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ORDER NO. 396

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

Before Commissioners: Ruth Y. Goldway, Chairman;
Tony L. Hammond, Vice Chairman;
Mark Acton;
Dan G. Blair; and
Nanci E. Langley

Modification of Analytical Principles
Approved for Periodic Reporting

Docket No. RM2009-5

ORDER CONCERNING ANALYTICAL PRINCIPLES FOR PERIODIC REPORTING (PROPOSAL ONE)

(Issued January 21, 2010)

I. BACKGROUND

On June 22, 2009, the Postal Service filed a petition requesting that the Commission establish an informal rulemaking proceeding to consider a proposed change in the analytical principles approved for periodic reporting of its financial information to the Commission.[1] Its Petition seeks Commission approval of a 20-percent reduction in the size of the probability sample from which the mail

[1] Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Change in Analytic Principles (Proposal One), June 22, 2009 (Petition).

characteristic information underlying the Origin-Destination Information System and Revenue Pieces and Weight (ODIS-RPW) report is obtained.

The ODIS-RPW data collection system is one of two basic sources[2] from which the Postal Service obtains information on volume and all of the characteristics of the mailpiece that affect the revenue that it generates.[3] Although the ODIS-RPW does not directly collect information on the cost of the mailpiece, the volume data from ODIS-RPW are needed to estimate the *unit* cost of mail categories and products. Therefore, the Postal Service's ability to evaluate the profitability of its single-piece mail at all levels—rate element, rate category, product, subclass, and class—depends on the accuracy of its ODIS-RPW data.

The Postal Service describes the broad range of uses to which it puts information from the ODIS-RPW:

> ODIS-RPW is the primary probability sampling system used to assist in estimating the Postal Service revenue, pieces, weight, and transit time measurement. Information collected from this system is used to develop proposals for new postal rates and fees, assist in budget and workload preparation, conduct management studies, and inform or support management decisions concerning mail flow and transit times in transportation and operations.

USPS-T-3 at 3.

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[2] The ODIS-RPW is one of the two major inputs to the Postal Service's Revenue, Pieces, and Weight (RPW) report. It collects sample-based information on both single-piece and bulk mail. The Postal Service combines ODIS-RPW sample data for single-piece mail with postage-statement-based census data from the Bulk Revenue, Pieces, and Weight (BRPW) system to produce its overall RPW report. Twenty percent of volume and 35 percent of revenue reflected in the overall RPW report is obtained from ODIS-RPW. Petition, Proposal One, at 1. As described in more detail *infra*, the Postal Service obtains piece-characteristic information about bulk mail from ODIS-RPW, but it uses that information in areas other than the overall RPW report.

[3] In addition to revenue, pieces, and weight, the characteristics recorded include such things as mail class, mail preparation and sortation markings, type of mailer, indicia, shape, origin ZIP Code, origin postmark, destination ZIP Code, special service, and forwarding/return status. *See* Docket No. R2006-1, Direct Testimony of Bradley V. Pafford on Behalf of the United States Postal Service, May 19, 2006, at 5 (USPS-T-3).

The Postal Service explains that its motive for reducing the ODIS-RPW sample size by 20 percent is to extend cost cutting measures to all program areas in response to recent losses in mail volume. It estimates that reducing the size of the sample by 20 percent would save $6 million per year. Petition, Proposal One, at 2.

The Postal Service asserts that "the resulting outputs will be of sufficient quality to support the purposes of the ODIS-RPW system." Petition at 1. It calculates that at the National level, the loss of precision of its estimates of individual product volume and unit cost would be small. The Postal Service argues that if the size of the sample were reduced by 20 percent, the resulting estimate of annual system-wide volume for individual products would still be sufficiently precise. Table 1 attached to the Postal Service's Petition shows that coefficients of variation (CVs)[4] for annual product volumes at the National level would remain under 3 percent. Table 2 shows that the CVs of its estimates of unit costs would also remain under 3 percent. The Postal Service concludes from this that the cost savings that would result from reducing the size of the ODIS-RPW sample would "outweigh any potential associated detrimental consequences…." It says that it "is prepared to proceed on that basis" if the reduction is approved by the Commission. *Id*. at 2.

