

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

Before Commissioners:

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

Periodic Reporting
(Proposal Three)

Docket No. RM2022-9

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

(Issued July 12, 2022)

I. INTRODUCTION

On July 8, 2022, 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.¹ The Petition identifies the proposed analytical changes filed in this docket as Proposal Three.

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Three), July 8, 2022 (Petition). The Postal Service also filed a notice of filing of non-public material relating to Proposal Three. Notice of Filing of USPS-RM2022-9-NP1 and Application for Nonpublic Treatment, July 8, 2022.

II. PROPOSAL THREE

Background. Proposal Three relates to the Revenue, Pieces, and Weight (RPW) reporting methodology for measuring the country-level totals of contract mailpieces in outbound international product categories bearing permit-imprint indicia. See Petition; *id.* Proposal Three at 1. The international outbound products at issue include Priority Mail International (PMI), First-Class Package International Service (FCPIS), Priority Mail Express International (PMEI), First-Class Mail International (FCMI), International Priority Airmail (IPA), International Surface Airlift (ISAL), and Commercial ePackets (CEPK). Proposal Three at 1. Currently, the Postal Service uses statistical sampling estimates from the System for International Revenue and Volume, Outbound, and International Origin Destination Information System (SIRVO-IODIS), along with estimates from Global Business System Dispatch (GBS Dispatch), to report the country-level totals. See *id.* The Postal Service also filed an assessment of the impact of the proposal on particular products in a non-public attachment accompanying this proposal.²

Proposal. The Postal Service's proposal seeks to replace the SIRVO-IODIS sampling estimates and the GBS Dispatch estimates used in the existing RPW reporting methodology with granular census data. See *id.* at 5. The Postal Service would use two auxiliary data sources for permit-imprint contract pieces: manifest information for PostalOne! customers using the Electronic Verification System (eVS) and, for other PostalOne! customers, barcodes of mailer-prepared receptacles in the GBS Dispatch system. See *id.* For PC Postage contract pieces, the Postal Service would determine destination-country information from a disaggregated National Meter Account Tracking System (NMATS) report containing activity by individual contract and product. See *id.*

Rationale and impact. The Postal Service states that, under the current methodology, certain country-level detail cannot be obtained directly and that approximations, which may contain sampling error or be imprecise, are used instead. See *id.* at 4. According to the Postal Service, such error and imprecision affect

² See Library Reference USPS-RM2022-9/NP1, July 8, 2022.

analyses of negotiated service agreements (NSAs), which analyses rely on country-level detail. See *id.* The Postal Service asserts that its proposed methodology could “be used for more precise analyses of individual NSAs” and would “eliminate the impact of sampling error and GBS approximations,” and would be expected “to have equal or improved country-level data quality.” *Id.* at 5-6.

The Postal Service states that its proposal would not directly affect “the national totals of outbound international contract mail pieces reported in RPW.” *Id.* at 5. However, the Postal Service expects that the proposed methodology “would change the level of census weight for individual countries” *Id.* at 6. As a result, the Postal Service states that the national totals for products that contain non-census weight (primarily FCMI and FCPIS Retail) would be indirectly affected “because all census and sample data are controlled to GBS Dispatch weight for each expansion stratum.” *Id.*

The Postal Service details these indirect effects in a version of the international outbound portion of the FY 2022 Q2 YTD RPW report showing data resulting from use of the proposed methodology compared to data resulting from use of the current methodology. See Petition, Attachment A at 1; Proposal Three at 6-7. According to the Postal Service, “[t]he *indirect* effects of the proposal would cause small changes to Outbound First-Class Mail International (1.6 percent decrease in revenue and 2.2 percent decrease in volume) and First-Class Package International Service Retail (0.5 percent increase in revenue and 0.6 percent increase in volume).” Proposal Three at 7 (emphasis in original). The Postal Service also states that “[o]ther international categories would have smaller *indirect* effects: US. [sic] Postal Service Mail, Free Mail, and International Ancillary Services.” *Id.* (emphasis in original). Finally, the Postal Service states that “[o]verall, outbound international revenue and volume for Quarters 1 and 2 of FY 2022 would be reduced by 0.2 percent and 1.3 percent, respectively.” *Id.* (footnote omitted).

III. NOTICE AND COMMENT

The Commission establishes Docket No. RM2022-9 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's website at <https://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Three no later than August 12, 2022. Pursuant to 39 U.S.C. 505, Jennaca D. Upperman 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. RM2022-9 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 Three), filed July 8, 2022.
2. Comments by interested persons in this proceeding are due no later than August 12, 2022.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Jennaca D. Upperman 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