

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

Priorities for Future Data Collection  
And Analytical Work Relating to  
Periodic Reporting

Docket No. RM2011-3

ORDER CLOSING DOCKET

(Issued November 3, 2015)

I. INTRODUCTION

This Order closes the Commission's first strategic rulemaking, which identified and evaluated priorities to guide the Postal Service's studies and data collection efforts and improve the accuracy of the Postal Service's cost, volume, and revenue estimates used in its periodic reporting.

## II. BACKGROUND

In Order No. 589, the Commission established this docket, identified several candidate areas for study, appointed a Public Representative, and provided interested persons with an opportunity to comment.<sup>1</sup> See 39 U.S.C. § 3652(e)(2).

During the pendency of this docket, the Commission received comments from: the Association for Postal Commerce,<sup>2</sup> Pitney Bowes Inc.,<sup>3</sup> the Postal Service,<sup>4</sup> the Public Representative,<sup>5</sup> Time Inc.,<sup>6</sup> Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc.,<sup>7</sup> and joint comments filed by Magazine Publishers of America, Inc., Alliance of Nonprofit Mailers and American Business Media.<sup>8</sup> In addition, the Chairman issued<sup>9</sup> and the Postal Service provided responses to two information

---

<sup>1</sup> Notice and Order of Proposed Rulemaking on Periodic Reporting, November 18, 2010 (Order No. 589).

<sup>2</sup> Initial Comments of the Association for Postal Commerce, February 18, 2011.

<sup>3</sup> Comments of Pitney Bowes Inc., February 18, 2011.

<sup>4</sup> Initial Comments of the United States Postal Service, February 18, 2011; Update Regarding Postal Service Priorities for Future Cost Studies, October 23, 2012.

<sup>5</sup> Initial Comments of the Public Representative, February 18, 2011; Public Representative Suggested Discussion Topics for Technical Conference, August 2, 2012.

<sup>6</sup> Subjects Proposed by Time Inc. for Strategic Rulemaking Pursuant to Order No. 589, February 18, 2011.

<sup>7</sup> Valpak Direct Marketing Systems, Inc. and Valpak Dealers' Association, Inc. Initial Comments on Priorities for Future Data Collection and Analytical Work Relating to Periodic Reporting, February 18, 2011.

<sup>8</sup> Comments of Magazine Publishers of America, Inc., Alliance of Nonprofit Mailers and American Business Media, February 18, 2011.

<sup>9</sup> Chairman's Information Request No. 1, August 2, 2011; Chairman's Information Request No. 2, April 13, 2012.

requests,<sup>10</sup> and the Commission held three technical conferences.<sup>11</sup>

After a comprehensive review, in Order No. 1626, the Commission announced which of the study areas should be made near-term priorities.<sup>12</sup> The four identified priorities were: (1) remodeling the volume variability of city delivery street time; (2) recalculating the elasticity of purchased transportation costs with respect to purchased transportation capacity; (3) recalculating the volume variability of postmaster costs; and (4) including new special services products in the calculation of volume variable window service costs. *Id.* at 2-3. The status of these near-term priorities is discussed below.

### III. DISPOSITION OF NEAR-TERM PRIORITIES AND REQUESTED REPORTS

#### A. City Delivery Carrier Street Time Costs

On January 12, 2012, the Commission held a technical conference to investigate the feasibility of using data from existing databases to develop improved estimates of carrier street time cost pools and volume variabilities. See Order No. 964. After this technical conference the Postal Service filed its Scoping Study, which analyzed the feasibility of using several operational carrier databases to update and improve estimates of carrier street time variabilities.<sup>13</sup> On August 15, 2012, the Commission

---

<sup>10</sup> Responses of the United States Postal Service to Questions 1-3 of Chairman's Information Request No. 1, August 23, 2011; Notice of Filing of Report in Response to Chairman's Information Request No. 2, May 30, 2012.

<sup>11</sup> Two technical conferences were held before the Commission issued an order setting near-term research priorities. Order Scheduling Technical Conference, November 10, 2011 (scheduled for January 12, 2012) (Order No. 964); Order Scheduling Second Technical Conference, June 27, 2012 (scheduled for August 15, 2012) (Order No. 1385). A third technical conference was held after the Commission issued an order setting near-term research priorities. Order No. 1760, Order Scheduling Third Technical Conference, June 25, 2013 (scheduled for August 7, 2013).