The Commission has the authority to prescribe the form and content of the Postal Service's public reports. *See* sections 503 and 3652(a) of title 39. These provisions authorize the Commission to adopt regulations that are needed to "improve the quality, accuracy, or completeness" of the data publicly reported by the Postal Service, whenever it appears that the costs, revenue, or service quality data "has become significantly inaccurate" or "can be significantly improved," or is "otherwise necessitated by the public interest." 39 U.S.C. 3652(e)(2).

To carry out this responsibility, the Commission inquired further into the likely effect of the proposed reduction in the ODIS-RPW sample size on the accuracy and

[4] The coefficient of variation is the most commonly used measure of the precision of a statistical estimate. It is expressed as the ratio of the estimated standard error divided by the estimate itself.

reliability of volume and revenue data below the annual National level, paying particular attention to the impact of the reduced precision of those data on the accuracy of service quality measurement and on the reliability of the results of numerous special studies.

As part of its inquiry, the Commission issued three chairman's information requests,[5] and conducted a technical conference.[6] These information requests focus on technical issues concerning the current sample design and statistical objectives, and how those would change under the proposed reduction.[7] Aware that the Postal Service uses ODIS-RPW data below the National level, the Annual level, and the Product level, the Commission also asked the Postal Service to calculate the reduction in precision that its proposal would likely have on ODIS-RPW data when those data are disaggregated along those three dimensions.[8]

In its responses to the Commission's inquiries, the Postal Service conceded that disaggregated ODIS-RPW data would lose precision if the sample were reduced by 20 percent, but it did not attempt to estimate the extent of the loss.[9] It offered several reasons for not estimating the extent of the loss. One is that where a straightforward method for estimating the loss is available, it would be impractical because of the large investment of time and resources that would be required.[10] Another is that a straightforward method of estimating the loss is not available. This makes it necessary to model the missing or inadequate data through the use of proxies for ODIS-RPW

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[5] Chairman's Information Request No. 1, July 28, 2009 (CHIR. No.1); Chairman's Information No. 2, August 6, 2009 (CHIR No. 2); and Chairman's Information Request No. 3, September 4, 2009 (CHIR No. 3).

[6] Public notice of the technical conference was issued on August 25, 2009. The technical conference was held on September 2, 2009 in the Commission's hearing room.

[7] *See* CHIR No. 1, Questions 1 through 3; and CHIR No. 2, Questions 1 through 4.

[8] *See* CHIR No. 1, Question 4, 5, and 7; and CHIR No. 3, Questions 2 through 7, and 9.

[9] *See* Responses of the United States Postal Service to Chairman's Information Request No. 1, Questions 1, 4, and 5, August 13, 2009 (Response to CHIR No. 1); *see also* Responses of the United States Postal Service to Chairman's Information Request No. 3, Questions 2 and 7, September 22, 2009 (Response to CHIR No. 3).

[10] *See* Response to CHIR No. 3, Question 2, at 5.

variables that have yet to be identified,[11] and make simplifying assumptions that ignore important aspects of the ODIS-RPW sample design. The Postal Service itself suggests that these types of assumptions call into question the value of the modeling exercise. [12] Other justifications offered by the Postal Service for not estimating the extent of the loss of precision in disaggregated ODIS-RPW data that would result from reducing the sample size is that precise estimates may not be needed at a disaggregated level because there are ways to work around the imprecision of data at that level.[13]

The Public Representative argues that the Postal Service should design any sample (or sample reduction) by focusing on four simultaneous targets—a target level of data precision (measured by CVs), a target level of data reliability (measured by confidence limits), a target level of cost for obtaining the data, and a target level of cost incurred if the resulting estimates are erroneous. She provides a series of tables illustrating the sample sizes in various strata that would be needed to produce an estimate of interest (volume, revenue, unit cost, cost coverage) by product if various levels of imprecision were targeted (CVs of 10 percent, 7 percent, etc.), and various levels of reliability were targeted (confidence bands of 90 percent, 95 percent, or 99 percent).

Her tables illustrate that it is possible to estimate strata sample sizes that would minimize the combined loss of precision and reliability that would be caused by an overall reduction in sample size of 20 percent. Her tables also illustrate that the sample

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[11] *See* Response to CHIR No. 1, Questions 4 and 5; and Response to CHIR No. 3, Questions 2 through 5.

[12] *See* Response to CHIR No. 3, Question 4.

