

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

Before Commissioners:

Robert G. Taub, Chairman;  
Michael Kubayanda, Vice Chairman;  
Mark Acton;  
Ann C. Fisher; and  
Ashley E. Poling

Periodic Reporting  
(Proposal Seven)

Docket No. RM2019-12

NOTICE OF PROPOSED RULEMAKING ON ANALYTICAL PRINCIPLES  
USED IN PERIODIC REPORTING (PROPOSAL SEVEN)

(Issued August 26, 2019)

I. INTRODUCTION

On August 23, 2019, 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 changes filed in this docket as Proposal Seven.

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Seven), August 23, 2019 (Petition). The Postal Service filed a notice of filing of public and non-public materials relating to Proposal Seven. Notice of Filing of USPS-RM2019-12/1 and USPS-RM2019-12/NP1 and Application for Nonpublic Treatment, August 23, 2019. The Postal Service also filed a Revised Notice of Filing of USPS-RM2019-12/1 and USPS-RM2019-12/NP1 and Application for Nonpublic Treatment – Errata, August 26, 2019.

## II. PROPOSAL SEVEN

*Background.* Proposal Seven relates to the methodology used to allocate accrued costs for supervisors at delivery units on Sundays and holidays. Petition, Proposal Seven at 1. Total costs for supervisors are developed in the Cost and Revenue Analysis (CRA). *Id.* Currently, the share of these total costs for supervisors at customer service offices on Sundays and holidays is determined using sampling from the In-Office Cost System (IOCS). *Id.*

*Proposal.* The Postal Service's proposal seeks to replace the IOCS sampling used in the current methodology with data from the Time and Attendance Collection System (TACS). *Id.* Under the revised methodology, the Postal Service would "determine the share of costs for supervisors at delivery units on Sundays and holidays, and then distribute these costs to products using the same distribution key used for city carriers delivering packages on Sundays and holidays." *Id.* at 2. The share of the costs "would be calculated by using the share of wage-adjusted workhours clocked to corresponding supervisor activities and represented by a new IOCS activity code 7720." *Id.* The costs would then be allocated to products by using the Product Tracking and Reporting (PTR) distribution key for products delivered on Sundays and holidays. *Id.*

*Rationale and impact.* The Postal Service notes that Proposal Seven would update the methodology for costs for supervisors on Sundays and holidays to be "consistent with the recently approved change to the costing for city carriers on those days." *Id.* at 3. The Postal Service comments that TACS clock ring data "provides a more robust estimate of supervisor costs." *Id.* The Postal Service states that IOCS sampling presents "practical challenges . . . that may lead to systematic errors in the IOCS-based estimates of total costs for carrier work assignments, which includes acting as a supervisor." *Id.* For this reason, the Postal Service argues that the proposed methodology "would eliminate a potential source of bias." *Id.* at 4.

### III. NOTICE AND COMMENT

The Commission establishes Docket No. RM2019-12 for consideration of 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 Seven no later than September 26, 2019. Pursuant to 39 U.S.C. 505, Lawrence Fenster is designated as an officer 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. RM2019-12 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 Seven), filed August 23, 2019.
2. Comments by interested persons in this proceeding are due no later than September 26, 2019.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Lawrence Fenster 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.

Darcie S. Tokioka  
Acting Secretary