliance Determination Report, March 28, 2016, at 165, 181 (FY 2015 ACD).

³ See Docket No. ACR2015, Third Response of the United States Postal Service to Commission Requests for Additional Information in the FY 2015 Annual Compliance Determination, July 26, 2016, Report Regarding Information about Flats Data Systems; Docket No. ACR2015, Response of the United States Postal Service to Commission Information Request No. 1, November 28, 2016.

⁴ Advance Notice of Proposed Rulemaking to Develop Data Enhancements and Reporting Requirements for Flats Issues, October 4, 2017, at 1 (Order No. 4142).

⁵ See Commission Information Request No. 1, October 4, 2017; Commission Information Request No. 2, March 28, 2018; Response of the United States Postal Service to Commission Information Request No. 1, December 4, 2017 (Response to CIR No. 1); Response of the United States Postal Service to Commission Information Request No. 2, May 29, 2018 (Response to CIR No. 2); Response of the United States Postal Service to General Question 6 of Commission Information Request No. 2, May 31, 2018. The Postal Service filed library references with Response to CIR No. 1 and Response to CIR No. 2. 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; see Notice of the United States Postal Service of Filing of Revised File Within USPS-RM2018-1/1 -- Errata, February 13, 2018; 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.

⁶ Notice of Inquiry No. 1, August 17, 2018 (NOI No. 1).

MPA—the Association of Magazine Media and the Alliance of Nonprofit Mailers (MPA-ANM), and the Public Representative.⁷ The Postal Service submitted a statement explaining that it viewed NOI No. 1 as “an opportunity for other stakeholders to be heard.”⁸

After reviewing the comments and the information presented in this proceeding and in Docket No. ACR2015, the Commission issued proposed data reporting requirements and requested comments from interested persons.⁹ The proposed rules were designed to provide sufficient information to improve transparency into the cost and service performance issues, as well as increase the accountability of the Postal Service related to flats operational initiatives. See Order No. 5004 at 7. The Commission did not propose specific enhancements to the Postal Service’s data systems but may do so in the future if necessary. *Id.* at 10.

III. SUMMARY OF COMMENTS

The Postal Service, ACMA, MPA-ANM, PostCom, and the Public Representative submitted comments on the proposed data reporting requirements.¹⁰ The commenters support the proposed rules and made several suggestions.

⁷ Comments of the American Catalog Mailers Association (ACMA), October 1, 2018; Comments of the Association for Postal Commerce in Response to Notice of Inquiry No. 1, October 1, 2018; Response of MPA—the Association of Magazine Media and the Alliance of Nonprofit Mailers to Notice of Inquiry No. 1, October 1, 2018; Public Representative Response to Notice of Inquiry No. 1, October 9, 2018.

⁸ Statement of the United States Postal Service with Respect to Notice of Inquiry No. 1, October 1, 2018.

⁹ Notice of Proposed Rulemaking for Reporting Requirements Related to Flats, March 1, 2019 (Order No. 5004).

¹⁰ Comments of the United States Postal Service in Response to Proposed Rules in Order No. 5004, April 5, 2019 (Postal Service Comments); Comments of the American Catalog Mailers Association (ACMA), April 5, 2019 (ACMA Comments); Comments of MPA—the Association of Magazine Media and the Alliance of Nonprofit Mailers, April 5, 2019 (MPA-ANM Comments); Comments of the Association for Postal Commerce, April 5, 2019 (PostCom Comments); Public Representative Comments on Notice of Proposed Rulemaking for Reporting Requirements Related to Flats, April 5, 2019 (PR Comments).

The Postal Service suggested several minor revisions to paragraphs (a), (b), and (e). First, in regards to paragraph (a), the Postal Service states that it is concerned with the proposed filing deadline of the reports, which coincides with the filing deadline of the Annual Compliance Report (ACR). Postal Service Comments at 1-2. The Postal Service proposes that paragraph (a) be revised to state that the new reports should be filed as closely as possible to coincide with the submission of the ACR but no more than five business days following the ACR. *Id.* at 2.