[13] The Postal Service makes the argument, for example, that "accurate [volume] estimates at origin by destination 3-digit ZIP code pairs have not been required." Alternatively, it argues that where accurate disaggregated data are (apparently) required, "techniques such as rolling quarterly averages" can be used to rehabilitate data that is not sufficiently precise for its intended use. *See* Response to CHIR No. 1, Question 4. An example of the need to resort to such techniques to overcome the imprecision of disaggregated ODIS-RPW data is IBM's practice of aggregating together 12 rolling quarters of 3-digit ZIP Code pair volumes to make them more suitable for estimating service standard performance as part of the EXFC system. *See* Response to CHIR No. 3, Question 7. (One drawback of this approach is that it becomes hard to isolate service performance trends over periods shorter than three years.)

allocations that would minimize the combined loss of precision and reliability are quite different depending on whether the estimate of interest is volume, revenue, unit cost, or cost coverage. She urges the Postal Service to adopt this analytical procedure in deciding how best to reduce the overall sample.

The Public Representative emphasizes that in estimating sample error costs, it is important to take into account both the chances of making errors, and the cost of basing decisions on those errors.[14]

II. COMMISSION ANALYSIS

The Commission would be more willing to approve Proposal One if the uses that the Postal Service makes of disaggregated ODIS-RPW data were not so important, or the effect of a 20-percent reduction in the size of the ODIS-RPW sample on the quality of the disaggregated data were shown to be minor. However, the Postal Service and the Commission rely on disaggregated ODIS-RPW data to make many important decisions. Moreover, although the Postal Service has not estimated the extent to which the quality of such data will be degraded by reducing the size of the ODIS-RPW sample by 20 percent, there are grounds for inferring that the degradation would be significant.

The most commonly used measure of the precision of data obtained from probability sampling is the coefficient of variation. The CV is the standard deviation divided by the estimate itself, which yields a normalized measure of the precision of the sample data. A customary result that indicates an acceptable level of precision is a CV of under 1 percent, under 5 percent, or under 10 percent, depending on the uses to be made of the data.

Judging from the CVs provided by the Postal Service, the current size of the ODIS-RPW sample may be adequate for estimating the characteristics of individual products at the annual National level, but underdesigned for estimating mail

[14] Public Representative Comments in Response to Order No. 229, July 15, 2009, at 1.

characteristics below that level. At its current size, the ODIS-RPW sample yields annual national estimates of individual product volume with CVs of less than 3 percent. After a 20-percent reduction in sample size, annual volume estimates for individual products at the National level would still be under 3 percent. *See* Petition, Table 1.

The picture is very different for individual product volumes estimated at the Customer Service District level or the 3-digit ZIP Code level, as the table below shows.

Table 1[†]

ODIS-RPW Single-Piece Annual
Mail Volume CVs Under Current Sample Size

Percent of Districts/ZIPs with CVs Greater than 10%

Mail Category	By District	By 3-digit ZIP Code
First-Class Single-Piece:		
Letters	1%	62%
Flats	3%	81%
Parcels	4%	71%
Cards	0%	82%
All First-Class Single-Piece Mail	**2%**	**74%**
Bound Printed Matter:		
Flats	65%	83%
Parcels	25%	71%
All Bound Printed Matter	**45%**	**76%**
Library and Media Mail	11%	77%
Single Piece Parcels	41%	97%
Priority Mail	23%	95%
All Single-Piece Mail	**19%**	**80%**

[†] This table is derived from the spreadsheets attached to the Postal Service's response to in CHIR No. 3, Question 2.

The Postal Service uses District-level ODIS-RPW volume data to estimate service performance for both single-piece mail and bulk mail.[15] The most liberal rule of thumb commonly used to indicate an acceptable level of precision is a CV of less than 10 percent. Given the current ODIS-RPW sample size, volume estimates for Single-Piece First-Class Mail products have CVs that are above 10 percent for only a small minority of Customer Service Districts. However, for the remaining single-piece products, the portion of Districts where volume estimates have CVs above 10 percent is substantial (ranging from 11 to 65 percent), raising serious questions about the reliability of ODIS-RPW volume estimates at the District level for those products.[16]

[15] *See* Response to CHIR No. 1, Question 6; and Response to CHIR No. 3, Question 7.

