

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 (Proposal Two)

Docket No. RM2009-7

ORDER GRANTING MOTION FOR RELIEF FROM FURTHER
OBLIGATIONS UNDER ORDER NO. 354

(Issued April 15, 2011)

In the FY 2009 cycle of rulemakings dealing with proposals to change analytical principles, the Postal Service asked the Commission to approve Proposal Two. Proposal Two proposed to replace monthly Revenue, Pieces, and Weight System (RPW) sampling procedures at a panel of non-automated postal facilities with a modeling approach to estimating the characteristics of mail exiting those facilities.

In Order No. 354, the Commission approved Proposal Two but concluded that “there is no assurance that the current sample-based estimation method or the proposed model-based estimation method produces Within County data that are reliable.”¹ Accordingly, it placed additional conditions on the application of the modeling

¹ Order on Analytical Principles Used in Periodic Reporting (Proposal Two), December 7, 2009, at 14 (Order No. 354).

approach to the estimation of the characteristics of Within County Periodicals exiting those facilities. Order No. 354 required that the Postal Service corroborate the Within County share of total Periodicals revenue by using one of two methods. *Id.* at 14-15.

The method that the Postal Service chose to apply was to revise its Chart of Accounts that explains the proper use of its Account Identifier Codes (AICs) that track the mail characteristics of Within County separately from Outside County Periodicals. The purpose of the revision was to reduce the likelihood that the intended use of those AICs would be misinterpreted by data reviewers responding to the sample. *Id.* at 14-15. The vulnerability of the RPW data collection procedures to this misinterpretation was not an issue with facilities equipped with the automated PostalOne reporting system. Therefore, Order No. 354 also provided that when the conversion of non-automated facilities to PostalOne facilities reached the point where the percent of non-PostalOne facilities was too small to be a significant source of error in modeling the characteristics of Within County mail, the Postal Service could seek an end to the requirement that it corroborate the modeled results. *Id.* at 15.

On March 11, 2011, the Postal Service filed a motion for relief from further obligations under Order No. 354.² The Postal Service discusses the actions it has taken to comply with Order No. 354, including modifying its Chart of Accounts as suggested by the Commission. Motion at 4-5. It provides satisfactory evidence that these clarifications have had the intended effect of improving the accuracy of its estimates of the mail characteristics of Within County mail at its non-automated facilities. *Id.* at 6. It also provides satisfactory evidence that the share of non-automated facilities has become too small to represent a significant source of error in the modeled estimates of Within County mail characteristics. *Id.* at 8.

Accordingly, once its FY 2011 conversion of facilities to PostalOne is complete, the Postal Service seeks leave to change its RPW methods to separate Within County and Outside County revenue controls based on Trial Balance AICs 224 and 135,

² Motion of the United States Postal Service for Relief from Further Obligations Under Order No. 354, March 11, 2011 (Motion).

respectively, in accordance with the second option outlined in Order No. 354. *Id.* at 10. It also seeks clarification that it is, therefore, relieved of any potential further obligation to carry out the first option outlined in Order No. 354. *Id.* at 10-11.³

The Commission agrees that the Postal Service has complied with Order No. 354, satisfactorily demonstrating that when the deployment of PostalOne in FY 2011 is complete, the share of non-PostalOne facilities will be too small to significantly bias the estimates of Within County revenues. The Postal Service, therefore, is relieved of any obligation to undertake the census described as option 1 (at page 14) of Order No. 354.

It is ordered:

The Motion of the United States Postal Service for Relief from Further Obligations under Order No. 354, filed March 11, 2011, is granted.

By the Commission.

Ruth Ann Abrams
Acting Secretary

³ The first option required the Postal Service to periodically undertake a quarter long census of Within County revenues at non-PostalOne offices during FY 2011 quarter 3. See Order No. 354 at 14.