

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

Before Commissioners:

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

Modification of Analytical Principles
in Periodic Reporting
(Proposals Nine through Twelve)

Docket No. RM2011-5

NOTICE OF PROPOSED RULEMAKING ON ANALYTICAL
PRINCIPLES USED IN PERIODIC REPORTING
(PROPOSALS NINE THROUGH TWELVE)

(Issued December 28, 2010)

On December 20, 2010, the Postal Service filed a petition pursuant to 39 CFR 3050.11 asking the Commission to initiate an informal rulemaking proceeding to consider changes in the analytical methods approved for use in periodic reporting.¹ Four separate proposals, labeled Proposals Nine through Twelve, are included in the Petition.

Proposal Nine proposes to update the input data to the mail processing cost model for First-Class Mail and Standard Mail presort letters in several respects, and to

¹ Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Changes in Analytic Principles (Proposals Nine – Twelve), December 20, 2010 (Petition).

change the method by which the cost of sorting bundles of letters is estimated. The Postal Service proposes to rely primarily on data from the manual density table to estimate the number of handlings of letter bundles. It comments that any additional changes to the cost methodology and structure of the presort letter cost models should be addressed in Docket No. RM2010-13. *Id.* at 2.

Proposal Ten concerns Inbound International Mail. For FY 2010, it proposes to change the assignment of In-Office Cost System (IOCS)-based clerk and mail handler labor costs to country groups Canada, Industrialized Countries, and Developing Countries, so that normal downstream Cost and Revenue Analysis (CRA) and International Cost and Revenue Analysis (ICRA) processes can automatically distribute costs to those groups consistent with the way that clerk and mail handler costs are distributed to other products. (The standard distribution method reflects cost pools, container types, and shape distinctions—not just direct IOCS tallies).

Proposal Eleven concerns International Money Transfers (IMTS). The Postal Service proposes to change the method for reporting IMTS separately for Inbound and Outbound products using information gathered from Point-of-Sale (POS), IOCS, and Chapter 9 in USPS-FY09-NPS. This, it says, will create two new line items in the ICRA report: IMTS-Outbound and IMTS-Inbound, but would not affect the sum currently reported in the IMTS line in that report.

Proposal Twelve would affect the Media/Library Mail Processing Cost Model, the Bound Printed Matter Transportation Cost Model, and the Bulk Parcel Return Service Cost Model. In the 2009 ACD, the Commission expressed concern that use of the Intra- and Inter-BMC volume split for single-piece Parcel Post in the above-referenced cost models is no longer appropriate because that distinction no longer exists for single-piece Parcel Post. The Postal Service proposes to use the percent of total single-piece Parcel Post volume comprised of volume for Zones 1, 2, and 3 as the new proxy in the above-referenced models

The Petition includes attachments that discuss the background, rationale, and impact of Proposals Nine through Twelve. The Petition, including the attachments, is

available for review on the Commission's website, *www.prc.gov*. Comments on Proposals Nine through Twelve are due no later than January 28, 2011.

Pursuant to 39 U.S.C. 505, John P. Klingenberg is appointed as Public Representative to represent the interests of the general public in this proceeding.

It is ordered:

1. The Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Changes in Analytic Principles (Proposals Nine – Twelve), filed December 20, 2010, is granted.
2. The Commission establishes Docket No. RM2011-5 to consider the matters raised by the Postal Service's Petition.
3. Interested person may submit comments on Proposals Nine through Twelve no later than January 28, 2011.
4. The Commission will determine the need for reply comments after review of the initial comments.
5. John P. Klingenberg is appointed to serve as the Public Representative to represent the interests of the general public in this proceeding.
6. The Secretary shall arrange for publication of this Notice in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary