

ORDER NO. 2739

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

Before Commissioners:

Robert G. Taub, Acting Chairman;  
Tony Hammond, Vice Chairman;  
Mark Acton;  
Ruth Y. Goldway; and  
Nanci E. Langley

Periodic Reporting  
(Proposal Three)

Docket No. RM2015-11

ORDER ON ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING  
(PROPOSAL THREE)

(Issued September 30, 2015)

I. INTRODUCTION

On July 14, 2015, the Postal Service filed a petition pursuant to 39 C.F.R. § 3050.11, requesting that the Commission initiate a rulemaking proceeding to consider a proposal (Proposal Three) to change an analytical method approved for use in periodic reporting.<sup>1</sup> Proposal Three seeks to make changes related to the Origin-Destination Information System - Revenue, Pieces, and Weight (ODIS-RPW) data, whereby digital sampling would be used to collect most mail characteristic data for a portion of letter- and card-shaped mail. Petition at 1.

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<sup>1</sup> Petition of the United States Postal Service Requesting Initiation of a Proceeding to Consider a Proposed Change in Analytical Principles (Proposal Three), July 14, 2015 (Petition).

In Order No. 2593, the Commission initiated this rulemaking proceeding, provided for the submission of comments and reply comments, and appointed a Public Representative.<sup>2</sup> The Public Representative filed comments in response to Order No. 2593.<sup>3</sup> No other comments were filed. To clarify the Postal Service's Petition, the Chairman issued two information requests.<sup>4</sup> The Postal Service responded to the information requests on July 31, 2015 and August 26, 2015, respectively.<sup>5</sup> For the reasons discussed below, the Commission approves Proposal Three.

## II. BACKGROUND

The Postal Service explains that the ODIS-RPW is a probability-based destinating mail sampling system used to collect mail revenue and volume information. Petition at 4. In particular, the Postal Service states that the ODIS-RPW supplies official revenue, volume, and weight estimates for single-piece stamped and metered indicia mail to the Revenue, Pieces, and Weight (RPW) Report.<sup>6</sup> *Id.* Currently, ODIS-RPW data collectors travel to certain Mail Exit Points (MEPs) on randomly selected days and manually sample mail as it arrives at these locations. *Id.* These data collectors record mail characteristics from the sampled mail pieces, such as, revenue, volume, weight, mail class, subclass, and indicia. *Id.*

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<sup>2</sup> Order No. 2593, Notice of Proposed Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Three), July 16, 2015.

<sup>3</sup> Public Representative Comments in Response to Order No. 2593 Concerning Rulemaking on Analytical Principles Used in Periodic Reporting (Proposal Three), August 31, 2015 (PR Comments).

<sup>4</sup> Chairman's Information Request No. 1, July 21, 2015; Chairman's Information Request No. 2, August 19, 2015.

<sup>5</sup> Responses of the United States Postal Service to Questions 1-4 of Chairman's Information Request No. 1, July 31, 2015 (Response to CHIR No.1); Responses of the United States Postal Service to Questions 1-5 of Chairman's Information Request No. 2, August 26, 2015 (Response to CHIR No. 2).

<sup>6</sup> The RPW Report is filed with the Commission in accordance with 39 C.F.R. § 3050.25.

### III. PROPOSAL THREE

Under Proposal Three, approximately 9 percent of MEPs would begin digitally capturing the images of letter- and card-shaped mail from Delivery Barcode Sequence (DBCS) second pass operations. *Id.* at 3; Response to CHIR No. 1, question 1c. These digitally captured images would be transmitted to a central server for data recording. Petition at 3. The remaining portion of MEPs would continue to employ the existing manual sampling techniques. *Id.* at 4-5.

The Postal Service asserts that all of the mail characteristics currently collected from manually sampled mail pieces can be collected from digitally captured images of sampled mail pieces, except for weight and shape. *Id.* at 3. The Postal Service proposes to use the weight and shape data from those MEPs that continue to employ manual sampling techniques as a distribution key for imputing the weight and shape of the digitally sampled mail pieces. *Id.* at 5. The Postal Service confirms that the proposed digital sampling process will continue to employ the same sampling design principles and procedures used for manual sampling, except for the volume thresholds, which will be eliminated. Response to CHIR No. 2, question 4a.

The Postal Service plans to implement Proposal Three beginning on January 1, 2016. Petition at 3. The Postal Service states that the proposed change would only impact three mail categories: First-Class Mail single-piece cards, First-Class Mail single-piece stamped letters, and First-Class Mail single-piece metered letters. *Id.* at 5. The Postal Service asserts that the change in Proposal Three would have very little impact on the system's use in generating estimates for the RPW Report. *Id.* at 10. The Postal Service notes that the adoption of Proposal Three can eliminate or improve existing data quality issues related to mail isolation and mail piece skipping. *Id.* at 5 n.1. Moreover, the Postal Service explains that the changes in Proposal Three could result in cost savings through the elimination of travel time and on-site work hours for ODIS-RPW data collectors. *Id.*

#### IV. COMMENTS

The Public Representative was the only party to file comments on Proposal Three. She notes that the methodology in Proposal Three may have a more significant impact on the estimates for volume by weight, particularly in low volume mail categories. PR Comments at 3. However, she states that the Postal Service has demonstrated that there is no systemic difference between manual and digital sampling and that, if implemented, Proposal Three is unlikely to bias estimates of weight and volume. *Id.* The Public Representative recommends that the Commission approve Proposal Three. *Id.*

#### V. COMMISSION ANALYSIS

The Commission has the authority to prescribe the form and content of the Postal Service's annual reports. See 39 U.S.C. § 3652(e)(1). Section 3652 further authorizes the Commission to initiate rulemaking proceedings to "improve the quality, accuracy, or completeness" of reported data whenever it appears that such data "has become significantly inaccurate" or "can be significantly improved," or is "otherwise necessitated by the public interest." 39 U.S.C. § 3652(e)(2). Based on a review of the record, including the Postal Service's Petition and the Public Representative's comments, the Commission concludes that Proposal Three meets the requirements of section 3652.

The Commission finds that the accuracy, quality, and completeness of ODIS-RPW data will be improved by the adoption of the automated digital sampling process in Proposal Three. The Commission previously encouraged the Postal Service to move toward an automated data collection process for the ODIS-RPW.<sup>7</sup> Automated data collection systems that collect the same data as manual data collection systems reduce the risk of undetected sampling errors. As part of Proposal Three, the automation of data collection at certain MEPs will reduce the usage of labor resources

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<sup>7</sup> See, e.g., Order No. 339, Order on Analytical Principles Used in Periodic Reporting (Proposals Three Through Nineteen), November 13, 2009, at 39.

and mitigate sampling bias resulting from manual data collection. Additionally, by removing the volume thresholds in the current manual sampling procedures, automated sampling will improve the accuracy, quality, and completeness of ODIS-RPW data for applicable letters and cards by allowing for larger samples to be taken.

While the Commission encourages the Postal Service to eventually transition the ODIS-RPW to a fully automated census-based data collection system, Proposal Three takes an important step by replacing manual sampling at a portion of MEPS. However, until there is a change in the existing technology used for digital sampling, there will continue to be a need to collect shape and weight information using a manual data collection system.

#### VI. ORDERING PARAGRAPH

*It is ordered:*

For purposes of periodic reporting to the Commission, the Commission approves the change in analytical principles proposed by the Postal Service in Proposal Three as set forth in the body of this Order.

By the Commission.

Ruth Ann Abrams  
Acting Secretary