



BAC 7710-FW-P

POSTAL REGULATORY COMMISSION

39 CFR part 3050

[Docket No. RM2019-11; Order No. 5205]

Periodic Reporting

AGENCY: Postal Regulatory Commission.

ACTION: Notice of proposed rulemaking.

SUMMARY: The Commission is acknowledging a recent filing requesting the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to periodic reports (Proposal Six). This document informs the public of the filing, invites public comment, and takes other administrative steps.

DATES: *Comments are due:* September 20, 2019.

ADDRESSES: Submit comments electronically via the Commission's Filing Online system at <http://www.prc.gov>. Those who cannot submit comments electronically should contact the person identified in the **FOR FURTHER INFORMATION CONTACT** section by telephone for advice on filing alternatives.

FOR FURTHER INFORMATION CONTACT: David A. Trissell, General Counsel, at 202-789-6820.

SUPPLEMENTARY INFORMATION:

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I. Introduction

On August 20, 2019, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting that the Commission initiate a rulemaking proceeding to consider changes to analytical principles relating to the Postal Service's periodic reports.¹ The Petition identifies the proposed analytical changes filed in this docket as Proposal Six.

II. Proposal Six

Background. Proposal Six would change the methodology for reporting revenue, pieces and weight for Priority Mail Express International (PMEI) in the Postal Service's Revenue, Pieces and Weight (RPW) report to improve it by incorporating additional census data sources and adjustments at lower levels of detail.² In Docket No. RM2016-7, the Commission accepted the Postal Service's proposal to redesign the methodology for producing RPW estimates filed quarterly with the Commission for Outbound First-Class Mail International, Outbound Priority Mail International, First-Class Package International Service, Outbound Direct Sacks (M-bags), and Free Mail by harnessing detailed data

¹ Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Six), August 20, 2019 (Petition). The Postal Service also filed a notice of filing non-public material relating to Proposal Six. Notice of Filing of USPS-RM2019-11/NP1 and Application for Nonpublic Treatment, August 20, 2019.

² The RPW system used to develop this report was detailed in witness Pafford's testimony (USPS-T-3) in Docket No. R2006-1. Petition, Proposal Six at 1.

from improved census systems.³ Proposal Six seeks to extend this redesigned methodology to PMEI. Petition, Proposal Six at 1-2.

The current PMEI process was designed to provide accurate data at the national level. *Id.* at 2. It combines data from three census systems. *Id.* PostalOne! data are used at the national product level for PMEI permit-imprint activity where data are split between Negotiated Service Agreements (NSA) and non-NSA mailings by product and price group as recorded on Postage Statement PS 3700, Parts G and H. *Id.* PC Postage data are used at the national product level for PMEI NSA activity.⁴ Product Tracking and Reporting (PTR)⁵ data are used at the national product level for PMEI retail activity. *Id.*

Proposal. The Postal Service states it “would like to use the proposed census data enhancements to estimate revenue, pieces and weight in RPW for PMEI using the new methodology, which includes much greater detail below the national and price-group level.” *Id.* at 2-3.

The proposed reporting process would extend the use of PostalOne! and PC Postage census data while adding the use of Point-of-Sale (POS), Click and Ship (CNS), Self-Service Kiosk (SSK) and Contract Postal Unit (CPU) census data. *Id.* at 3. Census data sources used for the proposed PMEI RPW reporting include POS, CNS, SSK, and CPU census revenues, pieces and weight that will be used directly in RPW at the destination-country and product level. PC

³ See Docket No. RM2016-7, Order Approving Analytical Principles Used in Periodic Reporting (Proposal One), July 17, 2016 (Order No. 3377).

