

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

Before Commissioners:

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

Periodic Reporting  
(Proposal Six)

Docket No. RM2021-9

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

(Issued September 30, 2021)

I. INTRODUCTION

On September 28, 2021, 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 Six.

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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 Six), September 28, 2021 (Petition).

## II. PROPOSAL SIX

*Background.* The Postal Service estimates the mail processing costs avoided due to mailer workshare activities for First-Class Mail presort letters and cards using the First-Class Mail letters mail processing cost model. Petition, Proposal Six at 1. The Postal Service determines the avoided costs for each workshare discount through modeling of the typical mail processing flow of First-Class Mail presort letters and cards by rate category. *Id.*

Historically, the Postal Service has offered a single price for First-Class Mail nonautomation presort categories. *Id.* However, in Docket No. R2021-2, the Postal Service restructured its pricing for the First-Class Mail presort categories, creating separate prices for Nonmachinable 5-Digit letters, Nonmachinable 3-Digit Letters, Nonmachinable mixed area distribution center (MADC) Letters, Nonautomation Machinable automated area distribution center (AADC) Letters, and Nonautomation Machinable mixed automation area distribution center (MAADC) Letters.<sup>2</sup>

The Commission accepted the proposed changes to the Mail Classification Schedule associated with this new rate structure but determined that the Metered Letters benchmark was not appropriate for determining the costs avoided by the new Nonautomation Machinable Letters Mixed AADC and Nonmachinable Letters Mixed area distribution center (ADC) workshare discounts.<sup>3</sup> For this reason, the Commission directed the Postal Service develop a methodology to disaggregate the Metered Letters benchmark into the machinable and nonmachinable components within 90 days of Order No. 5937. *Id.*

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<sup>2</sup> Docket No. R2021-2, United States Postal Service Notice of Market-Dominant Price Change, May 28, 2021, at 8-9.

<sup>3</sup> Docket No. R2021-2, Order on Price Adjustments for First-Class Mail, USPS Marketing Mail, Periodicals, Package Services, and Special Services Products and Related Mail Classification Changes, July 19, 2021, at 82 (Order No. 5937).

*Proposal.* With Proposal Six, the Postal Service seeks to revise the First-Class Mail letters mail processing cost model to disaggregate metered mail into machinable and nonmachinable categories. Petition, Proposal Six at 2. Citing data limitations, the Postal Service proposes to disaggregate the costs between these pricing categories through modeling. *Id.* at 3. The Postal Service notes that “[t]he same methodology that is used to disaggregate [In-Office Cost System]-derived mail processing unit costs for First-Class presorted letter costs by rate category is used to disaggregate metered mail letter costs by machinability in this proposal.” *Id.* The Postal Service’s adjusted model is included with the Petition. See Excel file USPS-FY20-10 FCM Letters Prop 6.xlsx.

*Impact.* The impacts of Proposal Six are outlined in Table 1 and Table 2 of the proposal. Petition, Proposal Six at 4-5. The Postal Service estimates that the worksharing related unit costs will be 13.123 cents for Machinable Metered Letters and 44.824 cents for Nonmachinable Metered Letters. *Id.* at 4. Avoided costs will decrease \$0.001 for Automation Mixed AADC Letters and \$0.002 for Nonautomation Machinable Mixed AADC Letters. *Id.* at 5. The Postal Service estimates \$0.101 in avoided costs for Nonautomation Nonmachinable Mixed ADC Letters. *Id.*

### III. NOTICE AND COMMENT

The Commission establishes Docket No. RM2021-9 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 Six no later than October 28, 2021. 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.

#### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. RM2021-9 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 Six), filed September 28, 2021.
2. Comments by interested persons in this proceeding are due no later than October 28, 2021.
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.

Erica A. Barker  
Secretary