<sup>12</sup> Order Setting Near-Term Priorities and Requested Related Reports, January 18, 2013 (Order No. 1626).

<sup>13</sup> Scoping Study Report of the United States Postal Service, May 25, 2012 (Scoping Study).

held a technical conference to review and discuss the tentative conclusions and recommendations contained in the Scoping Study. See Order No. 1385.

On December 11, 2014, the Postal Service filed notice that its efforts in preparing updated city carrier variabilities and cost pools had progressed and were being submitted as Proposal Thirteen in Docket No. RM2015-7.<sup>14</sup> The Commission approved Proposal Thirteen on October 29, 2015.<sup>15</sup>

#### B. Purchased Highway Transportation Costs

On June 20, 2014, the Postal Service filed notice that its efforts to update the estimated variabilities of costs of purchased highway transportation with respect to purchased capacity were being submitted as Proposal Six in Docket No. RM2014-6.<sup>16</sup> The Commission approved Proposal Six on September 10, 2014.<sup>17</sup>

#### C. Postmaster Costs

The Commission directed the Postal Service to prepare and submit a plan for recalculating the elasticity of postmaster labor costs with respect to work service credits. Order No. 1626 at 11. The Postal Service submitted its plan on April 18, 2013.<sup>18</sup> At that time the Postal Service anticipated initiating the update in FY 2014. *Id.* at 27. However,

---

<sup>14</sup> Notice of the United States Postal Service of Filing Proposal to Update City Carrier Costing, December 11, 2014; see also Docket No. RM2015-7, Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Change in Analytical Principles (Proposal Thirteen), December 11, 2014.

<sup>15</sup> Docket No. RM2015-7, Order No. 2792, Order Approving Analytical Principles Used in Periodic Reporting (Proposal Thirteen), October 29, 2015.

<sup>16</sup> Notice of the United States Postal Service of Filing Proposal to Update Highway Variabilities, June 20, 2014; see also Docket No. RM2014-6, Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposals Three Through Eight), June 20, 2014.

<sup>17</sup> Docket No. RM2014-6, Order No. 2180, Order on Analytical Principles Used in Periodic Reporting (Proposals Three Through Eight), September 10, 2014, at 15, 27.

<sup>18</sup> Postal Service Report Regarding Cost Studies: Response to PRC Order No. 1626, April 18, 2013, at 25-28 (Postal Service Report).

at this time, no update has been initiated. As a result, the Commission finds that it is prudent to delay consideration of this issue until the Postal Service's POSTPlan is fully implemented as it may materially impact the elasticity of postmaster labor costs.

#### D. Window Service Time

The Commission directed the Postal Service to describe possible methods for estimating the attributable costs of small-volume retail services designated as individual products, such as mailing and shipping supplies and greeting cards. Order No. 1626 at 11-12. In the Postal Service Report, the Postal Service described a possible method, but concluded it needed additional information before endorsing the method. Postal Service Report at 28-34. The Postal Service has provided no further information since it filed the Postal Service Report. As with the research concerning the volume variability of postmaster costs, the Commission determines that it is prudent to delay consideration of this issue until the Postal Service's POSTPlan is fully implemented as it may materially impact the volume variability of window costs.

#### IV. CONCLUSION

This proceeding succeeded in creating a public process to evaluate the priorities that should be assigned to various research areas and the nature of the data and analytical methods that future research should employ. Two of the research areas identified as near-term priorities have been addressed with the Commission approving the analytical principles underlying the attribution of city delivery carrier street time and purchased highway transportation costs.

Although this docket has been successful at identifying research priorities, through the passage of time the factors that influenced this prioritization have changed. Consequently, the Commission concludes that it is appropriate to close this docket. The Commission anticipates that after POSTPlan is fully implemented the cost attribution of postmaster and window service time may be revisited in future dockets.

V. ORDERING PARAGRAPH

*It is ordered:*

Docket No. RM2011-3 is closed.

By the Commission.

Stacy L. Ruble  
Secretary