[16] With respect to product volumes estimated at the District level, the current imprecision problem is actually more severe than as described in the text. The primary use of District-level volume data is in the calculation of service performance. There the data needed is volume by originating and destinating District pair. The Postal Service uses volume data at that level to determine how to allocate samples (or tests) among the Districts, and how to weight the results once the test data has been collected. For that use, the ODIS-RPW sample data would not be split among 74 Districts, but among approximately 7,600 District pairs. *See* Response to CHIR No. 3, Question 6. The current sample size is inadequate to produce reliable results for all 74 Districts. The imprecision caused by thin sample data becomes vastly greater when the sample must be allocated among 7,600 District pairs. The Postal Service has not estimated CVs for District pair ODIS-RPW data, either under the current sample or the reduced sample. It contends that neither designing the sample to take into account the differences in volumes among ZIP Codes, nor weighting of the results to reflect those differences, has a significant effect on the precision of performance measurement. This conclusion, however, lacks credibility because weights that are functions of the ODIS-RPW volume estimates are essential terms of the mathematical formulae for determining the variance and covariance of the days-to-delivery estimates. *See* Response to CHIR No. 3, Question 6, at 12. [The specific reference is to Taylor Series expansion terms "(A)" and "(D)"]. The difference in volume for a particular product can be 25-fold from one 3-digit ZIP Code to the next. If the ODIS-RPW volume estimates reflecting these differences are erroneous, the resulting days-to-delivery estimate could be imprecise and biased.

If the ODIS-RPW sample were reduced by 20 percent, the CVs of District-level volume estimates would be increased by at least 12 percent, according to the Postal Service.[17] Table 2 applies this estimate of the impact of reducing the ODIS-RPW sample size.

Table 2
ODIS-RPW Single Piece Annual Mail Volume CVs
Under Reduced Sample Size
(assumes 12% increase in all CVs)

Percent of Districts/ZIPs with CVs Greater than 10%

Mail Category	By District	By 3-digit ZIP Code
First-Class Single-Piece:		
Letters	1%	69%
Flats	5%	87%
Parcels	9%	78%
Cards	0%	87%
All First-Class Single-Piece Mail	**4%**	**80%**
Bound Printed Matter:		
Flats	66%	84%
Parcels	29%	74%
All Bound Printed Matter	**47%**	**78%**
Library and Media Mail	15%	83%
Single Piece Parcels	50%	98%
Priority Mail	29%	96%
All Single-Piece Mail	**23%**	**85%**

[17] The Postal Service did not formally estimate the loss of precision in District-level volume estimates that would result from a 20-percent reduction in the size of the sample. With respect to ZIP Code-level estimates, it asserted that as a "rule of thumb," it could be assumed that CVs would increase by 12 percent. This rule of thumb was based on the assumption that the sample reductions would be randomly distributed. It warns, however, that this rule of thumb can only be applied to ZIP Codes where volumes for a particular product are already "moderately large." Estimates for ZIP Codes with small sample sizes, it concedes, would suffer "larger deteriorations" and may not be "consistently estimated." Response to CHIR No. 1, Question 5. It asserts that the assumptions and the logic underlying its 12 percent rule of thumb could be applied to District-level estimates. Response to CHIR No. 3, Question 5.

Table 2 shows that if the ODIS-RPW sample size were reduced as proposed, the proportion of Districts where CVs exceed 10 percent would grow significantly, particularly for Priority Mail and all parcel-shaped single-piece mail. This would substantially impair the value of District-level volume data for those products.

Table 1 shows that at the 3-digit ZIP code level, the majority of volume estimates for single-piece products have CVs above 10 percent with the current sample size. This raises serious doubts about the reliability of ZIP Code estimates. Table 2 shows that if the ODIS-RPW sample size were reduced as proposed, the vast majority of volume estimates for 3-digit ZIP Codes would have CVs above 10 percent. This would appear to render ZIP-Code-level volume estimates generally unusable.

In FY 2009, the Postal Service approximately doubled the coverage of its EXFC service performance measurement system, increasing the number of 3-digit ZIP Codes in which tests are taken from 463 to 892. The ODIS-RPW system currently produces volume estimates that are not reliable under commonly accepted statistical measures for a majority of 3-digit ZIP Codes, due to inadequate sample size. Many small-volume ZIP Codes currently go unsampled, or yield too few samples to produce consistent volume estimates.[18] It is difficult to conceive of how the ODIS-RPW sample could produce meaningful estimates for almost twice as many ZIP Codes as before if the sample size were reduced by 20 percent.