In regards to paragraph (b), the Postal Service makes several suggestions. First, the Postal Service suggests modifying the first sentence of paragraph (b)(4) by inserting “percentage” between “cost” and “increases” for clarity. *Id.* at 4. The Postal Service also suggests that the same sentence could be revised by replacing “any flat-shaped product” with all “flat-shaped products.” *Id.* at 4-5.

Second, the Postal Service states that the requirement for a plan to reduce unit attributable cost in paragraph (b)(4) might be “setting the bar too high.” *Id.* at 5. The Postal Service suggests revising the requirement to “a plan to better align changes in unit attributable cost for identified flat-shaped products with changes in unit attributable cost for market dominant products overall.” *Id.* (internal marks omitted). Alternatively, the Postal Service suggests adding language describing the required submission as a plan to “reduce, net of inflation, unit attributable cost” or “reduce, in real terms, unit attributable cost.” *Id.* (internal marks omitted).

Finally, in paragraph (b)(5), the Postal Service recommends that the phrase “current fiscal year” be revised to read “fiscal year” for consistency with its use elsewhere in the proposed requirements. *Id.* at 3-4. The Postal Service also suggests the insertion of “is” between “no estimate” and “available” in paragraphs (b)(8) through (b)(13) and (c)(2) through (c)(7). *Id.* at 5 n.2.

In regards to paragraph (e), the Postal Service makes two suggestions. First, the Postal Service suggests that the last sentence of proposed paragraph (e) be revised to state that reports include, at a minimum, “five years of annual and quarterly historical data, covering the reporting year and the previous four fiscal years.” *Id.* at 5-6 (internal

marks omitted). Second, the Postal Service states that the names of the reports referenced in paragraph (e) may change and, thus, proposes that an additional sentence be inserted at the end of the first paragraph: “If any of the reports specified below no longer exist by that name in any year, the closest successor to that report should be utilized to provide comparable information.” *Id.* at 6.

While ACMA supports the Commission’s proposed rules, it does not “see that the present proposal goes as far as needed.” ACMA Comments at 2. ACMA also raises three specific concerns. First, with respect to paragraph (b)(5), ACMA suggests that the rule “should require the Postal Service to show its work and to explain its choice of ‘elemental within-product unit costs’ to which the volume-proportion weights are applied,” with the disaggregation by rate element or by operation. *Id.* at 3. In addition, ACMA states that the Postal Service should provide what mix characteristics are carried forward to the next year. *Id.* ACMA believes this rule will help quantify the cost increases that have occurred. *Id.* at 3-4. ACMA also suggests that the Commission require these cost figures for earlier years. *Id.* at 4. Next, in paragraphs (b)(8) through (b)(13), ACMA suggests that it would be helpful to clarify the nature of the cost impacts of interest. *Id.* Using examples from paragraphs (b)(8) and (b)(9), ACMA explains that “it might be better to state what the bundle processing cost or productivity *should* be, according to design standards or some expected operational performance, and explain why it is different from that level.” *Id.* (emphasis in original). Finally, with respect to paragraph (b)(2), ACMA states that it would be helpful to clarify if additional information is desired from the analysis of unit attributable costs. *Id.* at 5. ACMA states that one possibility would be to compare the levels of these various costs with a design standard or standard operational procedure. *Id.*

MPA-ANM states that it strongly supports proposed rule 3050.50(d) requiring the Postal Service to document and analyze longer-term trends in flats costs, in addition to reporting on cost changes from the prior year. MPA-ANM Comments at 2. MPA-ANM suggests, however, that the rule should require the Postal Service to analyze cost trends from FY 2007 to the present. *Id.* at 3. MPA-ANM explains that a longer time

period to analyze trends will allow better understanding of the root causes of the Postal Service's declining performance for flats and better quantification of achievable performance levels. *Id.*

PostCom comments that the collection and the examination of this data will not produce any meaningful results, in the absence of additional steps by the Commission. PostCom Comments at 2. PostCom states that there is little reason to expect any improvements from the Postal Service, given the history of Postal Service statements in the ACD proceeding. *Id.* at 2-3. PostCom states that it is disappointed that the Commission did not respond to its suggestion to consider the use of sanctions. *Id.* at 4. PostCom explains that, in the absence of sanctions, it believes that the "annual cycle of disappointment will continue until flats are driven from the mail system entirely." *Id.* at 5. Noting that service performance is obscured due to flats' relatively small volume, PostCom also expresses concern that the Postal Service has not demonstrated any ability to reduce costs in the face of declining volume. *Id.* at 6-7.

