

ORDER NO. 2240

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 Ten)

Docket No. RM2015-3

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

(Issued November 5, 2014)

I. INTRODUCTION

On November 3, 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 Ten, A Proposal to Incorporate New Field Study Data into Three Parcel Mail Processing Cost Models and the Standard Mail Destination Entry Cost Model. *Id.*

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Ten), November 3, 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

New study. Currently, the Postal Service uses productivity data from a 2009 field study to develop cost estimates in four models filed as part of its Annual Compliance Report.³ *Id.* The Postal Service now has productivity data from a new study (2014 Study) conducted at several types of facilities, and proposes incorporating these results into the referenced cost models.⁴ *Id.* at 3.

The Postal Service states that the proposed productivity updates affect two other models because some of the results (from two of the four models) are used as inputs to other cost studies.⁵ *Id.* All six models, as revised by the updates, appear in the library references. *Id.*

The 2014 Study also provides NDC data on postal arrival and dispatch profiles and mail piece dimension data by mail type. *Id.* at 6-7. The Postal Service also proposes incorporating these data into the relevant mail processing cost models. *Id.*

Cost impacts. The Postal Service summarizes the cost impacts of the proposed modifications on the public cost models in Tables 1 through 5. *Id.* at 8. It summarizes the cost impacts of the proposed modifications on the Parcel Select/Parcel Return

² Notice of Filing of USPS-RM2015-3/1, USPS-RM2015-3/NP1, and Application for Nonpublic Treatment, November 3, 2014 (Notice). 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.

³ The referenced models are the Standard Mail parcel mail processing cost model (USPS-FY13-12); the Standard Mail destination entry cost model (USPS-FY13-13); the Media Mail-Library Mail mail processing cost model (USPS-FY13-15); and the Parcel Select/Parcel Return Service mail processing cost model (USPS-FY13-NP15). Petition, Attachment at 2.

⁴ The facilities in the 2014 Study include network distribution centers (NDCs); auxiliary service facilities; processing and distribution centers; and delivery units. *Id.*

⁵ The two cost models affected by the results of the productivity updates are the Bulk Parcel Return Service cost model and the Standard Mail Enhanced Carrier Route mail processing cost model. *Id.* at 3.

Service mail processing unit cost estimates in an Excel file in the non-public library reference.⁶ Petition, Attachment at 8.

III. INITIAL COMMISSION ACTION

The Commission establishes Docket No. RM2015-3 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 no later than November 26, 2014. Reply comments are due no later than December 12, 2014. Pursuant to 39 U.S.C. 505, Nina Yeh 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. RM2015-3 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 Ten), filed November 3, 2014.
2. Comments are due no later than November 26, 2014. Reply comments are due no later than December 12, 2014.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Nina Yeh to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.

⁶ See USPS-RM2015-3/NP1,'PROP.10.IMPACT.NONPUB.xlsx.'

4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Shoshana M. Grove
Secretary