The Postal Service makes use of disaggregated ODIS-RPW volume data in a number of important ways besides measuring service performance. It uses 3-digit ZIP Code level volume data to calculate the value of the monopoly and to estimate the cost of the Universal Service Obligation (USO). It uses origin/destination 3-digit ZIP Code pair data to optimize its mail processing and transportation networks. These include the LogicNet Plus Optimization and Area Simulation models and its Transportation

[18] *See* Response to CHIR No. 3, Question 4.

Optimization Planning and Scheduling (TOPS) models.[19] Much of the Postal Service's future viability depends on the effectiveness of its network optimization. This, in turn, depends on the validity of its disaggregated volume flow estimates. Finally, the Postal Service relies on ODIS-RPW volume data at the level of individual processing facilities to derive an important factor in its flats cost models.[20]

The Commission asked the Postal Service to quantify the level of investment that the Postal Service has made, or will make, in the measurement systems, studies, and models that rely on disaggregated data from ODIS-RPW. The Postal Service says that it spends roughly $20 million annually on EXFC costs.[21] The Postal Service spends a similar amount each year (about $20 million) on TOPS.[22] In addition, it has spent $1.2 million so far on estimating the value of the mailbox monopoly and the cost of the USO,[23] and spent almost $1 million on network planning. The Postal Service,

[19] In order to optimize air and surface transportation networks, TOPS predicts future mail volumes by taking 3-digit to 3-digit ZIP Code volume flows by product and shape from ODIS. Response to CHIR No. 1, Question 6. The success of the TOPS models affects the Postal Service's ability to route and schedule mail efficiently. Response to CHIR No. 3, Question 8.

[20] Currently, the Postal Service matches equipment types at specific processing facilities with ODIS-RPW flat volumes in those facilities. It aggregates these data to the National level, and calculates a Mechanized Flats Coverage Factor (the ratio of the volume of flats processed at plants with each type of mechanized equipment to total flats volume). In Docket No. RM2010-4, Proposal 25, Modification 1, the Postal Service is proposing to further refine the calculation of Mechanized Coverage Factors to reflect flats volumes actually processed on particular equipment at particular processing plants and annexes.

[21] It asserts that "portions of that total costs relates to many functions that would be entirely unaffected by the ODIS-RPW sample reduction." Response to CHIR No. 1, Question 8. For reasons explained above, measuring the service performance of non-bulk First-Class Mail is likely to be affected by the proposed ODIS-RPW sample reduction. The Postal Service does not explain what other functions EXFC performs or how significant those other functions might be.

[22] In its response to CHIR No. 1, Question 8, the Postal Service asserts that only the function of identifying a least-cost transportation network given the level of service commitments relies on disaggregated ODIS-RPW data. It argues that developing dispatch plans and routing instructions does not use such data. In response to CHIR No. 3, Question 8(b), however, it acknowledges that data taken from ODIS are used to perform that function.

[23] The Postal Service considers the output of its model of the costs of the USO to be unreasonable for about 13 percent of 3-digit ZIP Codes eligible for modeling. This is due, it suspects, to the imprecision of the ODIS-RPW volume data at the ZIP Code level. If the CVs of 3-digit ZIP Codes were to deteriorate as shown in Table 2, the portion of the network that could be successfully modeled would shrink further. Response to CHIR No. 1, Question 7.

therefore, annually invests upwards of $40 million to obtain business information that relies to a substantial but unquantified extent on the precision of disaggregated ODIS-RPW volume and revenue information. Because much of the disaggregated ODIS-RPW information may already be too imprecise to be reliable under commonly accepted statistical measures, substantially reducing the size of the ODIS-RPW sample will be likely to further impair the value of output from the measurement systems and studies that comprise that $40 million-plus investment.

The preceding discussion summarizes only what business information would be put at risk if the quality of geographically disaggregated ODIS-RPW data were degraded by reducing the ODIS-RPW sample size. The Postal Service also uses ODIS-RPW data disaggregated below the Product level. Although the Postal Service did not provide CVs for ODIS-RPW data disaggregated along that dimension, there is reason to believe that its precision would be significantly impaired by a 20-percent reduction in the size of the ODIS-RPW sample. The level of disaggregation involved when national ODIS-RPW volumes are viewed at the rate category level is at least as great as when product ODIS-RPW volumes are viewed at the Customer Service District level. The former would split the available sample observations at least as finely as the latter. Therefore, it is reasonable to infer that the substantial loss of precision of ODIS-RPW volumes broken out by Customer Service District that would result from reducing the sample by 20 percent would also be true of ODIS-RPW volumes broken out by rate category.[24]

