

ORDER NO. 2238

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

Before Commissioners:

Ruth Y. Goldway, Chairman;
Mark Acton, Vice Chairman; and
Robert G. Taub

Periodic Reporting
(Proposal Nine)

Docket No. RM2015-2

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

(Issued November 4, 2014)

I. INTRODUCTION

On October 31, 2014, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate an informal rulemaking proceeding to consider changes to analytical principles relating to periodic reports.¹ Text attached to the Petition identifies the proposed analytical method changes filed in this docket as Proposal Nine, Refine Split of City Carrier Costs into Office and Street Components. *Id.*

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Nine), October 31, 2014 (Petition).

Attachment at 1. The Postal Service concurrently filed two library references, along with an application for nonpublic treatment for one.²

II. SUMMARY OF PROPOSAL

The existing costing methodology for city carriers requires data on the percentage of time spent in the office versus on the street. Petition, Attachment at 1. Currently, separating city carrier accrued costs into office costs (cost segment 6) and street costs (cost segment 7) relies on the In-Office Cost System (IOCS). *Id.* The Postal Service proposes replacing this methodology with the Time and Attendance Collection System (TACS), and making related changes. One is the proposed use of a recent set of City Carrier Street Route Inspections (collected on Form 3999), rather than IOCS, to determine the proportion of street costs incurred due to loading or unloading the vehicle. *Id.* Another is a proposed update to the methodology for attributing and distributing certain related costs that are currently part of the combined Office/Street Burdens, with assignment depending on whether the carrier is clocked to the office or to the street. *Id.* The proposed changes are based on the Postal Service's assertion that its operational systems have matured to the point where they can now provide the necessary data, so the percentage estimated by IOCS can be replaced with census data from TACS. *Id.*

The Postal Service also provides details on several components of Proposal Nine, some of which entail additional methodology changes. For example, in the costing methodology for motor vehicle services in cost segment 12, the Postal Service proposes replacing the current IOCS proxy for the office/street percentage split for

² Notice of Filing of USPS-RM2015-2/1, USPS-RM2015-2/NP1, and Application for Nonpublic Treatment, October 31, 2014 (Notice). One library reference is USPS-RM2015-2/1, Public Material Relating to Proposal Nine; the other is USPS-RM2015-2/NP1, Nonpublic Material Relating to Proposal Nine. The Notice incorporates by reference the Application for Non-Public Treatment of Materials contained in Attachment Two to the December 27, 2013 United States Postal Service Fiscal Year 2013 Annual Compliance Report. Notice at 1. See 39 CFR part 3007 for information on access to nonpublic material.

motorized routes with the split of workhours available from Delivery Operations Information Systems (DOIS). *Id.* at 3. The Postal Service also proposes, in the costing methodology for vehicle driveout and carfare in cost segment 13, to replace the current proxy from IOCS for the office/street percentage split for foot routes with the split of workhours available from DOIS. *Id.* at 3-4.

Cost impacts. The Postal Service states that Table 1 shows that Proposal Nine, in aggregate, results in an increase in support costs from \$1.9 billion to \$2.7 billion, and a decrease in aggregate office and street costs from \$646 million to \$291 million. *Id.* at 5-6. It states that Table 2 (public version) shows the impact on product costs, and that an expanded nonpublic version also shows the impact on individual competitive products. *Id.* at 6.

Anticipated implementation date. The Postal Service anticipates implementing this methodology change at the conclusion of fiscal year 2015. *Id.* at 1.

III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. RM2015-2 for consideration of matters raised by the Petition. Additional information concerning the Petition may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Nine no later than November 21, 2014. Reply comments are due no later than December 5, 2014. Pursuant to 39 U.S.C. 505, Anne C. O'Connor is designated as 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. RM2015-2 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 Nine), filed October 31, 2014.
2. Comments are due no later than November 21, 2014. Reply comments are due no later than December 5, 2014.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Anne C. O'Connor to serve as 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.

Shoshana M. Grove
Secretary