The Public Representative focuses her comments on reducing ambiguity in the proposed rules. PR Comments at 1. She suggests deleting the last sentence in proposed rule 3050.50(f) because she believes that paragraph (f) intends to require reporting on all initiatives that significantly affect flats' cost and service, rather than only those that were designed specifically for flats. *Id.* at 2. She also suggests revising or deleting the last sentence in proposed rule 3050.50(g) because it appears to order the Postal Service to only design data enhancements that improve some aspect of flats. *Id.* In addition, she provides minor revisions to other sections in the proposed rules. *Id.* Appendix A.

IV. COMMISSION ANALYSIS

As detailed below in section V, *infra*, the Commission incorporates the intent of many of the suggestions made by commenters because the Commission finds that those suggestions improve the proposed rules. There are four specific suggestions made by commenters that the Commission does not incorporate into its final rules.

First, except for section 3050.50(b)(5) as discussed below, the Commission does not require reporting of additional years of cost data at this time. Second, the Commission does not change the objective of actual cost reductions in proposed section 3050.50(b)(4), as suggested by the Postal Service. Third, the Commission does not modify sections 3050.50(b)(8) through (b)(13), to clarify the nature of the cost impacts of interest, as suggested by ACMA. Finally, the Commission does not impose sanctions on the Postal Service at this time, as proposed by PostCom.

First, both ACMA and MPA-ANM suggest that the Commission should require the Postal Service to include more historical data in its reporting requirements pertaining to volume trends, mail mix changes, and costs. ACMA Comments at 3-4; MPA-ANM Comments at 3. As discussed below, the Commission expands the reporting period for section 3050.50(b)(5) regarding volume trends and mail mix changes. The Commission expands these reporting requirements due to the relevance of the historical information and the lack of these data in the ACR proceeding. With respect to the cost data, the information required in section 3050.50(b)(2) is provided in each ACR proceeding.¹¹ Section 3050.50(b)(2) merely requires the information to be compiled and provided in a different format. Therefore, the Commission does not expand the reporting requirements pertaining to flat-shaped mail costs. In addition, the Commission has set a minimum amount of data that the Postal Service must file to limit the burden on the Postal Service. If additional data are not overly burdensome for the Postal Service to provide, it should provide those additional data. In addition, if the level of data proves insufficient once the reporting requirements take effect, the Commission will be able to request additional data through the ACD proceeding or modify these rules to require it.

Second, the Postal Service requests a revision to the requirement for a plan to reduce unit attributable cost in section 3050.50(b)(4). Postal Service Comments at 4-5. As proposed, and modified below, the rule requires a plan to reduce costs when the

¹¹ See, e.g., Docket No. ACR2018, Library Reference USPS-FY18-2, December 28, 2018; Docket No. ACR2018, Library Reference USPS-FY18-30, December 28, 2018.

percentage change in unit attributable costs for a product exceed the percentage change in unit market dominant unit costs. The Postal Service states that “an objective of actual reductions in unit cost may be unrealistically setting the bar too high.” *Id.* at 5. In light of the large unit cost increases in recent years, the Commission maintains that the Postal Service must develop plans to aggressively cut costs in order to improve the profitability of flat-shaped products.¹² Therefore, the Commission maintains that the Postal Service must develop and provide plans that should result in meaningful cost reductions for flat-shaped mail products.

Third, ACMA suggests that, in sections 3050.50(b)(8) through (b)(13), it would be helpful to clarify the nature of the cost impacts of interest. ACMA Comments at 4. The information requested in sections 3050.50(b)(8) through (b)(13) pertain to the pinch point information requested in the FY 2015 ACD. See FY 2015 ACD at 165. At this point, the Postal Service has not provided the Commission with specific estimates of the cost or service effects of the pinch points. Therefore, as the Postal Service complies with these reporting requirements, and the Commission and stakeholders gain additional insight into how the Postal Service measures the impacts of pinch points on flat-shaped mail costs, the Commission will likely refine these reporting requirements. However, at this time, the reporting requirements as proposed are a sufficient first step to gain insight into the Postal Service’s ability to measure the impact of pinch points on flat-shaped mail costs.

Finally, while PostCom does not recommend any specific changes to the proposed rules, it does ask the Commission to impose sanctions on the Postal Service if it is unable to reduce flat-shaped mail costs. PostCom Comments at 4-5. In this proceeding, the Commission is improving the transparency and accountability of the Postal Service through reporting requirements related to the costs, operations, and/or service of flat-shaped mail. The Commission is also addressing the cost coverage and

¹² See Docket No. ACR2018, Annual Compliance Determination Report, April 12, 2019, at 215 (FY 2018 ACD).

service problems for flat-shaped mail in other proceedings.¹³ For example, due to the continued decline of USPS Marketing Mail Flats cost coverage, the Commission limited the Postal Service's pricing flexibility within the USPS Marketing Mail class by requiring a minimum amount of pricing authority that must be devoted to USPS Marketing Mail Flats. See FY 2018 ACD at 71-72. Therefore, the Commission does not find that sanctions are appropriate at this time.

V. REVISIONS TO PROPOSED RULES

After consideration of the comments submitted, the Commission adopts the proposed rules, modified as described below. The final rules incorporate many of the suggestions identified in the comments, as well as additional clarifying language added by the Commission; however, the substance of the rules remains unchanged.

The Commission revises paragraphs (b) through (g) to extend the filing date to 95 days after the end of the fiscal year. The revised filing date is responsive to the Postal Service's request for additional time. The Commission did not adopt the Postal Service's proposal verbatim because the Commission typically relies on calendar days, as opposed to business days, for filing requirements. In addition, the Commission finds that it is more predictable to have the filing deadline be set based on the end of the fiscal year rather than the Postal Service's filing of its section 3652 report.

Paragraph (b) of proposed section 3050.50 is modified in several ways. First, in section 3050.50(b)(2), the Commission removes the word "estimate," as the Commission expects the Postal Service to use the actual unit attributable costs for each product. Second, in section 3050.50(b)(4), the Commission clarifies that the comparison should be conducted as the percentage change in unit attributable costs, as suggested by the Postal Service, and the Commission makes additional minor clarifications to the language. Third, in section 3050.50(b)(5), the Commission removes

¹³ See, e.g., FY 2018 ACD at 22, 71-72, 183-84, 186; Docket No. RM2017-3, Notice of Proposed Rulemaking for the System for Regulating Rates and Classes for Market Dominant Products, December 1, 2017, at 77 (Order No. 4258).

the word “current” as suggested by the Postal Service and adds the word “changes” after “mail mix” for clarity. The Commission expands the reporting requirement for section 3050.50(b)(5) to provide data from FY 2013 to present in response to ACMA’s request for additional data. In addition, the Commission clarifies in sections 3050.50(b)(5)(ii) through (iii) that the calculation should be for combined flat-shaped products rather than each flat-shaped product. Fourth, the Commission adds a requirement in section 3050.50(b)(5) that the Postal Service explain the methodology used to calculate mail mix changes as suggested by ACMA. Finally, the Commission modifies sections 3050.50(b)(6) and 3050.50(b)(7) to make clear that the Postal Service must identify the drivers of changes in the result of the analyses.

Paragraph (e) of proposed section 3050.50 is clarified, as suggested by the Postal Service, to indicate the appropriate five years of historical data that the Commission is requesting. In addition, paragraph (e) of proposed section 3050.50 is supplemented with a rule for instances where a specific report name may change, and additional reporting required when a report name change occurs.