Similarly, the level of disaggregation involved when national ODIS-RPW volumes are viewed at the billing determinant level is at least as great as when product ODIS-RPW volumes are viewed at the 3-digit-ZIP Code level. The former would split the available sample observations at least as finely as the latter. Therefore, it would be reasonable to infer that the substantial loss of precision of ODIS-RPW volume

[24] It should be borne in mind that the available sample observations would be divided among both market dominant and competitive rate categories, since the ODIS-RPW universe encompasses both.

estimates at the 3-digit ZIP Code level would also be true of ODIS-RPW volumes broken out at the billing determinant level.

The business need for reliable volume and revenue information at the rate category and billing determinant levels is clear. Without such information, the Postal Service would have to design zone and pound rates for single-piece products (Priority Mail and Package Mail) without knowing their net revenue effects. Reliable billing determinants are also essential to allow the Postal Service and the Commission to accurately calculate the caps that constrain rates for the market dominant classes of mail. Because the reliability of ODIS-RPW estimates at the rate category and billing determinant level is already in doubt, reducing the ODIS-RPW sample size by 20 percent is likely to further impair the value of ODIS-RPW data for these important uses.[25]

III. CONCLUSION

The Commission is authorized under 39 U.S.C. 3652(e) to require that changes to the methods by which data are collected and reported in the Postal Service's periodic reports not make those reports "significantly inaccurate" in terms of estimating the costs, revenues, or service quality associated with its products. The Postal Service has not provided statistical estimates of the loss of precision that Proposal One would cause in the many forms of disaggregated ODIS-RPW data on which it and the

[25] ODIS-RPW estimates below the National Product level exhibit high CVs even though the sample size is relatively large (128,000 annual tests). The Postal Service might want to investigate other approaches to obtaining reliable data on volume and other mail characteristics at these more disaggregated levels. For example, the Postal Service asserts that its proposed 20-percent reduction in the size of the ODIS-RPW sample could be implemented with only minimal impact on the CVs of its national estimates because the reduction would be concentrated in strata where sample sizes are currently large and, therefore, CVs would not be significantly affected. Petition Attachment at 2. This implies that if the Postal Service were to maintain the current size of the ODIS-RPW sample, but reallocate sample tests from strata with large sample sizes to those with small sample sizes, it might improve the precision of its estimates where volumes are thin with little loss of precision in its estimates where volumes are large. Alternatively, rather than conducting probability sampling where volumes are thin, it might investigate whether more reliable results could be obtained at reasonable cost by conducting a larger sample at less frequent intervals (perhaps every third year).

Commission rely. Because the imprecision of those data is already a serious concern under the current sample size, the Commission concludes that implementing Proposal One would unreasonably impair the reliability of disaggregated ODIS-RPW data.

The ODIS-RPW data disaggregated either below the National level, or below the Product level, have many important business and regulatory uses. As described above, these include estimates of the profitability of numerous products—both market dominant and competitive, service performance—both single piece and bulk, class-specific caps, the costs of flats, the value of the monopoly and the USO, mail processing network optimization, and transportation network planning, routing and scheduling. It appears that implementing Proposal One would make the disaggregated data significantly less suitable for those uses, and would put at risk Postal Service investments in measurement systems and analytical studies that are much larger than the $6 million that it would save by implementing Proposal One. Until the Postal Service can demonstrate that this will not occur, the Commission will not accept Proposal One. The true cost associated with sample error is not just the cost of obtaining accurate data, but the cost of basing decisions on inaccurate data.

It is Ordered:

Proposal One contained in the Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Change in Analytic Principles (Proposal One), filed June 22, 2009, is not accepted.

By the Commission.

Shoshana M. Grove
Secretary

Concurring Opinion of Vice Chairman Tony L. Hammond
and Commissioner Dan G. Blair

We concur with the decision not to accept the Postal Service's proposed analytic change in this proceeding, Docket No. RM2009-5 (Proposal One). The order affords the Postal Service the opportunity to revisit the proposal in light of the order's findings. We encourage the Postal Service to come forward with additional information, especially in light of the Service's projected savings associated with the proposed analytic change.

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Tony L. Hammond, Vice Chairman

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Dan G. Blair