

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

Analytical Principles in Periodic Reporting
(Proposals Thirteen and Fourteen)

Docket No. RM2011-6

NOTICE OF PROPOSED RULEMAKING ON ANALYTICAL
PRINCIPLES USED IN PERIODIC REPORTING
(PROPOSALS THIRTEEN AND FOURTEEN)

(Issued December 28, 2010)

On December 22, 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 The Petition submits two distinct sets of proposals for approval. It proposes to use both sets in the Postal Service's FY 2010 Annual Compliance Report.

Proposal Thirteen is a set of proposals to update the mail processing portion of the Parcel Select/Parcel Return Service cost models.² Petition at 1. The Postal Service

¹ Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider Proposed Changes in Analytic Principles (Proposals Thirteen – Fourteen), December 22, 2010 (Petition).

² Proposal Thirteen is described in an attachment to the Petition (Proposal Thirteen).

states that much of the input data and cost methodology that it proposes to use in the new Parcel Select/Parcel Return Service cost model are the same as that relied upon in its Standard Mail parcel/non-flat machinable (NFM) processing cost model that was filed as Proposal Seven on September 8, 2010. Proposal Thirteen at 1. These new data will change the productivity figures and arrival/dispatch profiles used in the model.³ More detailed descriptions of proposed changes to the Parcel Select/Parcel Return Service mail processing cost model are provided under seal as USPS-RM2011-6/NP1. The Postal Service says that the impact of Proposal Thirteen would be to decrease the mail processing unit cost estimates for price categories that require more processing steps, and increase the cost estimates for the DDU and RDU categories. *Id.* at 3.

Proposal Fourteen is a set of proposals to modify the Parcel Select/Parcel Return Service transportation cost model.⁴ *Id.* at 1. It proposes to modify that model to (1) present transportation cost estimates only for the current price categories; (2) use PostalOne! data to estimate the cost of the transportation legs for non-dropshipped price categories; (3) incorporate the official revenue, pieces, and weight volumes into the model; (4) use the method relied upon to distribute Parcel Select transportation costs to distribute Parcel Return Service transportation costs; and (5) use a new method to estimate the return network distribution center cubic foot miles by zone. *Id.* at 1-2. The Postal Service states that it cannot estimate the impact of Proposal Fourteen since it would use data that was not available in 2009. *Id.* at 2.

The Petition, including the attachments, is available for review on the Commission's website, www.prc.gov.

³ Proposal Thirteen proposes to populate the Parcel Select/Parcel Return model with much of the data that was collected to develop the Standard Mail/non-flat machinable (NFM) mail processing cost model. It also proposes to use Parcel Select arrival profile data that were collected during FY 2009. *Id.* at 2.

⁴ Proposal Fourteen is described in an attachment to the Petition (Proposal Fourteen).

Pursuant to 39 U.S.C. 505, John P. Klingenberg is designated as Public Representative to represent the interests of the general public in this proceeding. Comments are due no later than February 3, 2011.

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 Thirteen – Fourteen), filed December 22, 2010, is granted.
2. The Commission establishes Docket No. RM2011-6 to consider the matters raised by the Postal Service's Petition.
3. Interested persons may submit comments on Proposals Thirteen and Fourteen no later than February 3, 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