As suggested by the Public Representative, the Commission modifies paragraphs (f) and (g). Paragraph (f) of proposed section 3050.50 is modified to ensure that the Postal Service reports on operational changes and/or initiatives that will have any impact on flat-shaped mail operations, flat-shaped mail costs, and/or flat-shaped mail service.

Paragraph (g) of proposed section 3050.50 is modified to ensure that the Postal Service reports on data enhancements that will have any impact on measuring, tracking, and/or reporting on flat-shaped mail costs, operations, and/or service.

Finally, the Commission incorporates the majority of the suggested formatting edits to the rules provided by the Public Representative in Attachment A to her comments.

VI. REGULATORY FLEXIBILITY ACT ANALYSIS

The Regulatory Flexibility Act requires federal agencies, in promulgating rules, to consider the impact of those rules on small entities. See 5 U.S.C. § 601 *et seq.* (1980). If the proposed or final rules will not, if promulgated, have a significant economic impact on a substantial number of small entities, the head of the agency may certify that the initial and final regulatory flexibility analysis requirements of 5 U.S.C. §§ 603 and 604 do not apply. See 5 U.S.C. § 605(b).

In the context of this rulemaking, the Commission's primary responsibility is regulatory oversight of the United States Postal Service. The rules that are the subject of this rulemaking have a regulatory impact on the Postal Service, but do not impose any regulatory obligation upon any other entity. Based on these findings, the Chairman of the Commission certifies that the rules that are the subject of this rulemaking will not have a significant economic impact on a substantial number of small entities. Therefore, pursuant to 5 U.S.C. § 605(b), this rulemaking is exempt from the initial and final regulatory flexibility analysis requirements of 5 U.S.C. §§ 603 and 604.

VII. ORDERING PARAGRAPHS

It is ordered:

1. Part 3050 of title 39, Code of Federal Regulations, is amended as set forth below the signature of this Order, effective 30 days after publication in the *Federal Register*.
2. The Secretary shall arrange for publication of the amended rules and general statement as to the basis and purpose of the amended rules 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 amends 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 95 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 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 flat-shaped products for which the percentage change in average unit attributable cost was greater than the percentage change in total market dominant average unit attributable cost for the same fiscal year. The narrative must include identification of cost categories that are driving above average change in unit attributable cost for flat-shaped product and a specific plan to reduce unit attributable cost for the identified flat-shaped product.

(5) An analysis of volume trends, and mail mix changes for flat-shaped products from FY 2013 to present, which includes, at a minimum, a comparison of:

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

(ii) the calculated estimate of aggregate unit attributable costs for combined flat-shaped products for each fiscal year, using FY 2013 fiscal year's volume distribution,

(iii) a narrative that identifies drivers of changes in volume trends and mail mix, and

(iv) a narrative that explains the methodology used to calculate the estimated unit attributable cost described in paragraph (b)(5)(ii) of this section.

(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, and the delivery point sequence (DPS) percentage of FSS mail. In addition, a narrative that identifies drivers of changes in the results of 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 was manually processed, and the percent of flat-shaped mail that was entered at automation prices. In addition, a narrative that identifies drivers of changes in the results of 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 is 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 is 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 is 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 is 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 is 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 is available, provide a timeline to estimate the cost impact of last mile/delivery on flat-shaped products.

(c) Within 95 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 is 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 is 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 is 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 is 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 is 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 is available, provide a timeline to estimate the service impact of last mile/delivery on flat-shaped products.

(d) Within 95 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 95 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 covering the reporting year and the previous four fiscal years.

(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.

(10) If any of the reports listed in paragraphs (e)(1) through (e)(7) of this section no longer exist by that name in any year, the Postal Service must provide the closest successor to that report to provide the required information. The Postal Service must identify all differences between the original report and the successor report, and provide a narrative that explains the impact of using the successor report opposed to the original report.

(f) Within 95 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 impact operations related to flat-shaped mail, impact the cost of flat-shaped mail, and/or impact 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 95 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 identified should have an impact on measuring, tracking, and/or reporting on flat-shaped mail cost, operations, and/or service.