⁴ PC Postage is Postal Service approved third-party vendor software that mailers can use to pay for and print their postage using a computer, printer, and internet connection. *Id.*

⁵ PTR is the database that stores tracking scan data for all barcoded packages from acceptance to delivery. *Id.*

Postage census data would be used directly in RPW; NSA and non-NSA. All PC Postage census data would be reported at the product and destination-country level. PostalOne! PMEI permit-imprint revenues, pieces and weight would continue to be used directly in the RPW. *Id.*

Rationale and impact. The Postal Service states, “[t]he accuracy of outbound RPW international product and underlying destination-country reporting can be substantially improved using the proposed PMEI RPW reporting approach.” *Id.* at 3. It states that it will improve “the destination-country level estimates used by the Postal Service for monitoring business relationships, product performance, and growth opportunities.” *Id.* at 1. It further states, “[t]he proposed changes involve the reporting of the outbound international RPW Competitive category of ‘Outbound International Expedited Services.’” *Id.*

The Postal Service attached a public Excel file to the Proposal comparing the FY 2019 Quarter 3 Year-To-Date revenues, volumes and weights using the proposed PMEI method (“Proposed” column) to the current PMEI method (“Current” column).⁶ Other columns present the amounts and percent changes to the current method. *Id.* The Postal Service notes that “FY2019 ‘Total All Revenue’ is unchanged, while ‘Total All Mail’ volume decreases 8.0 million pieces (0.0 percent)” and that “‘Total Competitive Revenue’ increases \$4.8 million or 0.0 percent with a corresponding decrease of \$4.8 million or 0.0 percent for ‘Total Market Dominant Revenue.’” *Id.* The Postal Service states,

⁶ *Id.* at 4. The Postal Service has also separately filed under seal (as Library Reference USPS-RM2019-11/NP1) a restricted version of the Excel impact file that disaggregates data pertaining to competitive products.

“[t]here are small changes to domestic products and services that, through operation of the Book Revenue Adjustment Factor (BRAAF), are affected by the redistribution of international outbound revenue. The RPW reporting process ensures that the sum of product revenues ‘ties out’ to Accounting Trial Balance revenue.” *Id.*; see n.4.

The Postal Service states that the Excel file demonstrates “competitive international products, ‘Outbound International Expedited Services’ or PMEI increases \$8.7 million (12.0 percent), 0.122 million pieces (14.3 percent), and 0.698 million pounds (14.1 percent).” *Id.* Additionally, Other Outbound International Mail revenue, pieces, and weight changes amount to 0.0 percent. *Id.* It concludes, “‘Outbound Priority Mail International’ or PMI revenue increases \$0.199 million (0.1 percent), while volume and weight remain unchanged.” *Id.* at 4-5.

The Postal Service states, “[t]he impact to PMEI reflects changes in the use of census data” and that “most of the difference is caused by certain limitations in the PTR reporting system in terms of isolating NSA from non-NSA PC Postage transactions, and the treatment of this in the RPW report process.” *Id.* at 5. It states that because PTR tracks package counts, individual package revenue and weight are not always available, the proposal switches directly to financial system reporting sources to avoid these issues.⁷ The Postal Service concludes that, “the Proposed PMEI approach will result in the improved

⁷ The Postal Service states, “[t]he impacts to ‘Other Outbound International Mail’ and PMI, as well as ‘Other Domestic Ancillary Services’ are unrelated to this Proposal regarding the new approach to PMEI, and instead reflect Quarter 1 updates to PostalOne! data and the treatment of domestic NSA extra services, respectively.” *Id.*

reporting of PMEI revenues and volumes both in terms of the level and measures of precision. The new system will also allow for more granularities in the estimates by destination country, thereby providing more information for making international product business decisions.” *Id.*

III. Notice and Comment

The Commission establishes Docket No. RM2019-11 for consideration of matters raised by the Petition. More information on 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 Six no later than September 20, 2019. Pursuant to 39 U.S.C. 505, the Commission designates Jennaca D. Upperman as an 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. RM2019-11 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 Six), filed August 20, 2019.

2. Comments by interested persons in this proceeding are due no later than September 20, 2019.

3. Pursuant to 39 U.S.C. 505, the Commission appoints Jennaca D. Upperman to serve as an 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.

Darcie S. Tokioka,

Acting Secretary.

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